THE SECO/WARWICK GROUP

INTRODUCTION TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS PREPARED FOR THE PERIOD

JANUARY 1ST–JUNE 30TH 2011

CONTENTS

GENERAL INFORMATION

I. Details of the parent undertaking

The parent undertaking of the SECO/WARWICK Group (“Group”, “Issuer's 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.

Name:		**SECO/WARWICK S.A.**
Legal form:		Joint-stock company (spółka akcyjna)
Registered address:		66-200 Świebodzin, ul. Sobieskiego 8
Core business according to the Polish Classification of Business Activities (PKD):		
	28,21,Z	Manufacture of ovens, furnaces and furnace burners,
	33,20,Z	Installation of industrial machinery and equipment,
	28,29,Z	Manufacture of other general-purpose machinery n.e.c.,
	28,24,Z	Manufacture of power-driven hand tools,
	28,99,Z	Manufacture of other special-purpose machinery n.e.c.,
	28,94,Z	Manufacture of machinery for textile, apparel and leather production,
	46,14,Z	Agents involved in the sale of machinery, industrial equipment, ships and aircraft,
	46,14,Z	Agents involved in the sale of a variety of goods,
	46,69,Z	Wholesale of other machinery and equipment,
	71,12,Z	Engineering activities and related technical consultancy,
	71,20,B	Other technical testing and analysis,
	72,11,Z	Research and experimental development on biotechnology.
National Court Register (KRS) No.:		KRS 0000271014
Industry Identification Number (REGON)		970011679

II. Duration of the Group:

SECO/WARWICK S.A. and other undertakings of the SECO/WARWICK Group have been registered to operate for an unlimited period of time, except for SECO/WARWICK Retech Thermal Equipment Manufacturing Tianjin Co. Ltd. established for the period of 27 years.

III. Presented periods

These interim condensed consolidated financial statements cover the period from January 1st 2011 to June 30th 2011. The comparative data

- for the interim consolidated statement of financial position is presented as at December 31st 2010 and June 30th 2010,
- for the interim consolidated statement of comprehensive income and the interim consolidated statement of cash flows covers the period January 1st–June 30th 2010,
- for the interim consolidated statement of changes in equity covers the period January 1st –June 30th 2010 and January 1st – December 31st 2010.

IV. Composition of SECO/WARWICK S.A.'s (the parent undertaking) governing bodies

MANAGEMENT BOARD		
Composition of the Management Board as at December 31st 2010	Leszek Przybysz Andrzej Zawistowski Wojciech Modrzyk Witold Klinowski Józef Olejnik	President of the Management Board Vice-President of the Management Board Vice-President of the Management Board Member of the Management Board Member of the Management Board
Composition of the Management Board as at June 30th 2011	Leszek Przybysz Andrzej Zawistowski Wojciech Modrzyk Witold Klinowski Józef Olejnik	President of the Management Board Vice-President of the Management Board Vice-President of the Management Board Member of the Management Board Member of the Management Board
SUPERVISORY BOARD		
Composition of the Supervisory Board as at December 31st 2010	Jeffrey Boswell Henryk Pilarski Piotr Kowalewski Piotr Kula Artur Rusiecki Mariusz Czaplicki	Chairman of the Supervisory Board Deputy Chairman of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board
Composition of the Supervisory Board as at June 30th 2011	Jeffrey Boswell Henryk Pilarski Piotr Kowalewski Piotr Kula Artur Rusiecki Mariusz Czaplicki	Chairman of the Supervisory Board Deputy Chairman of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board Member of the Supervisory Board

In the period under review and the period from June 30th 2011 to the release of this Report, the composition of the parent undertaking's governing bodies did not change.

V. Auditors

PKF Audyt Sp. z o. o.
ul. Elbląska 15/17
01 -747 Warsaw, Poland

VI. Significant shareholders of the parent undertaking

The table below presents the shareholders holding over 5% of the total vote at the General Shareholders Meeting as at June 30th 2011:

Shareholder	Number of shares held	% of share capital held	Number of votes	% of total vote at GM
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%*
James A. Goltz	904,207	8.63%	904,207	8.63%
ING NN OFE	600,000	5.73%*	600,000	5.73%*
OFE POLSAT S.A.	485,974	4.64%*	485,974	4.64%*

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

VII. Subsidiaries

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

- SECO/WARWICK ThermAL S.A. (formerly: Lubuskie Zakłady Termotechniczne Elterma S.A.)
- SECO/WARWICK Corporation
- OOO SECO/WARWICK Group Moscow
- Retech Systems LLC
- SECO/WARWICK Retech Thermal Equipment Manufacturing Tianjin Co., Ltd.

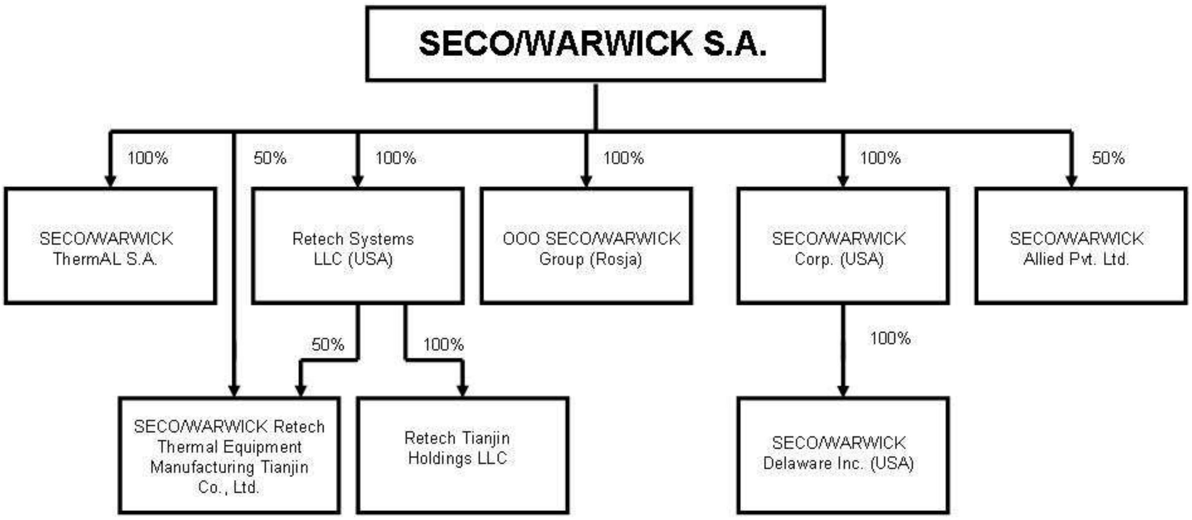
Other Group members are:

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

VIII. Associates

- SECO/WARWICK Allied Pvt. Ltd., in which the parent undertaking holds 50% of shares, conferring the right to 50% of the total vote at the company's General Shareholders Meeting

IX. Graphic presentation of the Group:



FINANCIAL HIGHLIGHTS TRANSLATED INTO THE EURO

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	Jun 30 2011	Dec 31 2010	Jun 30 2010
Average exchange rate for the period*	3.9673	4.0044	4.0042
Exchange rate effective for the last day of the period	3.9866	3.9603	4.1458

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

Assets and equity and liabilities in the interim 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 interim consolidated statement of comprehensive income and statement of cash flows have been translated using the exchange rates calculated as the arithmetic mean 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 interim consolidated statement of financial position, statement of comprehensive income and statement of cash flows disclosed in these interim consolidated financial statements and the comparative data, translated into the euro:

Financial highlights – consolidated

Item	H1 2011	H1 2010	H1 2011	H1 2010
	(PLN ‘000)		(EUR ‘000)	
Net sales revenue	154,723	64,933	39,000	16,216
Cost of sales	(123,061)	(54,125)	(31,019)	(13,517)
Operating profit/(loss)	1,939	(7,667)	489	(1,915)
Pre-tax profit/(loss)	2,158	(4,792)	544	(1,197)
Net profit/(loss)	1,089	(3,840)	275	(959)
Net cash provided by/(used in) operating activities	9,860	148	2,485	37
Net cash provided by/(used in) investing activities	(2,871)	(3,687)	(724)	(921)
Net cash provided by/(used in) financing activities	(9,278)	3,060	(2,339)	764
	Jun 30 2011	**Dec 31 2010**	**Jun 30 2011**	**Dec 31 2010**
Total assets	331,608	338,818	83,181	85,554
Total liabilities	133,274	130,816	33,430	33,032
of which current liabilities	109,018	98,616	27,346	24,901
Equity	198,334	208,002	49,750	52,522
Share capital	3,652	3,652	916	922

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

Separate financial highlights

Item	H1 2011	H1 2010	H1 2011	H1 2010
	(PLN '000)		(EUR '000)	
Net sales revenue	49,198	34,243	12,401	8,552
Cost of sales	(38,555)	(25,158)	(9,718)	(6,283)
Operating profit/(loss)	(2,583)	(620)	(651)	(155)
Pre-tax profit/(loss)	(1,487)	185	(375)	46
Net profit/(loss)	(1,210)	62	(305)	15
Net cash provided by/(used in) operating activities	988	8,286	249	2,069
Net cash provided by/(used in) investing activities	540	(9,425)	136	(2,354)
Net cash provided by/(used in) financing activities	(689)	(36)	(174)	(9)
	Jun 30 2011	**Dec 31 2010**	**Jun 30 2011**	**Dec 31 2010**
Total assets	214,112	216,541	53,708	54,678
Total liabilities	47,269	47,560	11,857	12,009
of which current liabilities	34,953	32,925	8,768	8,314
Equity	166,843	168,981	41,851	42,669
Share capital	3,652	3,652	916	922

MANAGEMENT BOARD'S STATEMENT

In compliance with the requirements laid down in the Regulation of the Minister of Finance on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated February 19th 2009, the Management Board of the parent undertaking represents that to the best of its knowledge these interim condensed consolidated financial statements and the comparative data have been prepared in compliance with the accounting standards applicable to the Group and give an accurate, fair and clear view of the Group's assets, financial standing and financial performance, and the semi-annual report on the operations of the Group gives a fair view of the development, achievements and position of the Issuer's Group, and describes the key risks and threats.

These interim condensed consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") endorsed by the EU, and their scope is compliant with the requirements set forth in the Regulation of the Minister of Finance on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated February 19th 2009 (Dz.U. of 2009, No. 33, item 259, as amended).

The Management Board represents that the entity qualified to audit financial statements that reviewed the semi-annual condensed consolidated financial statements and the semi-annual condensed separate financial statements was appointed in compliance with the applicable laws, and that both the auditing firm and the qualified auditors who performed the review met the conditions required to issue an impartial and independent review report, in accordance with the applicable provisions of law and professional standards. In line with the corporate governance principles adopted by the Management Board, the auditor was selected by the Company's Supervisory Board by virtue of Resolution No. 11/2011, concerning selection of the auditor. The Supervisory Board selected the auditor with due regard for the impartiality and objectivity of the selection itself as well as of the performance of the auditor's tasks.

Approval of the financial statements

These interim condensed consolidated financial statements were approved for publication by the Management Board of the parent undertaking on August 31st 2011.

Date: August 31st 2011

Leszek Przybysz

President of the Management Board

Andrzej Zawistowski

Vice-President of the Management Board

Wojciech Modrzyk

Vice-President of the Management Board

Józef Olejnik

Member of the Management Board

Witold Klinowski

Member of the Management Board

THE SECO/WARWICK GROUP

INTERIM CONDENSED CONSOLIDATED

FINANCIAL STATEMENTS FOR THE PERIOD

JANUARY 1ST–JUNE 30TH 2011

PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL

REPORTING STANDARDS

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(PLN '000)

Assets	As at Jun 30 2011	As at Dec 31 2010	As at Jun 30 2010
NON-CURRENT ASSETS	**142,727**	**150,144**	**125,569**
Property, plant and equipment	52,733	53,390	47 549
Investment property	429	435	442
Goodwill	52,432	58,001	5 103
Other intangible assets	13,897	13,705	8 978
Investments in associates	16,602	17,907	57 632
Financial assets available for sale	3	3	3
Non-current receivables			
Other financial assets	52		
Loans and receivables			1
Prepayments and accrued income			
Deferred tax assets	6,580	6,703	5 861
CURRENT ASSETS	**187,227**	**183,124**	**106,837**
Inventories	23,558	21,168	19 035
Trade receivables	57,916	63,771	34 511
Other current receivables	11,709	8,953	7 401
Prepayments and accrued income	3,282	1,959	2 050
Financial assets at fair value through profit or loss	933	366	
Loans and receivables	1	5	7
Cash and cash equivalents	12,772	14,489	25 103
Contract settlement	77,056	72,415	18 731
ASSETS HELD FOR SALE	1,654	5,550	5,628
TOTAL ASSETS	**331,608**	**338,818**	**238,034**

Equity and liabilities	As at Jun 30 2011	As at Dec 31 2010	As at Jun 30 2010
EQUITY	**198,334**	**208,002**	**174,109**
Equity attributable to owners of the parent	198,334	208,002	173 255
Share capital	3,652	3,652	3 471
Statutory reserve funds	177,662	172,843	140 914
Other capital reserves	112	35	36
Retained earnings/(deficit)	16,908	31,472	28 834
Non-controlling interests			854
NON-CURRENT LIABILITIES	**24,256**	**28,945**	**16,422**
Loans and borrowings	4,815	8,892	
Financial liabilities	131	167	264
Other liabilities			494
Deferred tax liabilities	12,223	12,476	10 112
Provision for retirement and similar benefits	2,667	2,985	3 176
Provisions for liabilities			
Accruals and deferred income	4,420	4,425	2 376
CURRENT LIABILITIES	**109,018**	**98,616**	**44,666**
Loans and borrowings	21,125	27,457	2 090
Financial liabilities	725	353	2 936
Trade payables	23,634	24,309	13 525
Taxes customs duties and social security payable	3,457	2,824	2 670
Other current liabilities	5,774	4,385	3 471
Provision for retirement and similar benefits	1,587	3,579	854
Other provisions	4,571	4,401	2 663
Accruals and deferred income	48,145	31,308	16 457
LIABILITIES HELD FOR SALE		3,254	2,836,
TOTAL EQUITY AND LIABILITIES	**331,608**	**338,818**	**238,034**

Date: August 31st 2011

Prepared by:
Piotr Walasek

Leszek Przybysz
President of the Management Board

Andrzej Zawistowski
Vice-President of the Management Board

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Vice-President of the Management Board

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Member of the Management Board

Witold Klinowski
Member of the Management Board

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(PLN '000)

	for the period Jan 1 – Jun 30 2011	for the period Jan 1 – Jun 30 2010
Net sales revenue, including:	**154,723**	**64,933**
Net revenue from sales of products	154,096	64,337
Net revenue from sales of goods for resale and materials	627	596
Cost of sales, including:	**(123,061)**	**(54,125)**
Cost of products sold	(122,661)	(53,748)
Cost of goods for resale and materials sold	(399)	(377)
Gross profit/(loss)	**31,663**	**10,808**
Other operating income	1,132	427
Selling costs	(9,359)	(5,265)
General and administrative expenses	(19,756)	(13,288)
Other operating expenses	(1,742)	(348)
Operating profit/(loss)	**1,939**	**(7,667)**
Gain (loss) on disposal / result related to loss of control over subordinated undertakings	(294)	
Finance income	2,056	1,837
Finance expenses	(1,686)	(561)
Share in net profit/(loss) of associates	143	1,600
Pre-tax profit/(loss)	**2,158**	**(4,792)**
Income tax	(1,068)	1,599
Net profit/(loss) on continuing operations	**1,089**	**(3,192)**
Profit/(loss) on discontinued operations		(648)
Net profit/(loss) for financial year	**1,089**	**(3,840)**
Earnings per share (PLN)	0,10	(0,40)
Weighted average number of shares as at	10,476,210	9,572,003
OTHER COMPREHENSIVE INCOME:		
Valuation of cash flow hedging derivatives	54	(1,139)
Exchange differences on translating foreign operations	(9,830)	12,078
Actuarial gains/(losses) on a defined benefit retirement plan		
Income tax relating to other comprehensive income	(10)	216
Other comprehensive income, net	**(9,785)**	**11,156**
Total comprehensive income	**(8,696)**	**7,316**

Date: August 31st 2011

Prepared by:
Piotr Walasek

Leszek Przybysz
President of the Management Board

Andrzej Zawistowski
Vice-President of the Management Board

Wojciech Modrzyk
Vice-President of the Management Board

Józef Olejnik
Member of the Management Board

Witold Klinowski
Member of the Management Board

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (PLN '000)

	Jan 1 – Jun 30 2011	Jan 1 – Jun 30 2010
OPERATING ACTIVITIES		
Pre-tax profit/(loss)	2,158	(4,792)
Total adjustments:	**9,149**	**5,808**
Share of net profit of associates	(143)	(1,600)
Depreciation and amortisation	3,026	2,403
Foreign exchange gains/(losses)	(1,165)	528
Interest and profit distributions (dividends)	759	75
Profit/(loss) on investing activities	(1,588)	359
Balance sheet valuation of derivative instruments	(1,759)	(604)
Change in provisions	(2,829)	(822)
Change in inventories	1,427	(2,690)
Change in receivables	1,450	(11,692)
Change in current liabilities, excluding financial liabilities	10,034	1,023
Change in accruals and deferrals	(140)	18,900
Other adjustments	76	(72)
Cash from operating activities	**11,306**	**1,016**
Income tax (paid)/refunded	(1,446)	(868)
Net cash provided by/(used in) operating activities	**9,860**	**148**
INVESTING ACTIVITIES		
Cash provided by investing activities	**1,749**	**57**
Proceeds from disposal of intangible assets and property, plant and equipment	203	52
Other cash provided by financial assets	3	5
Cash paid in connection with derivative instruments	1,543	
Cash used in investing activities	**4,621**	**3,743**
Investments in intangible assets, property, plant and equipment, and investment property	4,061	3,615
Acquisition of related undertakings	52	
Cash paid in connection with derivative instruments		118
Other cash used in investing activities	508	10
Net cash provided by/(used in) investing activities	**(2,871)**	**(3,687)**
FINANCING ACTIVITIES		
Cash provided by financing activities	**8,784**	**3,529**
Net proceeds from issue of shares, other equity instruments and additional contributions to equity		1,595
Loans and borrowings	8,784	1,934

Cash used in investing activities	**18,062**	**469**
Repayment of loans and borrowings	17,448	250
Decrease in finance lease liabilities	150	144
Interest paid	465	75
Net cash provided by/(used in) financing activities	**(9,278)**	**3,060**
Total net cash flow	**(2,290)**	**(478)**
Balance-sheet change in cash, including:	**(1,717)**	**(151)**
- effect of exchange rate fluctuations on cash held	54	331
Cash at beginning of period	**14,946**	**25,103**
Cash at end of period, including:	**12,656**	**24,625**
- restricted Cash	702	
- including cash relating to discontinued operations		29

Date: August 31st 2011

Prepared by:
Piotr Walasek

Leszek Przybysz
President of the Management Board

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Vice-President of the Management Board

Wojciech Modrzyk
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Witold Klinowski
Member of the Management Board

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

	Share capital	Statutory reserve funds	Capital reserve from revaluation of derivatives	Other capitals	Translation reserve	Retained earnings/(deficit)	Non-controlling interests	Total equity
Equity as at Jan 1 2010	**3,471**	**143,833**	**0**	**2**	**1,072**	**17,529**	**0**	**165,906**
Total comprehensive income for six months ended Jun 30 2010			(922)		12,078	(3,840)		**7,316**
Share-based payments				33				**33**
Change in the Group's structure (acquisitions/disposals)							854	**854**
Distribution of profit		(2,918)				2,918		
Equity as at Jun 30 2010	**3,471**	**140,914**	**(922)**	**35**	**13,150**	**16,607**	**854**	**174,109**
Equity as at Jan 1 2010	**3,471**	**143,833**	**0**	**2**	**1,072**	**17,529**	**0**	**165,906**
al comprehensive income for twelve months ended Dec 31 2010			(17)		83	14,546		**14,612**
Share issue	181	26,124						**26,305**
Distribution of profit		(2,918)				2,918		
Share-based payments				33				**33**
Transfer of previous years' profit/loss to statutory reserve funds		5,804				(5,804)		
Changes in equity of SECO/WARWICK Allied (India) not related to net profit/loss						399		**399**
Changes in equity of RETECH not related to net profit/loss						747		**747**
Equity as at Dec 31 2010	**3,652**	**172,843**	**(17)**	**35**	**1,155**	**30,335**		**208,002**
Equity as at Jan 1 2011	**3,652**	**172,843**	**(17)**	**35**	**1,155**	**30,335**		**208,002**
Total comprehensive income for six months ended Jun 30 2011			44		(9,830)	1,089		**(8,697)**
Share-based payments				76				**76**
Transfer of previous years' profit/loss to statutory reserve funds		4,819				(4,819)		
Distribution of profit (dividend)						(1,048)		**(1,048)**
Equity as at Jun 30 2011	**3,652**	**177,662**	**27**	**112**	**(8,675)**	**25,558**		**198,334**

Date: August 31st 2011

Prepared by: Piotr Walasek

Leszek Przybysz	Andrzej Zawistowski	Wojciech Modrzyk	Józef Olejnik	Witold Klinowski
President of the Management Board	*Vice-President of the Management Board*	*Vice-President of the Management Board*	*Member of the Management Board*	*Member of the Management Board*

THE SECO/WARWICK GROUP

SUPPLEMENTARY INFORMATION TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30TH 2011

I. Compliance with International Financial Reporting Standards

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. As at the date of approval of these financial statements for publication, given the ongoing process of implementation of the IFRS in the European Union and the scope of the Group's business, as far as the accounting policies applied by the Group are concerned there are no differences between the IFRS which have come into force 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").

II. Going concern assumption and comparability of accounts

These interim condensed consolidated financial statements have been prepared on the assumption that the Group would continue as a going concern for the 12 months after the last balance-sheet date, i.e. June 30th 2011. As at the date of signing these financial statements, the parent undertaking's Management Board was aware of no facts or circumstances that would involve a threat to the Group's continuing as a going concern in the 12 months after the balance-sheet date, as a result of any planned or forced discontinuation or material downsizing of its existing operations.

By the date of these interim condensed consolidated financial statements for H1 2011, no events occurred which have not but ought to have been disclosed in the accounting books for the reporting period. Concurrently, these financial statements do not report any material events related to prior years.

III. Basis of consolidation

a) Subsidiaries

A subsidiary is an undertaking with respect to which the Group has the power to govern its financial and operating policies. Such power is usually derived from the holding of the majority of the total vote in the undertaking's governing bodies. While assessing whether the Group controls a given undertaking, the existence and effect of potential voting rights which may be exercised or converted at a given time are taken into consideration.

Subsidiaries are consolidated with the full method from the time the Group assumes control over them and cease to be consolidated when the control is lost. Acquisitions of subsidiaries are accounted for by applying the acquisition method. Acquisition cost is measured as the fair value of the transferred assets, issued equity instruments and liabilities incurred or assumed at the date of exchange. The identifiable assets acquired, as well as the liabilities and contingent liabilities assumed as part of the business combination are initially measured at their respective acquisition-date fair values, irrespective of the value of any non-controlling interests. Any excess of the acquisition cost over the fair value of the Group's interest in the identifiable net assets acquired is recognised as goodwill. If transferred consideration is lower than the fair value of the net assets of the acquiree, the difference is recognised directly in the income statement.

Income and expenses, receivables and payables, and unrealised gains arising from intra-Group transactions are eliminated. Unrealised losses are also eliminated, but only to the extent there is no evidence of impairment of the asset transferred in the transaction. The accounting policies of the subsidiaries have been changed whenever it was deemed necessary to align them with the accounting policies applied by the Group.

b) Non-controlling interests and transactions with minority shareholders

Non-controlling interests are measured as the proportionate interest in the net assets held in a subsidiary undertaking by shareholders not related to the Group. In subsequent periods, losses attributable to non-controlling interests are attributed to owners of the parent and non-controlling interests even if, as a consequence, the value of non-controlling interests turns negative.

As a rule, the Group treats transactions with minority shareholders as transactions with third parties not related to the Group.

c) Associates

An associate is an undertaking over which the Group has significant influence, but not control. Significant influence is presumed to exist when the Group holds between 20% and 50% of the total vote in an undertaking's governing bodies. Investments in associates are accounted for using the equity method and are initially recognised at the amount of consideration transferred.

As from the acquisition date, the Group's share in an associate's net profit (loss) is recognised in the income statement, and the Group's share of the movements in the undertaking's other capitals is recognised under other capitals. The carrying amount of the investment is adjusted for the total changes as from the acquisition date.

d) Companies included in the consolidated financial statements

The following Group undertakings are included in these interim condensed consolidated financial statements for the periods ended June 30th 2011 and June 30th 2010:

Item	% of total vote	
	Jun 30 2011	Jun 30 2010
SECO/WARWICK S.A.	parent undertaking	
SECO/WARWICK ThermAL (formerly LZT Elterma S.A.)	100%	100%
SECO/WARWICK Corp.	100%	100%
SECO/WARWICK of Delaware, Inc.	100%	100%
OOO SECO/WARWICK Group Moscow	100%	100%
Retech Systems LLC	100%	50%
SECO/WARWICK (Tianjin) Industrial Furnace Co. Ltd.	-	50%
SECO/WARWICK Allied Pvt. Ltd.	50%	50%
SECO/WARWICK Retech Thermal Equipment Manufacturing	100%	75%

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

These interim condensed consolidated financial statements have been prepared based on a historical cost approach, except with respect to financial derivatives, which are measured at fair value through profit or loss (or in accordance with IAS 39 if hedge accounting is applied).

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

The accounting policies and calculation methods applied in the preparation of these financial statements are consistent with those applied in the most recent 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 balance sheet as current and non-current.

In accordance with IFRS 5, non-current assets held for sale are presented separately in the balance sheet.

Presentation of the statement of comprehensive income

In accordance with IAS 1 "Presentation of Financial Statements", in the statement of comprehensive income expenses are presented by function.

Earnings per share

Net earnings per share for each period are determined by dividing net profit for the period by the weighted average number of shares outstanding in the period. The weighted average number of shares accounts for the dilutive effect 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.

Intangible assets 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 transferred consideration 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 balance sheet 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 expense of the period.

Any gains and losses arising on a sale or liquidation are determined as the difference between the income from the sale and the net value of the tangible assets, and are included in the income statement.

The Group has adopted the 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 balance sheet at cost less impairment losses. 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 undertakings, assets at fair value through profit or loss, hedging derivatives, loans and receivables and cash and cash equivalents.

Financial liabilities include loans and borrowings, other types of financing, overdraft facilities, financial liabilities at fair value through profit or loss, hedging derivatives, trade payables, liabilities to suppliers of property, plant and equipment, 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 profit or loss 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 loans 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 value of the liability, because upon initial recognition the liability is recognised at the fair value of amounts paid or received in exchange for the liability. Thereafter, such costs are amortised throughout the term of 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 (i) is attributable to a particular risk associated with a recognised asset or liability and (ii) could affect the statement of comprehensive income;
c) a hedge of a net investment in a foreign operation as defined in IAS 21.

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

Inventories

Inventories are measured at cost, using a weighted average cost formula. Any downward adjustment of the value of inventories to the net selling price is made through recognition of impairment losses. Furthermore, inventories that are slow-moving or which have become obsolete or whose usability has become in any way limited, are revalued 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 stock-taking discrepancies are charged to cost of products sold.

Deferred income tax

In line with IAS 12 "Income Taxes", deferred income tax is determined using the liability method and recognised in the financial statements for all temporary differences between the carrying amounts of assets and liabilities and their tax values, as well as for any unused tax loss carry-forwards. Deferred tax assets are recognised for temporary differences to the extent it is probable that the assets will be realised and that taxable profit will be available against which the differences can be utilised. Unrecognised deferred tax assets are reviewed 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 expenses.

The estimates of outcome and financial effect are determined by the judgment of the companies' management, based on past experience of similar transactions and, in some cases, reports from independent experts.

Provisions are reviewed at each balance-sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

The Group creates the following provisions:

- provision for warranty repairs – on the basis of the historical cost of warranty repairs;
- provision for unused holidays – in an amount equivalent to the number of days of accrued unused holidays multiplied by average gross daily pay;
- provision for retirement benefits and length-of-service awards – calculated by actuaries;
- provision for employee benefits – bonus payments, salaries and wages;
- provision for probable costs related to the current financial year to 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 deferrals

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.

Accrued expenses

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

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

Deferred and accrued income

Deferred/accrued income includes primarily government grants intended to finance assets and revenue, as well as any excess of estimated revenue related to the stage of completion of a long-term contract, in accordance with IAS 11, over advances received.

Government grants are disclosed in the statement of financial position at the amount of funds received and then recognised as income over the periods necessary to match them with the related costs they are intended to compensate, on a systematic basis. Government grants are not credited directly to equity.

Accruals and deferrals settled over a period longer than 12 months as from the balance-sheet date are classified as non-current accruals and deferrals, whereas those settled over a period of 12 months or shorter are classified as current accruals and deferrals.

Functional currency and presentation currency

a) Functional currency and presentation currency

Items of the financial statements are measured in the currency of the primary economic environment in which the Company operates (“functional currency”). The financial statements are presented in the Polish złoty (PLN), which is the functional currency and the presentation currency of the Group.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of these transactions, as well as from balance-sheet valuation of monetary assets and liabilities expressed in foreign currencies, are recognised in the income statement, unless they are taken to equity (when they qualify for recognition as cash flow hedges or hedges of net investments).

V. Material judgments and estimates

In view of the fact that many items presented in the interim condensed consolidated financial statements cannot be measured accurately, certain estimates need to be made in the preparation of the consolidated financial statements. The Management Board reviews such estimates taking into account the changes in the factors on which such estimates were based, new information and past experience. Therefore, the estimates made as at June 30th 2011 may change in the future.

Depreciation/amortisation charges

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

Depreciation/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 unused holidays

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

Provision for old-age and disability retirement benefits

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

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

Subjective judgments as at June 30th 2011 were made with respect to contingent liabilities and provisions for claims.

VI. Changes in accounting policies

Below are presented new standards and IFRIC interpretations which have been published by the International Accounting Standards Board and are effective for reporting periods beginning on or after January 1st 2011.

- **Amendments to IAS 24 "Related Party Disclosures"** – simplification of disclosure requirements for government-related entities and clarification of the definition of a related party, endorsed by the EU on July 19th 2010,

- **Amendments to IAS 32 "Financial Instruments: Presentation" –** classification of rights issues", endorsed by the EU on December 23rd 2009,

- **Amendments to IFRS 1 "First-Time Adoption of International Financial Reporting Standards**" – limited exemptions from comparative IFRS 7 disclosures for first-time adopters, endorsed by the EU on June 30th 2010,

- **Amendments to IFRIC 14 "IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"** – prepayments of a minimum funding requirement, endorsed by the EU on July 19th 2010,

- **Amendments to standards and interpretations: "Improvements to IFRS (2010)"** – made as part of annual improvements to IFRS, published on May 6th 2010 (IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34, and IFRIC 13), aimed chiefly at eliminating any inconsistencies and clarifying the wording, endorsed by the EU on February 18th 2011,

- **IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments",** endorsed by the EU on July 23rd 2010.

  Application of these amendments did not affect the Group's financial position or operating results.

VII. 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.

- **IFRS 9 "Financial Instruments" –** (effective for annual periods beginning on or after January 1st 2013),

- **Amendments to IFRS 1 "First-Time Adoption of IFRS"–** severe hyperinflation and removal of fixed dates for first-time adopters (effective for annual periods beginning on or after July 1st 2011),

- **Amendments to IFRS 7 "Financial Instruments: Disclosures"** – transfers of financial assets (effective for annual periods beginning on or after July 1st 2011),

- **Amendments to IAS 12 "Income Tax" – deferred tax** – recovery of underlying assets (effective for annual periods beginning on or after January 1st 2012).

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

THE SECO/WARWICK GROUP

ADDITIONAL NOTES AND EXPLANATIONS TO THE

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD

ENDED JUNE 30TH 2011

1. SALES REVENUE

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

Sales revenue and total revenue and income of the Group:

Item	H1 2011	H1 2010
Sales of products	154,096	64,337
Sales of goods for resale and materials	627	596
TOTAL sales revenue	**154,723**	**64,933**
Other operating income	1,132	427
Finance income	2,056	1,837
TOTAL revenue and income	**157,912**	**67,197**

OPERATING SEGMENTS

IFRS 8 "Operating Segments", which has superseded the 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 sector, CAB processes are used in the manufacture of IC radiators, steam condensers for CHP plants, exhaust gas heat exchangers for power generators, etc.

Atmosphere furnaces (Thermal)

Atmosphere furnaces are widely used in the process of thermal and thermochemical treatment of steel and metals in protective atmospheres for improved hardness. Atmosphere furnaces designed for 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).

Other

Reportable geographical segments, delineated based on the geographical location of the respective sales markets, are as follows:

- domestic market (Poland),
- the EU market (excluding Poland),
- the Russian market and former USSR countries (Russia and former USSR countries)
- the US market,
- the Asian market,
- other countries.

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

2. OPERATING SEGMENTS – H1 2011

Item	Continuing operations						Discontinued operations	Unallocated items	Total operations
	Vacuum	*CAB*	*Atmosphere Furnaces*	*Aluminium Process*	*Melting Furnaces*	*Total*			
Total segment revenue	**26,722**	**12,666**	**35,881**	**10,174**	**54,247**	**139,689**	**,**	**15,034**	**154,723**
External sales, including:	26,722	12,666	35,881	10,174	54,247	139,689	,	15,034	154,723
- sales to customers who account for 10% or more of total segment revenue					21,221	21,221	,	,	21,221
Inter-segment sales									
Total segment expenses	**(20,896)**	**(8,969)**	**(28,337)**	**(8,341)**	**(45,994)**	**(112,538)**	**,**	**(10,523)**	**(123,061)**
General and administrative expenses								(19,756)	(19,756)
Selling costs								(9,359)	(9,359)
Operating income								1,132	1,132
Operating expenses								(,1,742)	(1,742)
Profit/(loss) on continuing operations before tax and finance expenses	**5,826**	**3,696**	**7,543**	**1,833**	**8,253**	**27,151**		**,**	**1,939**
Gain (loss) on disposal / result related to loss of control over subordinated undertakings								(294)	(294)
Finance income								2,056	2,056
Finance expenses								(1,686)	(1,686)
Share in profit of associate								143	143
Pre-tax profit/(loss)									**2,158**
Income tax									(1,068)
Net profit/(loss) for period									**1,089**

OPERATING SEGMENTS – H1 2010

Item	Continuing operations						Discontinued operations	Unallocated items	Total operations
	Vacuum	*CAB*	*Atmosphere Furnaces*	*Aluminium Process*	*Melting Furnaces*	*Total*			
Total segment revenue	**23,913**	**4,814**	**23,610**	**796**	**1,938**	**55,071**	**0**	**9,862**	**64,933**
External sales, including:	23,913	4,814	23,610	796	1,938	55,071		9,862	64,933
- sales to customers who account for 10% or more of total revenue	10,560		2,720			13,280			13,280
Inter-segment sales									
Total segment expenses	**(16,074)**	**(3,349)**	**(20,935)**	**(1,823)**	**(1,800)**	**(43,980)**	**0**	**(10,145)**	**(54,125)**
General and administrative expenses								(13,288)	(13,288)
Selling costs								(5,265)	(5,265)
Operating income								427	427
Operating expenses								(348)	(348)
Profit/(loss) on continuing operations before tax and finance expenses	**7,839**	**1,466**	**2,675**	**(1,027)**	**139**	**11,091**	**-**	**(283)**	**(7,667)**
Finance income								1,837	1,837
Net finance expenses								(561)	(561)
Share in profit of associate								1,600	1,600
Pre-tax profit/(loss)									**(4,792)**
Income tax									1,599
Profit (loss) on discontinued operations							(648)		(648)
Net profit/(loss) for period									**(3,840)**

3. GEOGRAPHICAL SEGMENTS – H1 2011

Item	EU	Russia, Belarus and Ukraine	Other	US	Asia	Poland	Total
Total segment revenue	**48,528**	**3,844**	**3,134**	**36,231**	**39,419**	**23,567**	**154,723**
External sales – continuing operations	48,528	3,844	3,134	36,231	39,419	23,567	**154,723**
External sales – discontinued operations	-	-	-	-	-	-	**-**

GEOGRAPHICAL SEGMENTS – H1 2010

Item	EU	Russia, Belarus and Ukraine	Other	US	Asia	Poland	Total
Total segment revenue	**30,704**	**246**	**346**	**16,288**	**6,892**	**10,457**	**64,933**
External sales – continuing operations	30,704	246	346	16,288	6,892	10,457	64,933
External sales – discontinued operations	-	-	-	-	438	8	**446**

4. FINANCE INCOME AND EXPENSES

FINANCE INCOME	Jan 1–Jun 30 2011	Jan 1–Jun 30 2010
Interest income	373	67
Profit on derivative instruments at maturity	1,542	
Balance-sheet valuation of derivative instruments	140	246
Net foreign exchange gains		1,523
Total finance income	**2,055**	**1,837**

FINANCE EXPENSES	Jan 1–Jun 30 2011	Jan 1–Jun 30 2010
Interest on bank loans	831	78
Loss on derivative instruments at maturity		261
Other	855	222
Total finance expenses	**1,686**	**561**

5. LOSS OF CONTROL

On October 8th 2010, the Board of Directors of SECO/WARWICK (Tianjin) Industrial Furnace Co. Ltd. executed an agreement providing for sale to the Chinese shareholder Tianjin Kama Electric Thermal Equipment Manufacturing Co., Ltd. of a 25% equity interest in SECO/WARWICK (Tianjin) Industrial Furnace Co. Ltd. held by SECO/WARWICK Corp. for USD 300 thousand and a 25% equity interest held by SECO/WARWICK S.A. also for USD 300 thousand. Initially, it was arranged that the transaction would be finalised by December 31st 2010. However, this arrangement had not been met by the Chinese partner. Therefore, a new payment schedule was agreed. An annex to the original agreement was also signed, providing for a potential dissolution of SECO/WARWICK (Tianjin) Industrial Furnace Co. Ltd. if payments are not made as scheduled. The President of SECO/WARWICK (Tianjin) Industrial Furnace Co. completed the first stage concerning change of the company's name.

Given that the parent undertaking did not receive financial data as at June 30th 2011 (data for Q1 has not been reviewed by a qualified auditor), loss of control over the undertaking was deemed possible, therefore SECO/WARWICK (Tianjin) Industrial Furnace Co. Ltd. was removed from the consolidated financial statements (in accordance with IAS 27:34).

6. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for a given period attributable to holders of ordinary shares by the weighted average number of outstanding ordinary shares in that period.

Diluted earnings per share are calculated by dividing the net profit for a given period attributable to holders of ordinary shares (net of interest on redeemable preference shares convertible into ordinary shares) by the weighted average number of outstanding ordinary shares in that period (adjusted for the effect of dilutive options and dilutive redeemable preference shares convertible into ordinary shares).

Item	Jan 1–Jun 30 2011	Jan 1–Jun 30 2010
Net profit on continuing operations attributable to shareholders	1,089	(3,840)
Loss on discontinued operations attributable to shareholders		
Net profit attributable to owners of the parent	1,089	(3,840)
Interest on redeemable preference shares convertible into ordinary shares		
Net profit attributable to holders of ordinary shares used to calculate diluted earnings per share	**1,089**	**(3,840)**
Weighted average number of outstanding ordinary shares used to calculate basic earnings per share	10,476,210	9,572,003
Dilutive effect:		
Number of potential subscription warrants for 2010-2011	20,500	
Number of potential shares issued at market price	18,243	
Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share	10,478,467	9,572,003
Earnings per share	0.10	(0.40)
Earnings per share from discontinued operations (PLN)		(0.07)

7. PROPERTY, PLANT AND EQUIPMENT

Item	Jun 30 2011	Dec 31 2010	Jun 30 2010
Tangible assets	49,215	50,059	41,797
Tangible assets under construction	3,518	3,178	5,752
Prepayments for tangible assets under construction		153	
Property, plant and equipment	**52,733**	**53,390**	**47,549**

Changes in property, plant and equipment (by type) between January 1st and June 30th 2010

Item	Land	Buildings and structures	Plant and equipment	Vehicles	Other tangible assets	Total
Gross carrying value as at Jan 1 2010	**2,361**	**26,651**	**23,371**	**4,516**	**2,752**	**59,651**
Increase, including:		**53**	**296**	**336**	**154**	**839**
Assets acquired		15	296	336	154	**801**
Assets generated internally		38				**38**
Lease agreements concluded						
Decrease, including:		**761**	**315**	**203**	**96**	**1,375**
Disposal			36	35	46	**117**
Liquidation			35		2	**37**
Loss of control over SECO/WARWICK Tianjin		761	244	168	48	**1,221**
Gross carrying value as at Jun 30 2010	**2,361**	**26,704**	**23,596**	**4,817**	**2,858**	**60,336**
Cumulative depreciation as 486at Jan 1 2010		**3,924**	**9,836**	**2,176**	**1,215**	**17,150**
Increase, including:		**456**	**1,207**	**287**	**139**	**2,088**
Depreciation		456	1,207	287	139	**2,088**
Revaluation						
Decrease, including:		**94**	**111**	**46**	**34**	**284**
Sale			23	15	15	**53**
Liquidation			35		2	**37**
Loss of control over SECO/WARWICK Tianjin		94	53	31	17	**194**
Cumulative depreciation as at Jun 30 2010		**4,380**	**10,984**	**2,448**	**1,337**	**19,148**
Impairment loss as at Jan 1 2010						
Impairment loss as at Jun 30 2010						
Net exchange differences on translation of financial statements into presentation currency	90	988	501	6	47	**1,632**
Net carrying value as at Jun 30 2010	**2,451**	**22,666**	**12,936**	**2,247**	**1,496**	**41,797**

Changes in property, plant and equipment (by type) between January 1st and December 31st 2010

Item	Land	Buildings and structures	Plant and equipment	Vehicles	Other tangible assets	Total
Gross carrying value as at Jan 1 2010	**2,361**	**26,651**	**23,371**	**4,516**	**2,752**	**59,651**
Increase, including:		1,408	10,235	1,383	263	**13,289**
Assets acquired		1,024	793	578	177	**2,572**
Assets generated internally		384	3,168			**3,552**
Lease agreements concluded				349		**349**
Assets of acquired companies			6,274	456	86	**6,816**
Other						
Decrease, including:		**761**	**334**	**221**	**77**	**1,393**
Disposal			22	53	5	**80**
Liquidation			68		24	**92**
Loss of control		761	244	168	48	**1,221**
Other						
Gross carrying value as at Dec 31 2010	**2,361**	**27,298**	**33,272**	**5,678**	**2,939**	**71,548**
Cumulative depreciation as at Jan 1 2010		**3,924**	**9,836**	**2,176**	**1,215**	**17,150**
Increase, including:		**903**	**2,390**	**610**	**250**	**4,154**
Depreciation		903	2,313	605	249	**4,071**
Revaluation						
Assets of acquired companies			77	5	1	**,83**
Other						
Decrease, including:		**94**	**141**	**46**	**37**	**317**
Sale			22	15	4	**41**
Liquidation			66	0	16	**82**
Loss of control		94	53	31	17	**194**
Revaluation						
Cumulative depreciation as at Dec 31 2010		**4 733**	**12 085**	**2 740**	**1 428**	**20 987**
Impairment losses as at Jan						

1 2010						
Impairment losses as at Dec 31 2010			487			**487**
Net exchange differences on translation of financial statements into presentation currency	10	174	-239	56	-16	**-15**
Net carrying value as at Dec 31 2010	**2,371**	**22,739**	**20,461**	**2,994**	**1,494**	**50,059**

Changes in property, plant and equipment (by type) for the period January 1st–June 30th 2011

Item	Land	Buildings and structures	Plant and equipment	Vehicles	Other tangible assets	Total
Gross carrying value as at Jan 1 2011	**2,361**	**27,298**	**33,272**	**5,678**	**2,939**	**71,548**
Increase, including:		**233**	**1,784**	**926**	**118**	**3,061**
Assets acquired		233	1,784	865	118	**3,000**
Assets generated internally						
Lease agreements concluded				61		**61**
Other						
Decrease, including:			**236**	**170**	**60**	**466**
Disposal			140	170	28	**338**
Liquidation			96	,	32	**128**
Other						
Gross carrying value as at Jun 30 2011	**2,361**	**27,531**	**34,820**	**6,434**	**2,997**	**74,143**
Cumulative depreciation as at Jan 1 2011		**4,733**	**12,085**	**2,740**	**1,428**	**20,987**
Increase, including:		**543**	**1,442**	**407**	**164**	**2,557**
Depreciation		543	1,442	407	164	**2,557**
Revaluation						
Other						
Decrease, including:			**137**	**121**	**42**	**300**
Sale			41	121	6	**168**
Liquidation			96		36	**132**

Revaluation						
Cumulative depreciation as at Jun 30 2011	**0**	**5,276**	**13,390**	**3,026**	**1,550**	**23,243**
Impairment losses as at Jan 1 2011			487			**487**
Impairment losses as at Jun 30 2011			487			**487**
Net exchange differences on translation of financial statements into presentation currency	-30	-237	-934	18	-14	**-1,197**
Net carrying value as at Jun 30 2011	**2,331**	**22,018**	**20,009**	**3,426**	**1,432**	**49,215**

Tangible assets under construction:

Tangible assets under construction as at Jan 1 2010	*Expenditure incurred in the financial year*	*Accounting for the expenditure*					*As at Jun 30 2010*
		Buildings, premises and civil engineering structures	*Plant and equipment*	*Vehicles*	*Other tangible assets*	*Intangible assets*	
3,528	**2,738**	52	227	137	18	80	**5,752**

Tangible assets under construction as at Jan 1 2010	*Expenditure incurred in the financial year*	*Accounting for the expenditure*					*As at Dec 31 2010*
		Buildings, premises and civil engineering structures	*Plant and equipment*	*Vehicles*	*Other tangible assets*	*Intangible assets*	
3,528	**6,430**	727	3,538	435	24	2,057	**3,177**

Tangible assets under construction as at Jan 1 2011	*Expenditure incurred in the financial year*	*Accounting for the expenditure*					*As at Jun 30 2011*
		Buildings, premises and civil engineering structures	*Plant and equipment*	*Vehicles*	*Other tangible assets*	*Intangible assets*	
3,177	**1,947**	220	233	865	91	198	**3,518**

As at June 30th 2011 and December 31st 2010, the Group carried no tangible assets held for sale.

8. IMPAIRMENT LOSSES ON ASSETS

The SECO/WARWICK Group did not recognise any impairment losses or reversals of impairment losses on intangible assets in the periods under review.

Trade receivables whose value as at June 30th 2011 amounted to PLN 1,393 thousand were classified as uncollectible, and thus an impairment loss for those receivables was recognised. As at December 31st 2010, impairment losses amounted to PLN 1,901 thousand.

The value of shares in SECO/WARWICK Tianjin was recognised in the consolidated financial statements in the amount of PLN 1,654 thousand; it was based on the share sale agreement described in Note 5 to the consolidated financial statements. Therefore, a PLN 531 thousand impairment loss was recognised with respect to the acquisition cost.

As at June 30th 2011, SECO/WARWICK S.A. carried an impairment loss on tangible assets in the amount of PLN 486 thousand. The value of impairment losses did not change from the end of 2010.

As at June 30th 2011, the SECO/WARWICK Group carried impairment losses on inventories in the amount of PLN 1,583 thousand (as at the end of 2010: PLN 1,644 thousand).

9. INVENTORIES

Item	Jun 30 2011	Dec 31 2010	Jun 30 2010
Materials (at cost)	15,595	16,244	15,392
Semi-finished products and work in progress	5,528	2,555	1,970
Finished products	2,266	2,353	1,668
Goods for resale	169	16	6
Total inventories (carrying value)	**23,558**	**21,168**	**19,034**
Impairment loss on inventories	1,583	1,644	1,171
Inventories, gross	**25,141**	**22,812**	**20,206**

CHANGES IN IMPAIRMENT LOSSES ON FINISHED PRODUCTS

IMPAIRMENT LOSSES	Jun 30 2011	Dec 31 2010	Jun 30 2010
Opening balance	**1,643**	**1,092**	**1,092**
Increase, including:		**565**	
- impairment losses recognised in correspondence with other operating expenses		548	
Net exchange differences on translation of financial statements into presentation currency		17	
Decrease, including:	**2**	**13**	**2**
- impairment losses reversed in correspondence with other operating income	2	13	2
Net exchange differences on translation of financial statements into presentation currency	58		81
Closing balance	**1,583**	**1,644**	**1,171**

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

On May 26th 2011, the Annual General Shareholders Meeting of SECO/WARWICK S.A. adopted Resolution No. 20 on distribution of profit for the period January 1st–December 31st 2010. Net profit earned by SECO/WARWICK S.A. of Świebodzin for the financial year 2010 was PLN 8,273,151.42. PLN 1,047,621.00 was allocated to dividend payment. The dividend per share amounted to PLN 0.10. The dividend record date was June 16th 2011, while the dividend payment date was July 1st 2011.

11. GOODWILL

The table below presents increases/decreases in goodwill in connection with the consolidation of subsidiaries SECO/WARWICK Corporation and Retech Systems LLC using the full method.

Item	*Jun 30 2011*	*Dec 31 2010*	*Jun 30 2010*
Consolidation goodwill at beginning of period	58,000	4,284	4,284
Increase in consolidation goodwill – acquisition of Retech Systems LLC		53,545	
Exchange differences on translation of goodwill	-5,569	171	818
Decrease in goodwill – recognised impairment losses			
Decrease in goodwill – sale			
Total goodwill at end of period	**52,431**	**58,000**	**5,103**

12. INVESTMENTS IN SUBORDINATED UNDERTAKINGS

Investments in subsidiaries, jointly controlled undertakings and associates accounted for using the equity method

Company name	Carrying value of shares as at Jun 30 2011	% of share capital held	% of the total vote	Method of consolidation	Assets	Liabilities	Revenue	Net profit/ loss
SECO/WARWICK ThermAL	7,657	100%	100%	full method	61,663	38,903	29,384	322
SECO/WARWICK Corporation	21,806	100%	100%	full method	30,239	23,404	25,521	48
SECO/WARWICK Moscow	172	100%	100%	full method	3,258	2,380	379	9
RETECH	50,863	100%	100%	full method	58,314	33,303	57,814	2,573
SECO/WARWICK ALLIED	10,995	50%	50%	equity method	44,000	39,306	21,266	286
SECO/WARWICK Retech	1,751	100%	100%	full method	4,308	2,053	2,640	(625)

Company name	Carrying value of shares as at Dec 31 2010	% of share capital held	% of the total vote	Method of consolidation	Assets	Liabilities	Revenue	Net profit/ loss
LZT Elterma S.A.	7,657	100%	100%	full method	50,529	28,090	55,584	(2,407)
SECO/WARWICK Corporation	21,806	100%	100%	full method	28,800	21,489	35,070	(3,743)
SECO/WARWICK Moscow	172	100%	100%	full method	1,452	599	506	11
SECO/WARWICK Tianjin	889	50%	50%	proportional method	6,000	3,254	579	(374)
RETECH	50,863	100%	100%	full method	63,931	39,724	4,302	(42)
SECO/WARWICK ALLIED	10,995	50%	50%	equity method	44,574	29,173	44,719	2,794
SECO/WARWICK Retech	1,751	100%	100%	full method	6,012	2,971	4,148	(30)

Company name	Carrying value of shares as at Jun 30 2010	% of share capital held	% of the total vote	Method of consolidation	Assets	Liabilities	Revenue	Net profit/ loss
LZT Elterma S.A.	7,657	100%	100%	full method	45,256	15,355	20,165	(2,244)
SECO/WARWICK Corporation	21,806	100%	100%	full method	29,174	4,292	15,737	(3,005)
SECO/WARWICK Moscow	172	100%	100%	full method	978	30	283	4
SECO/WARWICK Tianjin	1,018	50%	50%	proportional method	6,001	2,836	446	(275)
RETECH	16,597	50%	50%	equity method	37,360	10,365	31,699	1,079
SECO/WARWICK ALLIED	10,995	50%	50%	equity method	40,031	24,808	25,887	2,120
SECO/WARWICK Retech	1,751	75%	75%	full method	4,238	821	0	0

13. LONG-TERM CONTRACTS

Item	Jun 30 2011	Dec 31 2010	Jun 30 2010
Costs incurred under construction contracts, including recognised gains (net of recognised losses)	302,989	493,699	55,805
Advances received	(260,326)	(441,438)	(48,714)
Excess of received advances over revenue recognised using the percentage of completion method	34,392	20,153	11,640
Contract settlement, total	**77,056**	**72,414**	**18,731**

14. INVESTMENT COMMITMENTS

As at June 30th 2011, the Group had investment commitments concerning property, plant and equipment in the amount of PLN 66 thousand. These amounts were earmarked for purchases of new plant and equipment.

As at June 30th 2011, SECO/WARWICK S.A. had investment commitments of PLN 450 thousand (PLN 490 thousand as at the end of 2010) towards SECO/WARWICK ALLIED Pvt. LTD. The commitments arose under the share purchase agreement concerning shares in the company.

15. LOANS

In 2010 and H1 2011, no loans were advanced to Management and Supervisory Board Members within the Group.

	Jun 30 2011	Dec 31 2010	Jun 30 2010
Increase in loans advanced, including:	1	5	8
- non-current			1
- current	1	5	7

On February 22nd 2010, SECO/WARWICK S.A. advanced a PLN 4,000 thousand loan to its subsidiary LZT ELTERMA S.A. The loan is excluded from the consolidated financial statements.

16. DERIVATIVE FINANCIAL INSTRUMENTS

	Jun 30 2011		Dec 31 2010		Jun 30 2010	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Derivative financial instruments	933	394	365	21		2,664
Total financial assets and liabilities at fair value through profit or loss	**933**	**394**	**365**	**21**		**1,525**
- non-current						29
- current		**394**		**21**		1,496
Total financial assets and liabilities at fair value through equity		**44**		**(17)**		**1,139**
- non-current						
- current		**44**		**(17)**		1,139

Disclosures concerning derivative financial instruments which meet the hedge accounting criteria

In H1 2011, SECO/WARWICK S.A. hedged on average 70% of its export cash flows denominated in the euro and up to 50% of the cash flows denominated in the US dollar and pound sterling using currency forwards. The purpose was to ensure that the budgeted exchange rates for contracts are met. Any changes in the value of the EUR- or USD-denominated cash flows are offset by changes in the fair value of the hedging instrument. Hedge accounting is applied if all the criteria provided for in IAS 39:88 are met. Any negative balance-sheet valuation of derivative instruments is recognised directly in equity. If a transaction which has been hedged with a currency forward affects the income statement, any negative valuation previously recognised in equity is reclassified to the income statement. Fair value of currency forward contracts was determined by the bank which is party to the transaction.

The table below presents details of each hedging relationship as at June 30th 2011.

Jun 30 2011	Nominal amount of contract (EUR '000)	Notional amount of hedging instrument (unsettled) (EUR '000)	Fair value of hedging instrument (PLN '000)	Amount recognised in profit or loss (PLN '000)	Amount recognised in equity (PLN '000)	Date of expected cash flow
1	777	60	0	0	0	Jul 29 2011
2	701	280	1	1	0	Nov 25 2011
3	1,039	630	-2	0	-1	Feb 29 2012
4	615	430	-3	-2	0	Jul 28 2011
5	120	84	-1	0	0	Sep 30 2011
6	544	380	28	25	3	Oct 28 2011
7	530	130	11	9	2	Aug 31 2011
8	165	32	1	1	0	Jul 28 2011
9	84	42	2	2	0	Aug 31 2011
10	402	280	-13	-13	0	Sep 30 2011
11	280	190	-8	-5	-3	Sep 30 2011
12	5,500	1,650	24	23	1	Mar 30 2012
13	5,500	400	6	6	0	Mar 30 2012
14	2,983	900	13	13	0	Mar 30 2012
15	2,983	200	3	3	0	Mar 30 2012
16	1,299	900	2	1	1	Mar 1 2012
17	254	170	16	9	7	Feb 28 2012
18	1,029	720	40	9	31	Dec 30 2011
19	360	250	14	10	4	Dec 30 2011
20	711	400	-5	0	-5	Mar 28 2012
21	275	190	-1	0	-1	Mar 28 2012
22	748	525	-33	-1	-32	May 31 2012

23	400	280	-4	0	-4	Apr 30 2012
24	967	677	-22	0	-22	May 31 2012
25	120	84	-3	0	-3	Mar 30 2012
26	86	60	-2	0	-2	Feb 28 2012
27	426	298	-9	0	-9	Feb 28 2012
28	203	140	-6	-1	-6	May 31 2012
29	79	55	-3	0	-3	Feb 28 2012
30	150	105	-6	0	-6	Feb 28 2012
31	79	52	-1	0	-1	Feb 28 2012
32	93	53	-1	0	-1	Feb 28 2012
33	1,710	1,190	-24	0	-24	Nov 30 2012
34	1,800	600	19	16	2	Dec 16 2011
TOTAL		**12 437**	**31**	**105**	**-73**	
Jun 30 2011	**Nominal amount of contract (USD '000)**	**Notional amount of hedging instrument (unsettled) (USD '000)**	**Fair value of hedging instrument (PLN '000)**	**Amount recognised in profit or loss (PLN '000)**	**Amount recognised in equity (PLN '000)**	**Date of expected cash flow**
1	1,246	340	79	77	2	Dec 30 2011
2	1,477	405	95	82	13	Dec 30 2011
3	1,700	365	85	85	0	Dec 30 2011
4	695	190	44	43	1	Dec 30 2011
5	573	400	140	137	3	Aug 31 2011
6	813	470	110	61	49	Nov 30 2011
7	583	410	-3	-2	-2	Dec 29 2011
8	506	180	-2	0	-2	Sep 3 2001
9	835	585	-5	0	-5	Aug 30 2012
10	138	82	-1	0	-1	Dec 31 2011
11	835	500	14	0	14	Jul 2 2012
TOTAL		**3,927**	**557**	**483**	**74**	
Jun 30 2011	**Nominal amount of contract (GBP '000)**	**Notional amount of hedging instrument (unsettled) (GDP '000)**	**Fair value of hedging instrument (PLN '000)**	**Amount recognised in profit or loss (PLN '000)**	**Amount recognised in equity (PLN '000)**	**Date of expected cash flow**
1	432	250	35	2	33	Nov 30 2011
TOTAL		**250**	**35**	**2**	**33**	

Disclosures concerning derivative financial instruments not designated for hedge accounting

The table below presents details of each hedging relationship as at June 30th 2011.

Jun 30 2011	Nominal amount of contract (EUR '000)	Notional amount of hedging instrument (unsettled) (EUR '000)	Fair value of instrument (PLN '000)	Amount recognised in profit or loss (PLN '000)	Amount recognised in equity (PLN '000)	Date of expected cash flow
1	7,315	1,000	50	50	0	Aug 31 2011
2		800	40	40	0	Nov 25 2011
3		800	39	39	0	Dec 14 2011
4		1,000	-6	-6	0	Apr 30 2012
5		850	-10	-10	0	Apr 30 2012
6	999	200	0	0	0	Aug 31 2011
7		400	5	5	0	Aug 29 2011
8	1,666	840	21	21	0	Oct 28 2011
9		168	3	3	0	Nov 11 2011
10		170	3	3	0	Feb 24 2012
11	372	100	-6	-6	0	Jul 15 2011
12		100	-7	-7	0	Feb 15 2012
13		67	-5	-5	0	Mar 15 2012
14	1,330	70	-5	-5	0	Oct 14 2011
15		1,210	-83	-83	0	Mar 30 2012
16	1,385	554	-20	-20	0	Apr 12 2012
17		139	-5	-5	0	May 31 2012
18		415	-11	-11	0	Jun 13 2012
19	5,000	430	-6	-6	0	Aug 5 2011
20		490	-9	-9	0	Dec 9 2011
21		1,100	-8	-8	0	Jun 20 2012
TOTAL	**,**	**10,903**	**-19**	**-19**	**0**	

Jun 30 2011	Nominal amount of contract (USD '000)	Notional amount of hedging instrument (unsettled) (USD '000)	Fair value of instrument (PLN '000)	Amount recognised in profit or loss (PLN '000)	Amount recognised in equity (PLN '000)	Date of expected cash flow
1	1,000	525	-56	-56	0	Dec 19 2011
2		75	-9	-9	0	Apr 16 2012
TOTAL		**600**	**-65**	**-65**	**0**	

As at the balance-sheet date, the fair value of financial instruments is: PLN 150,216.57 for valuation of derivatives recognised under financial assets and PLN 234,590.10 for valuation of derivatives recognised under financial liabilities.
The fair value was determined by the bank which was party to the transaction.

The total value of executed currency options is EUR 10,902,500.00 thousand and USD 600,000.00 (or PLN 45,161,301.55 translated at the mid exchange rate quoted by the National Bank of Poland as at the transaction date).
The purpose of entering into the currency options was to ensure that the budgeted exchange rate for signed contracts was met.

17. CORRECTIONS OF MATERIAL ERRORS

No corrections of material errors concerning the financial statements for previous periods were included in these interim consolidated financial statements. No such errors were found.

18. OFF-BALANCE SHEET ITEMS

Contingent liabilities under guarantees and sureties:

Jun 30 2010	**Bank name**	**Guarantee in respect of**	**Currency**	***Amount***	***AMOUNT (PLN)****	**Company name**
Guarantee 1	BRE	PBG	PLN	35	35	SECO/WARWICK S.A.
Guarantee 2	BRE	APG	EUR	409	1,694	
Guarantee 3	BRE	PBG	EUR	200	829	
Guarantee 4	BRE	PBG	EUR	184	764	
Guarantee 5	BRE	PBG	EUR	140	580	
Guarantee 6	BRE	PBG	EUR	174	719	
Guarantee 7	BRE	PBG	EUR	12	49	
Guarantee 8	BRE	PBG	EUR	159	657	
Guarantee 9	BRE	PBG	EUR	117	483	
Guarantee 10	BH	APG	GBP	29	145	
Guarantee 11	HSBC	APG	GBP	121	619	
Guarantee 12	BRE	APG	EUR	135	558	
Guarantee 13	BH	APG	GBP	57	290	
Guarantee 14	BH	APG	EUR	597	2,473	
Guarantee 15	BH	APG	EUR	1,100	4,560	
Guarantee 16	HSBC	PBG	PLN	850	850	
Guarantee 17	BRE	APG	EUR	85	352	
Guarantee 18	BRE	APG	EUR	56	230	
Guarantee 19	BRE	APG	EUR	95	392	
Guarantee 20	BRE	APG	EUR	126	523	
Guarantee 21	BZ WBK S.A.	APG	EUR	640	2,653	LZT ELTERMA
Guarantee 22	BZ WBK S.A.	APG	PLN	1,000	1,000	
Guarantee 23	BZ WBK S.A.	APG	PLN	3,006	3,006	
Guarantee 24	BZ WBK S.A.	PBG	PLN	859	859	
Guarantee 25	BRE	APG	EUR	373	1,544	
Guarantee 26	HUNTINGTON	PBG	USD	313	1,063	SECO/ WARWICK Corp.
Guarantee 27	HUNTINGTON	PBG	USD	202	686	
Guarantee 28	HUNTINGTON	PBG	USD	53	181	
TOTAL					**27,794**	

*The guarantees were translated at the mid-exchange rates quoted by the National Bank of Poland for June 30th 2010.

Dec 31 2010	Bank name	Guarantee in respect of	Currency	*Amount*	*AMOUNT (PLN)***	Company name
Guarantee 1	BRE	PBG	PLN	35	35	SECO/WARWICK S.A.
Guarantee 2	BRE	PBG	EUR	200	792	
Guarantee 3	BRE	PBG	EUR	184	729	
Guarantee 4	BRE	PBG	EUR	140	554	
Guarantee 5	BRE	PBG	EUR	174	687	
Guarantee 6	BRE	PBG	EUR	12	46	
Guarantee 7	BRE	PBG	EUR	159	628	
Guarantee 8	BRE	APG	EUR	135	533	
Guarantee 9	HSBC	PBG	PLN	850	850	
Guarantee 10	BRE	APG	EUR	233	924	
Guarantee 11	BRE	APG	PLN	803	803	
Guarantee 12	BRE	BB	EUR	54	214	
Guarantee 13	BRE	APG	PLN	785	785	
Guarantee 14	BRE	APG	EUR	233	924	
Guarantee 15	BRE	BB	USD	26	77	
Guarantee 16	BH	APG	EUR	719	2,848	
Guarantee 17	BRE	PGB	EUR	137	542	
Guarantee 18	BRE	APG	USD	510	1,512	
Guarantee 19	BRE	APG	EUR	83	328	
Guarantee 20	BRE	APG	EUR	42	166	
Guarantee 21	BZ WBK	APG	EUR	642	2,535	LZT ELTERMA
Guarantee 22	BZ WBK	APG	PLN	1,000	1,000	
Guarantee 23	BZ WBK	APG	PLN	3,006	3,006	
Guarantee 24	BZ WBK	PBG	PLN	859	859	
Guarantee 25	BRE	APG	EUR	373	1,475	
Guarantee 26	BRE	APG	EUR	48	190	
Guarantee 27	HUNTINGTON	PBG	USD	320	108	SECO/ WARWICK Corp.
Guarantee 28	EAST WEST BANK	PBG	USD	227	77	Retech Systems
Guarantee 29	EAST WEST BANK	PBG	USD	418	141	
Guarantee 30	EAST WEST BANK	PBG	USD	1,002	338	
Guarantee 31	EAST WEST BANK	PBG	USD	239	81	
Guarantee 32	EAST WEST BANK	PBG	USD	1,089	367	
Guarantee 33	EAST WEST BANK	PBG	USD	34	11	

Guarantee 34	EAST WEST BANK	PBG	USD	34	11	
TOTAL				,	**24,176**	

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

Jun 30 2011	**Bank name**	**Guarantee in respect of**	**Currency**	**Amount**	***AMOUNT (PLN)****	**Company name**
Guarantee 1	BRE	PBG	PLN	37	37	SECO/WARWICK S.A.
Guarantee 2	BRE	PBG	EUR	200	797	
Guarantee 3	BRE	PBG	EUR	184	734	
Guarantee 4	BRE	PBG	EUR	174	692	
Guarantee 5	BRE	BB	USD	26	72	
Guarantee 6	BRE	PGB	EUR	137	546	
Guarantee 7	BRE	APG	EUR	163	652	
Guarantee 8	BH	SBLC	USD	1,000	2,752	
Guarantee 9	BRE	APG	EUR	275	1,097	
Guarantee 10	BRE	APG	GBP	173	762	
Guarantee 11	BRE	APG	PLN	579	579	
Guarantee 12	BRE	APG	EUR	260	1,036	
Guarantee 13	BRE	PBG	PLN	50	50	
Guarantee 14	BZ WBK	PBG	PLN	429	429	SECO/WARWICK ThermAL
Guarantee 15	BZ WBK	PBG	PLN	1,257	1,257	
Guarantee 16	BZ WBK	APG	EUR	153	610	
Guarantee 17	BRE	PBG	EUR	90	359	
Guarantee 18	BZ WBK	APG	EUR	112	447	
Guarantee 19	HUNTINGTON	PBG	USD	320	880	SECO/ WARWICK Corp.
Guarantee 20	EAST WEST BANK	PBG	USD	1,002	2,757	Retech Systems
Guarantee 21	EAST WEST BANK	PBG	USD	34	94	
Guarantee 22	EAST WEST BANK	PBG	USD	34	94	
Guarantee 23	EAST WEST BANK	PBG	USD	2,156	5,933	
Guarantee 24	EAST WEST BANK	PBG	USD	3,234	8,900	
Guarantee 25	EAST WEST BANK	PBG	USD	4,312	11,866	
Guarantee 26	EAST WEST BANK	PBG	USD	431	1,185	
TOTAL					**44,616**	

*** The guarantees were translated at the mid-exchange rates quoted by the National Bank of Poland for June 30th 2011.

APG→ advance payment guarantee
BB→ bid bond guarantee
CRG→ credit repayment guarantee

PBG → performance bond guarantee
SBLC→ stand-by letter of credit
WAD→ bid bond guarantee
CRB→ credit repayment bond

Information on guarantees received as at June 30th 2010, December 31st 2010 and June 30th 2011 is presented in the tables below:

Company name	Bank name	Guarantee in respect of	Currency	*Amount*	*PLN**
SECO/WARWICK S.A.	Nordea	PBG	PLN	72	72
TOTAL					**72**

*The guarantees were translated at the mid-exchange rates quoted by the National Bank of Poland for June 30th 2010.

Company name	Bank name	Guarantee in respect of	Currency	*Amount*	*PLN***
SECO/WARWICK S.A.	Nordea	PBG	PLN	72	72
TOTAL					**72**

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

Company name	Bank name	Guarantee in respect of	Currency	*Amount*	*PLN****
SECO/WARWICK S.A.	Nordea	PBG	PLN	72	72
TOTAL					**72**

*** The guarantees were translated at the mid-exchange rates quoted by the National Bank of Poland for June 30th 2011.

PBG → performance bond guarantee

SURETIES ADVANCED BY SECO/WARWICK S.A.

Company name	Bank name	Surety in respect of	Currency	Jun 30 2011	*AMOUNT (PLN)*
S/W ThermAL	BZ WBK	Guarantee facility	PLN	2,500	2,500
S/W ALLIED Pvt. Ltd.		Guarantee and credit facility	INR	225,000	13,950
RETECH Systems		Credit guarantee	USD	1,000	2,752
RETECH Systems		Guarantee and credit facility	USD	19,000	52,282
TOTAL					**71,484**

Company name	Bank name	Surety in respect of	Currency	Dec 31 2010	*AMOUNT (PLN)*
LZT ELTERMA	BZ WBK	Guarantee facility	PLN	2,500	2,500
S/W ALLIED Pvt. Ltd.		Guarantee and credit facility	INR	147,500	9,949
RETECH Systems		Credit guarantee	USD	1,000	2,964
RETECH Systems		Guarantee and credit facility	USD	15,000	44,462
TOTAL					**59,875**

On April 6th 2011, the Management Board of the Company adopted a resolution to increase the value of surety granted for SECO/WARWICK Allied Pvt. Ltd. (India) from INR 147,500 thousand to INR 225,000 thousand. The total value of the surety, translated at the mid-exchange rate quoted by the National Bank of Poland for the date of the resolution, is PLN 14,233 thousand.

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

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

On March 10th 2011, Retech Systems LLC executed an annex to Credit Facility Agreement No. 3001971, which raised the guarantee and credit facility limit from USD 15,000 thousand to USD 19,000 thousand. Following the increase in the facility limit, the value of the surety issued by SECO/WARWICK S.A. for Retech Systems LLC was raised by USD 4,000 thousand.

On December 31st 2010, James A. Goltz advanced to Retech Systems LLC a loan of USD 1,000 thousand. Repayment of the loan is guaranteed by SECO/WARWICK S.A.

19. RESTRUCTURING PROVISION

In the period from June 30th 2010 to June 30th 2011, the SECO/WARWICK Group did not create provisions for restructuring costs.

20. SETTLEMENTS RELATED TO COURT CASES

There are no proceedings pending before central or local government administration bodies, court proceedings or arbitration proceedings which could have a material effect on the financial standing or profitability (exceeding 10% of equity) of the Group.

On May 17th 2011, the Regional Court of Zielona Góra, V Commercial Division, issued a decision to discontinue proceedings due to a settlement agreement concluded out of court between the parties with respect to USD 100,000.00 payable by NITREX METAL Inc. to SECO/WARWICK S.A.

21. RELATED PARTIES

Jun 30 2010								
Receivables / Liabilities	SECO/WARWICK ThermAL	ELTUS	SECO/WARWICK Corporation	OOO SECO/WARWICK Moscow	SECO/WARWICK S.A.	SECO/WARWICK Tianjin	Retech Systems LLC	SECO/WARWICK Allied
SECO/WARWICK ThermAL	X	1	144		763			
ELTUS	9	X						
SECO/WARWICK Corporation	18		X		270			
OOO SECO/WARWICK Moscow	39			X				
SECO/WARWICK S.A.	2,538		101		X		135	122
SECO/WARWICK Tianjin					6	X		
Retech Systems LLC							X	
SECO/WARWICK Allied	75							X

Dec 31 2010								
Receivables / Liabilities	SECO/WARWICK ThermAL	SECO/WARWICK Retech	SECO/WARWICK Corporation	OOO SECO/WARWICK Moscow	SECO/WARWICK S.A.	SECO/WARWICK Tianjin	Retech Systems LLC	SECO/WARWICK Allied
SECO/WARWICK ThermAL	X		110		724			
SECO/WARWICK Retech		X						
SECO/WARWICK Corporation	41		X		384			
OOO SECO/WARWICK Moscow	40			X				
SECO/WARWICK S.A.	1,878	504	1,712	160	X		-28	117
SECO/WARWICK Tianjin						X		
Retech Systems LLC					1,336		X	
SECO/WARWICK Allied								X

Jun 30 2011							
Receivables Liabilities	SECO/WARWICK ThermAL	SECO/ WARWICK Retech	SECO/WARWICK Corporation	OOO SECO/WARWICK Moscow	SECO/WARWICK S.A.	Retech Systems LLC	SECO/WARWICK Allied
SECO/WARWICK ThermAL	X		195		716		
SECO/WARWICK Retech		X					
SECO/WARWICK Corporation	30		X		6		83
OOO SECO/WARWICK Moscow	666			X	1,438		
SECO/WARWICK S.A.	2,335	480	3,133	2	X	1,003	118
Retech Systems LLC					118	X	
SECO/WARWICK Allied			148				X

Jun 30 2010								
Sales Revenue Purchase	SECO/WARWICK S.A.	SECO/ WARWICK ThermAL	ELTUS	OOO SECO/WARWICK Moscow	SECO/ WARWICK Corporation	SECO/ WARWICK Tianjin	Retech Systems LLC	SECO/WARWICK Allied
SECO/WARWICK S.A.	X	1,887			93	0	274	19
SECO/WARWICK ThermAL	615	X	6					
ELTUS	3	187	X					
OOO SECO/WARWICK Moscow		332		X				
SECO/WARWICK Corporation	66	12			X			
SECO/WARWICK Tianjin	8					X		
Retech Systems LLC	31						X	
SECO/WARWICK Allied								X

Dec 31 2010								
Sales revenue / Purchase	SECO/WARWICK S.A.	SECO/WARWICK ThermAL	SECO/ WARWICK Retech	OOO SECO/WARWICK Moscow	SECO/ WARWICK Corporation	SECO/ WARWICK Tianjin	Retech Systems LLC	SECO/WARWICK ALLIED
SECO/WARWICK S.A.	X	3,906	634	162	3,474		254	1
SECO/WARWICK ThermAL	1,195	X			247			
SECO/WARWICK Retech			X					
OOO SECO/WARWICK Moscow	506			X				
SECO/WARWICK Corporation	352	80	7		X	15		30
SECO/WARWICK Tianjin	15					X		
Retech Systems LLC							X	
SECO/WARWICK Allied								X

Jun 30 2011							
Sales revenue / Purchase	SECO/WARWICK S.A.	SECO/WARWICK ThermAL	SECO/ WARWICK Retech	OOO SECO/WARWICK Moscow	SECO/WARWICK Corporation	Retech Systems LLC	SECO/WARWICK Allied
SECO/WARWICK S.A.	X	3,415	13	31	2,192	3,593	
SECO/WARWICK ThermAL	796	X		12	50		
SECO/WARWICK Retech			X		145		
OOO SECO/WARWICK Moscow		379		X			
SECO/WARWICK Corporation	11	56			X		336
Retech Systems LLC	23					X	
SECO/WARWICK Allied							X

22. EXPLANATORY INFORMATION TO THE STATEMENT OF CASH FLOWS

Item	Jun 30 2011	Jun 30 2010
Cash in the balance-sheet (opening balance)	**14,489**	**25,254**
Cash in the balance-sheet (closing balance)	**12,772**	**25,103**
Change in exchange differences on balance-sheet valuation	-54	327
Change in items related to discontinued operations	644	
Total cash and cash equivalents disclosed in the statement of cash flows	**-2,307**	**-478**

23. SEASONALITY OR CYCLICALITY OF OPERATIONS IN THE INTERIM PERIOD

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

24. EVENTS WHICH WERE NON-ROUTINE DUE TO THEIR TYPE, SCALE OR FREQUENCY

In the period covered by these interim condensed consolidated financial statements for H1 2011, there did not occur any events which would be non-routine due to their type, scale or frequency.

25. MATERIAL EVENTS OCCURRING AFTER THE END OF THE INTERIM PERIOD AND NOT REFLECTED IN THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD

No such events occurred.

Date: August 31st 2011

Leszek Przybysz

President of the Management Board

Andrzej Zawistowski

Vice-President of the Management Board

Wojciech Modrzyk

Vice-President of the Management Board

Józef Olejnik

Member of the Management Board

Witold Klinowski

Member of the Management Board

SECO/WARWICK S.A.

INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1ST–JUNE 30TH 2011
PREPARED IN ACCORDANCE WITH THE INTERNATIONAL
FINANCIAL REPORTING STANDARDS

INTERIM SEPARATE STATEMENT OF FINANCIAL POSITION (PLN '000)

Assets	As at Jun 30 2011	As at Dec 31 2010	As at Jun 30 2010
NON-CURRENT ASSETS	**133,453**	**133,018**	**99,200**
Property, plant and equipment	24,841	24,887	25 151
Investment property	429	435	442
Goodwill			
Intangible assets	12,746	12,534	8 307
Investments in subsidiary jointly-controlled and associated undertakings	93,296	93,244	58 977
Financial assets available for sale			
Other assets			
Loans and receivables			4 000
Prepayments and accrued income			
Deferred tax assets	2,142	1,919	2 323
CURRENT ASSETS	**79,834**	**82,634**	**60,226**
Inventories	11,947	10,058	8 952
Trade receivables	38,820	36,737	22 605
Other current receivables	5,829	4,100	3 870
Prepayments and accrued income	1,184	729	1 004
Financial assets at fair value through profit or loss	782	47	
Loans and receivables	4,000	4,741	
Cash and cash equivalents	3,677	2,779	17 823
Contract settlement	13,595	23,444	5 974
ASSETS HELD FOR SALE	**826**	**889**	**1,018**
TOTAL ASSETS	**214,112**	**216,541**	**160,444**

Equity and liabilities	As at Jun 30 2011	As at Dec 31 2010	As at Jun 30 2010
EQUITY	**166,843**	**,168,981**	**133,559**
Share capital	**3,652**	**3,652**	**3 471**
Statutory reserve funds	161,361	154,136	128 011
Other capital reserves	112	36	36
Retained earnings/(deficit)	1,719	11,158	2 041
NON-CURRENT LIABILITIES	**12,317**	**14,635**	**6,371**
Loans and borrowings	4,815	5,928	
Financial liabilities		4	50
Other liabilities			494
Deferred tax liabilities	2,971	4,168	3 381
Provision for retirement and similar benefits	110	110	70
Provisions for liabilities			
Accruals and deferred income	4,420	4,425	2 376
CURRENT LIABILITIES	**34,953**	**32,925**	**20,515**
Loans and borrowings	7,533	7,323	
Financial liabilities	190	72	2,191
Trade payables	9,046	12,956	7,020
Taxes customs duties and social security payable	1,797	1,422	1,440
Other current liabilities	3,070	1,820	2,056
Provision for retirement and similar benefits	1,123	1,977	346
Other provisions	1,592	1,604	1,123
Accruals and deferred income	10,601	5,751	6,338
LIABILITIES HELD FOR SALE			
TOTAL EQUITY AND LIABILITIES	**214,112**	**216,541**	**160,444**

Date: August 31st 2011
Prepared by:
Dorota Subsar

Leszek Przybysz
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Vice-President of the Management Board

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Member of the Management Board

Witold Klinowski
Member of the Management Board

INTERIM SEPARATE STATEMENT OF COMPREHENSIVE INCOME (PLN '000)

	for the period Jan 1–Jun 30 2011	for the period Jan 1–Jun 30 2010
Net sales revenue, including:	**49,198**	**34,243**
Net revenue from sales of products	49,038	34,064
Net revenue from sales of goods for resale and materials	161	179
Cost of sales, including:	**(38,555)**	**(25,158)**
Cost of products sold	(38,424)	(25,039)
Cost of goods for resale and materials sold	(131)	(119)
Gross profit/(loss)	**10,643**	**9,084**
Other operating income	1,106	531
Selling costs	(2,685)	(2,316)
General and administrative expenses	(10,542)	(7,421)
Other operating expenses	(1,105)	(498)
Operating profit/(loss)	**(2,583)**	**(620)**
Finance income	1,994	1,717
Finance expenses	(898)	(912)
Pre-tax profit/(loss)	**(1,487)**	**185**
Income tax	277	(123)
Net profit/(loss) on continuing operations	**(1,210)**	**62**
Profit/(loss) on discontinued operations		
Net profit/(loss) for financial year	**(1,210)**	**62**
Earnings per share (PLN)	(0.12)	0.01
Weighted average number of shares as at	**10,476,210**	**9,572,003**
OTHER COMPREHENSIVE INCOME:		
Valuation of cash flow hedging derivatives	55	-1,139
Income tax relating to other comprehensive income	-10	216
Other comprehensive income, net	**44**	**-922**
Total comprehensive income	**(1,166)**	**-860**

Date: August 31st 2011
Prepared by:
Dorota Subsar

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Józef Olejnik

Witold Klinowski

Vice-President of the Management Board *Member of the Management Board* *Member of the Management Board*

INTERIM SEPARATE STATEMENT OF CASH FLOWS(PLN '000)

	for the period Jan 1–Jun 30 2011	for the period Jan 1–Jun 30 2010
OPERATING ACTIVITIES		
Pre-tax profit/(loss)	**(1,487)**	**185**
Total adjustments:	**3,809**	**8,969**
Share in net profit of subordinated undertakings accounted for with equity method		
Depreciation and amortisation	1,316	1,253
Foreign exchange gains/(losses)	(517)	(89)
Interest and profit distributions (dividends)	105	15
Profit/(loss) on investing activities	(1,291)	896
Balance-sheet valuation of derivative instruments	(543)	(747)
Change in provisions	(866)	(697)
Change in inventories	(1,889)	(591)
Change in receivables	(3,632)	(11,221)
Change in current liabilities (other than financial liabilities)	(3,189)	1,905
Change in accruals and deferrals	14,241	18,212
Other adjustments	76	33
Cash from operating activities	**2,322**	**9,154**
Income tax (paid)/refunded	(1,335)	(868)
Net cash provided by/(used in) operating activities	**988**	**8,286**
INVESTING ACTIVITIES		
Cash provided by investing activities	2,279	
Proceeds from disposal of intangible assets and property, plant and equipment	140	
Repayment of non-current loans advanced	691	
Interest received	126	
Cash provided by derivative instruments	1,322	
Other cash provided by financial assets		
Cash used in investing activities	**1,739**	**9,425**
Investments in intangible assets, property, plant and equipment, and investment property	1,687	3,241
Acquisition of related undertakings	52	1,751
Acquisition of financial assets		4,000
Increase in long-term loans advanced		
Cash paid in connection with derivative instruments		433
Other cash used in investing activities		
Net cash provided by/(used in) investing activities	**540**	**(9,425)**

FINANCING ACTIVITIES		
Cash provided by financing activities	**281**	**0**
Loans and borrowings	281	
Cash used in financing activities	**970**	**36**
Repayment of loans and borrowings	715	
Decrease in finance lease liabilities	24	21
Interest paid	231	15
Net cash provided by/(used in) financing activities	**(689)**	**(36)**
Total net cash flow	**839**	**(1,175)**
Balance-sheet change in cash, including:	**898**	**(840)**
- effect of exchange rate fluctuations on cash held	60	335
Cash at beginning of period	**2,742**	**18,495**
Cash at end of period, including	**3,581**	**17,320**
- restricted cash		

Date: August 31st 2011
Prepared by:
Dorota Subsar

Leszek Przybysz

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Witold Klinowski

Member of the Management Board

INTERIM STATEMENT OF CHANGES IN EQUITY (PLN '000)

	Share capital	Statutory reserve funds	Capital reserve from revaluation of hedging instruments	Other capital reserves	Retained earnings/(deficit)	Non-controlling interests	Total equity
			Six months ended Jun 30 2010				
Equity as at Jan 1 2010	**3,471**	**128,531**	**0**	**2**	**2,382**	**0**	**134,386**
Total comprehensive income for six months ended Jun 30 2010			(922)		62		**(860)**
Share-based payments				33			**33**
Distribution of profit		(520)			520		
Equity as at Jun 30 2010	**3,471**	**128,011**	**(922)**	**35**	**2,964**	**0**	**133,559,**
			Twelve months ended Dec 31 2010				
Equity as at Jan 1 2010	**3,471**	**128,530**	**0**	**2**	**2,382**	**0**	**134,386**
Total comprehensive income for twelve months ended Dec 31 2010	,	,	(17)		8,273	,	**8,256**
Share capital increase (share premium account)	181	26,125					**26,306**
Share-based payments				34			**34**
Distribution of profit		(520)			520		
Equity as at Dec 31 2010	**3,652**	**154,136**	**(17)**	**36**	**11,175**	**0**	**168,981**
			Six months ended Jun 30 2011				
Equity as at Jan 1 2011	**3,652**	**154,136**	**(17)**	**36**	**11,175**	**0**	**168,981**
Total comprehensive income for six months ended Jun 30 2011			44		(1,210)		**(1,166)**
Share-based payments				76			**76**
Dividends		(1,048)					**(1,048)**
Distribution of profit		8,273			(8,273)		
Equity as at Jun 30 2011	**3,652**	**161,361**	**27**	**112**	**1,692**	**0**	**166,843**

Date: August 31st 2011
Prepared by: Dorota Subsar

Leszek Przybysz	Andrzej Zawistowski	Wojciech Modrzyk	Józef Olejnik	Witold Klinowski
President of the Management Board	*Vice-President of the Management Board*	*Vice-President of the Management Board*	*Member of the Management Board*	*Member of the Management Board*

SECO/WARWICK S.A.

SUPPLEMENTARY INFORMATION TO THE

INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30TH 2011

BASIS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

These semi-annual condensed separate financial statements have been prepared in accordance with IAS 34 and Art. 45.1a–1c of the Polish Accountancy Act (Dz. U. of 2002, No. 76, item 694, as amended), as well as the secondary legislation issued thereunder and the Minister of Finance's Regulation on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated February 19th 2009 (Dz. U. of 2009, No. 33, item 259, as amended), in line with the accounting policies applied to both current and comparative periods, published on April 29th 2010 in the separate annual report.

These interim condensed separate financial statements of the Company should be read in conjunction with the consolidated financial statements approved for publication by the Management Board and released on the date of publication of these condensed separate financial statements, in order to obtain complete information on the SECO/WARWICK Group's assets and financial position as at June 30th 2011 and its financial performance in the period from January 1st to June 30th 2011, in accordance with the International Financial Reporting Standards endorsed by the European Union.

The presentation currency of these semi-annual condensed separate financial statements is the Polish złoty, and all figures are presented in thousands of złoty (PLN '000) unless stated otherwise.

Comparative data comprises the statement of financial position as at December 31st 2010 and June 30th 2010, the statement of comprehensive income and statement of cash flows for the six months ended June 30th 2010, and the statement of changes in equity for the six months ended June 30th 2010 and the twelve months ended December 31st 2010.

The presented financial data was subject to a review by a qualified auditor.

None of the published but not yet effective standards or interpretations have been applied in preparing these condensed separate financial statements.

These interim condensed financial statements for the six months ended June 30th 2011 have been prepared on the assumption that the Company would continue as a going concern.

These interim condensed financial statements have been prepared in accordance with the same accounting policies and computation methods as were applied to prepare the most recent annual financial statements. These policies are described in Section IV concerning the interim condensed consolidated financial statements.

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

1. FINANCE INCOME AND EXPENSES

FINANCE INCOME	Jan 1–Jun 30 2011	Jan 1–Jun 30 2010
Interest income	129	124
Income from investments		
Profit on derivative instruments at maturity	1,322	
Balance-sheet valuation of derivative instruments	543	747
Net foreign exchange gains		846
Other		
Total finance income	**1,994**	**1,717**

FINANCE EXPENSES	Jan 1–Jun 30 2011	Jan 1–Jun 30 2010
Interest on bank loans	236	17
Bank commission		
Finance charge in finance leases		
Loss on derivative instruments at maturity		433
Revaluation of investments	64	463
Net foreign exchange losses		
Other	598	
Total finance expenses	**898**	**912**

2. PROPERTY, PLANT AND EQUIPMENT

Item	Jun 30 2011	Dec 31 2010	Jun 30 2010
Tangible assets	21,772	21,917	19,599
Tangible assets under construction	3,069	2,970	5,552
Prepayments for tangible assets under construction			
Property, plant and equipment	**24,841**	**24,887**	**25,151**

Changes in property, plant and equipment (by type) between January 1st and June 30th 2010

Item	Land	Buildings and structures	Plant and equipment	Vehicles	Other tangible assets	Total
Gross carrying value as at Jan 1 2010	**840**	**12,051**	**11,430**	**2,696**	**1,381**	**28,398**
Increase, including:	**-**	**15**	**227**	**136**	**18**	**396**
Assets acquired	-	15	227	136	18	396
Assets generated internally	-	-	-	-	-	-
Lease agreements concluded	-	-	-	-	-	-
Other	-	-	-	-	-	-
Decrease, including:	**-**	**-**		**-**	**-**	**-**
Disposal	-	-	-	-	-	-
Liquidation	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Other	-	-	-	-	-	-
Gross carrying value as at Jun 30 2010	**840**	**12,066**	**11,657**	**2,832**	**1,399**	**28,794**
Cumulative depreciation as at Jan 1 2010	**-**	**2,006**	**4,179**	**1,299**	**641**	**8,125**
Increase, including:	**-**	**241**	**612**	**150**	**67**	**1,070**
Depreciation	-	241	612	150	67	1,070
Revaluation	-	-	-	-	-	-
Other	-	-	-	-	-	-
Decrease, including:	**-**	**-**	**-**	**-**	**-**	**-**
Sale	-	-	-	-	-	-
Liquidation	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Cumulative depreciation as at Jun 30 2010		**2,247**	**4,791**	**1,449**	**708**	**9,195**
Impairment losses as at Jan 1 2010	-	-	-	-	-	-
Increase, including:	-	-	-	-	-	-
Decrease, including:	-	-	-	-	-	-
Impairment losses as at Jun 30 2010	-	-	-	-	-	-
Net carrying value as at Jun 30 2010	**840**	**9,819**	**6,866**	**1,383**	**691**	**19,599**

Changes in property, plant and equipment (by type) between January 1st and December 31st 2010

Item	Land	Buildings and structures	Plant and equipment	Vehicles	Other tangible assets	Total
Gross carrying value as at Jan 1 2010	**840**	**12,051**	**11,430**	**2,696**	**1,381**	**28,398**
Increase, including:	**-**	**343**	**3,538**	**435**	**24**	**4,340**
Assets acquired	-	343	370	435	24	**1,172**
Assets generated internally	-	-	3,168	-	-	**3,168**
Lease agreements concluded	-	-	-	-	-	**-**
Other	-	-	-	-	-	**-**
Decrease, including:	**-**	**-**	**-**	**53**	**20**	**73**
Disposal	-	-	-	53	5	**58**
Liquidation	-	-	-	-	15	**15**
Revaluation	-	-	-	-	-	**-**
Gross carrying value as at Dec 31 2010	**840**	**12,394**	**14,968**	**3,078**	**1,385**	**32,665**
Cumulative depreciation as at Jan 1 2010	**-**	**2,006**	**4,179**	**1,299**	**641**	**8,125**
Increase, including:	**-**	**490**	**1,243**	**320**	**134**	**2,187**
Depreciation	-	490	1,243	320	134	**2,187**
Revaluation	-	-	-	-	-	**-**
Other	-	-	-	-	-	**-**
Decrease, including:	-	**-**	**-**	36	15	**51**
Sale	-	-	-	36	4	**40**
Liquidation	-	-	-		11	**11**
Revaluation	-	-	-	-	-	**-**
Cumulative depreciation as at Dec 31 2010	**-**	**2,496**	**5,422**	**1,583**	**760**	**10,261**
Impairment losses as at Jan 1 2010	**-**	**-**	**-**	**-**	**-**	**-**
Increase, including:	-	-	**487**	**-**	**-**	**487**
- impairment	-	-	487	-	-	**487**
Decrease, including:	-	-	-	-	-	**0**
Impairment losses as at Dec 31 2010	-	-	487	-	-	**487**
Net carrying value as at Dec 31 2010	**840**	**9,898**	**9,059**	**1,495**	**625**	**21,917**

Changes in property, plant and equipment (by type) between January 1st and June 30th 2011

Item	Land	Buildings and structures	Plant and equipment	Vehicles	Other tangible assets	Total
Gross carrying value as at Jan 1 2011	**840**	**12,394**	**14,968**	**3,078**	**1,385**	**32,665**
Increase, including:	-	**16**	**204**	**720**	**73**	**1,013**
Assets acquired	-	16	204	720	73	**1,013**
Assets generated internally	-	-	-	-	-	**0**
Lease agreements concluded	-	-	-	-	-	**0**
Other	-	-	-	-	-	**0**
Decrease, including:	-	-	**219**	**42**	**32**	**293**
Disposal	-	-	126	42	-	**168**
Liquidation	-	-	93	-	32	**125**
Revaluation	-	-	-	-	-	**0**
Other	-	-	-	-	-	**0**
Gross carrying value as at Jun 30 2011	**840**	**12,410**	**14,953**	**3,756**	**1,426**	**33,385**
Cumulative depreciation as at Jan 1 2011	-	**2,496**	**5,422**	**1,583**	**760**	**10,261**
Increase, including:	-	**298**	**477**	**223**	**58**	**1,056**
Depreciation	-	298	477	223	58	**1,056**
Revaluation	-	-	-	-	-	**0**
Other	-	-	-	-	-	**0**
Decrease, including:	-	-	**120**	**42**	**30**	**192**
Sale	-	-	27	42	-	**69**
Liquidation	-	-	93	-	30	**123**
Revaluation	-	-	-	-	-	**0**
Cumulative depreciation as at Jun 30 2011	-	**2,794**	**5,779**	**1,764**	**788**	**11,125**
Impairment losses as at Jan 1 2011	-	-	487	-	-	**487**

Increase, including:	-	-	-	-	-	**0**
Decrease, including:	-	-	-	-	-	**0**
Impairment losses as at Jun 30 2011	**-**	**-**	**487**	**-**	**-**	**487**
Net carrying value as at Jun 30 2011	**840**	**9,616**	**8,687**	**1,992**	**638**	**21,773**

Tangible assets under construction:

Tangible assets under construction as at Jan 1 2010	***Expenditure incurred in the financial year***	***Accounting for the expenditure***					***As at Jun 30 2010***
		Buildings, premises and civil engineering structures	***Plant and equipment***	***Vehicles***	***Other tangible assets***	***Intangible assets***	
3,509	**2,520**	15	227	137	18	80	**5,552**

Tangible assets under construction as at Jan 1 2010	***Expenditure incurred in the financial year***	***Accounting for the expenditure***					***As at Dec 31 2010***
		Buildings, premises and civil engineering structures	***Plant and equipment***	***Vehicles***	***Other tangible assets***	***Intangible assets***	
3,509	**5,857**	343	3,538	435	24	2,057	**2,970**

Tangible assets under construction as at Jan 1 2011	***Expenditure incurred in the financial year***	***Accounting for the expenditure***					***As at Jun 30 2011***
		Buildings, premises and civil engineering structures	***Plant and equipment***	***Vehicles***	***Other tangible assets***	***Intangible assets***	
2,970	**1,310**	16	204	720	73	198	**3,069**

As at June 30th 2011 and December 31st 2010, the Company carried no tangible assets held for sale.

3. IMPAIRMENT LOSSES ON ASSETS

SECO/WARWICK S.A. recognised an impairment loss of PLN 656 thousand on the shares held in SECO/WARWICK Tianjin (December 31st 2010: PLN 592 thousand; June 30th 2010: PLN 463 thousand).

As at June 30th 2011, the value of impairment losses on tangible assets at SECO/WARWICK S.A. totalled PLN 486 thousand. The value of impairment losses did not change from the end of 2010.

As at June 30th 2011 trade receivables of PLN 1,000 thousand (December 31st 2010: PLN 888 thousand; June 30th 2010: PLN 637 thousand) were classified as uncollectible, and thus an impairment loss for those receivables was recognised.

4. INVENTORIES

Item	Jun 30 2011	Dec 31 2010	Jun 30 2010
Materials (at cost)	8,395	8,549	8,054
Semi-finished products and work in progress	3,552	1,508	898
Finished products			
Goods for resale			
Total inventories (carrying value)	**11,947**	**10,057**	**8,952**
Impairment losses on inventories			
Inventories, gross	**11,947**	**10,057**	**8,952**

CHANGES IN IMPAIRMENT LOSSES ON INVENTORIES

Item	Jun 30 2011	Dec 31 2010	Jun 30 2010
Balance at beginning of period		**-**	**-**
Increase, including:	**-**	**-**	**-**
- impairment losses recognised in correspondence with other operating expenses	-	-	-
- transfers	-	-	-
Decrease, including:	**-**	**-**	**-**
- impairment losses reversed in correspondence with other operating income	-	-	-
- impairment losses used	-	-	-
- transfers	-	-	-
Balance of impairment losses on finished products at end of period	**-**	**-**	**-**

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

On May 26th 2011, the Annual General Shareholders Meeting of SECO/WARWICK S.A. adopted Resolution No. 20 concerning the distribution of profit for the period January 1st–December 31st 2010. Net profit earned by SECO/WARWICK S.A. of Świebodzin for the financial year 2010 was PLN 8,273,151.42. PLN 1,047,621.00 was allocated to dividend payment. The dividend per share amounted to PLN 0.10. The dividend record date was June 16th 2011, while the dividend payment date was July 1st 2011.

6. LONG-TERM CONTRACTS

Item	Jun 30 2011	Dec 31 2010	Jun 30 2010
Costs incurred under construction contracts, including recognised gains (net of recognised losses)	20,691	33,339	16,463
Advances received	-10,896	-11,359	-13,879
Excess of received advances over revenue recognised using the percentage of completion method	3,800	1,464	3,390
Total assets under construction contracts in progress	**13,595**	**23,444**	**5,974**

7. INVESTMENT COMMITMENTS

As at June 30th 2011, SECO/WARWICK S.A. had investment commitments of PLN 450 thousand towards SECO/WARWICK ALLIED Pvt. LTD. The commitments arose under the share purchase agreement concerning shares in the company.

8. SEASONALITY OR CYCLICALITY OF OPERATIONS IN THE INTERIM PERIOD

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

9. EVENTS WHICH WERE NON-ROUTINE DUE TO THEIR TYPE, SCALE OR FREQUENCY

In the period covered by these interim condensed financial statements for H1 2011, no events occurred which would be non-routine due to their type, scale or frequency.

10. MATERIAL EVENTS OCCURRING AFTER THE END OF THE INTERIM PERIOD AND NOT REFLECTED IN THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD

No such events occurred.

11. CHANGE IN FINANCIAL ASSETS AND LIABILITIES

For information on contingent liabilities, see Note 18 to the interim consolidated financial statements for H1 2011.

In H1 2011 and H1 2010, the Company did not carry contingent assets.

12. RELATED-PARTY TRANSACTIONS

For information on related-party transactions, see Note 21 to the interim consolidated financial statements for H1 2011.

Date: August 31st 2011

Leszek Przybysz
President of the Management Board

Andrzej Zawistowski
Vice-President of the Management Board

Wojciech Modrzyk
Vice-President of the Management Board

Józef Olejnik
Member of the Management Board

Witold Klinowski
Member of the Management Board

DIRECTORS' REPORT

ON THE SECO/WARWICK GROUP'S OPERATIONS

IN THE SIX MONTHS ENDED

JUNE 30TH 2011

The Management Board of SECO/WARWICK S.A. (the Company, the Issuer) presents the Directors' Report on the operations of the SECO/WARWICK Group (the Group) (in the period January 1st–June 30th 2011), prepared in accordance with the Minister of Finance's Regulation on current and periodic reports to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated February 19th 2009 (Dz. U. of 2009 No. 33, item 259). The 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.

1. Information on the SECO/WARWICK Group

1.1. General information

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

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

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

- SECO/WARWICK ThermAL S.A. (formerly: Lubuskie Zakłady Termotechniczne Elterma S.A.)
- SECO/WARWICK Corporation
- OOO SECO/WARWICK Group Moscow
- Retech Systems LLC
- SECO/WARWICK Retech Thermal Equipment Manufacturing Tianjin Co., Ltd.

Other Group members are:

- SECO/WARWICK of Delaware Inc.
- Retech Tianjin Holdings LLC
- SECO/WARWICK Allied Pvt. Ltd. (Mumbai) India

The aforementioned companies are described in detail in Section 1.2 of this Report.

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

- vacuum furnaces,
- aluminium heat exchanger brazing systems,
- aluminium heat treatment systems,
- atmosphere furnaces,

– metallurgy equipment used for melting and vacuum casting of metals and specialty alloys.

The SECO/WARWICK Group's operations are divided into five business segments 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).

1.2 Group structure as at June 30th 2011

Table: As at June 30th 2011, the SECO/WARWICK Group comprised the following entities:

Company	Registered office	Business profile	Method of consolidation / valuation of equity holding	% of share capital held by the Group
Parent undertaking				
SECO/WARWICK S.A.	Świebodzin	Manufacture of vacuum furnaces, aluminium heat exchanger brazing systems and aluminium heat treatment systems	N/A	N/A
Direct and indirect subsidiaries				
SECO/WARWICK ThermAL S.A. (1)	Świebodzin	Manufacture of metal heat treatment equipment	Full method	100%
SECO/WARWICK Corp.	Meadville (USA)	Manufacture of metal heat treatment equipment	Full method	100%
SECO/WARWICK of Delaware, Inc. (2)	Wilmington (USA)	Management of holding companies; registration of trademarks and patents, and granting licences for use of the trademarks and patents by SECO/WARWICK Corp.	Full method	100%
OOO SECO/WARWICK Group Moscow	Moscow (Russia)	Distribution of the SECO/WARWICK Group's products	Full method	100%
Retech Systems LLC (3)	Ukiah (USA)	Trade and services; manufacture of metallurgy equipment used for melting and vacuum casting of metals and specialty alloys	Full method	100%
SECO/WARWICK Retech Thermal Equipment Manufacturing Tianjin Co., Ltd. (4)	Tianjin (China)	Manufacture of metal heat treatment equipment	Full method	100%
Retech Tianjin Holdings LLC (5)	(USA)	Management of holding companies	Full method	100%
SECO/WARWICK Allied Pvt. Ltd. (6)	Mumbai (India)	Manufacture of metal heat treatment equipment	Equity method	50%

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

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

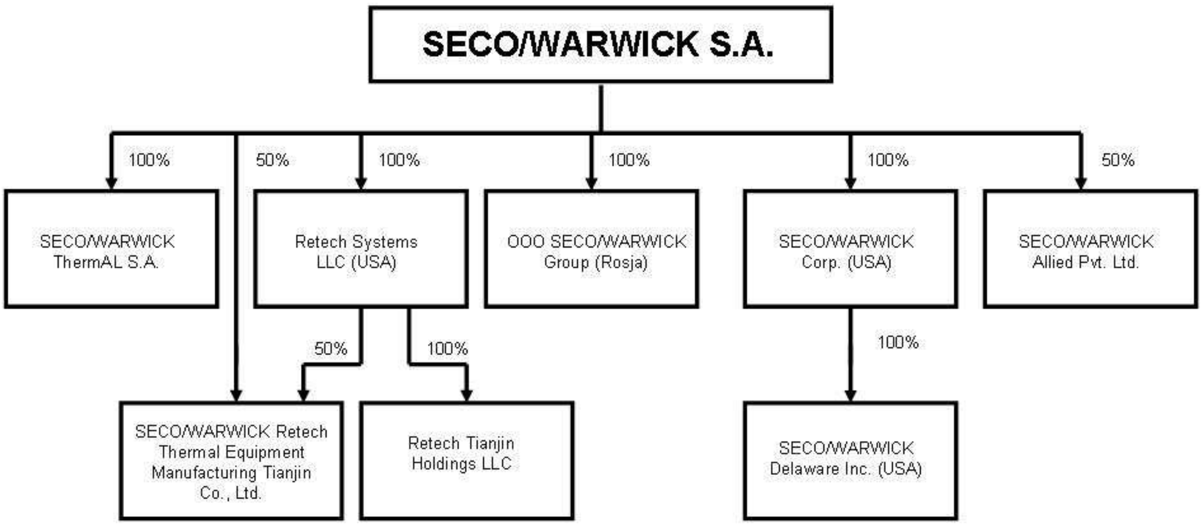
(3) On November 16th 2010, SECO/WARWICK S.A. and James A. Goltz, a co-owner of Retech Systems LLC (USA), made an agreement concerning acquisition by SECO/WARWICK S.A. of a 50% equity interest in Retech Systems LLC. As a result of the transaction, SECO/WARWICK S.A. came to hold 100% of shares in Retech Systems LLC.

(4)SECO/WARWICK Retech Thermal Equipment Manufacturing Tianjin Co., Ltd. of China. SECO/WARWICK Retech is a 50/50 joint venture of SECO/WARWICK S.A. and Retech Systems LLC.

(5) Retech Tianjin Holdings LLC is an indirect subsidiary owned through Retech Systems LLC of USA, which holds a 100% stake in Retech Tianjin Holdings LLC.

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

Structure of the SECO/WARWICK Group as at June 30th 2011



Composition of the SECO/WARWICK Group as at this Report release date

In the period under analysis and from June 30th 2011 to the release date of this Report, the composition of the SECO/WARWICK Group changed as follows:

- SECO/WARWICK GmbH of Germany was established.
- SECO/WARWICK Industrial Furnace Co. Ltd. (Tianjin), in the previous period consolidated using the proportional consolidation method, was removed due to loss of control over the company.

2. Other supplementary information

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

On August 9th 2011, SECO/WARWICK GmbH of Germany became a member of the SECO/WARWICK Group. SECO/WARWICK S.A holds 51% of shares in the company, while Mr Thomas Wingens is a minority controlling shareholder.

The SECO/WARWICK GmbH's objective is to boost sales of products of the atmosphere and vacuum furnaces segment, in particular those manufactured with the use of the LPC technology, i.e. low pressure vacuum carburizing and pre-nitriding in line with the PreNitLPC® and FineCarb® technologies. SECO/WARWICK GmbH will offer furnaces manufactured by SECO/WARWICK S.A. and SECO/WARWICK ThermAL S.A., and will provide technical consulting services for customers in Germany, Austria, the Netherlands, Liechtenstein and Slovenia.

The German subsidiary of SECO/WARWICK will be managed by Mr Thomas Wingens, who has 25 years of experience in the metal heat treatment industry. The changes within the SECO/WARWICK Group's structure will enhance the Group's operational efficiency on the German market.

Due to the fact that SECO/WARWICK Industrial Furnace Co. Ltd. (Tianjin) did not deliver its financial statements to the parent undertaking, the Management Board of SECO/WARWICK S.A. concluded that there was evidence of loss of control and, accordingly, deconsolidated the company. In accordance with IAS 27:34, necessary adjustments were made to the consolidated financial statements.

In H1 2011, there were no other changes in the SECO/WARWICK Group's structure resulting from mergers, acquisitions or disposals of Group undertakings, long-term investments, demergers, restructuring or discontinued operations.

2. Management Board's position on the feasibility of meeting any previously published forecasts for 2011 in light of the results presented in the H1 2011 report

SECO/WARWICK S.A. did not publish any financial forecasts for 2011 concerning the Company or the SECO/WARWICK Group.

3. Shareholders holding, directly or indirectly, 5% of the total vote at the General Shareholders Meeting as at the release date of this Report, including information on any changes that occurred subsequent to the publication of the Q1 2011 report of the SECO/WARWICK Group

Table: Shareholders holding – directly or indirectly through subsidiaries – 5% or more of the total vote at the General Shareholders Meeting as at the date of release of the previous quarterly report i.e. May 16th 2011

	Number of shares	% of share capital held	Number of votes at GM	% of total vote
SW Poland Holding B.V. (Netherlands)	4,119,508	39.32%	4,119,508	39.32%
Spruce Holding Limited Liability Company	1,726,174	16.48%*	1,726,174	16.48%*
James A. Goltz	904,207	8.63%	904,207	8.63%
ING NN OFE	600,000	5.73%*	600,000	5.73%*
OFE POLSAT S.A.	485,974	4.64%*	485,974	4.64%*

- share capital	2,095,242
- number of shares	10,476,210
- par value per share	0.2

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

Table: Shareholders holding – directly or indirectly through subsidiaries – 5% or more of the total vote at the General Shareholders Meeting as at the date of release of the semi-annual report i.e. August 31st 2011

	Number of shares	% of share capital held	Number of votes at GM	% of total vote
SW Poland Holding B.V. (Netherlands)	4,119,508	39.32%	4,119,508	39.32%
Spruce Holding Limited Liability Company	1,726,174	16.48%*	1,726,174	16.48%*
James A. Goltz	904,207	8.63%	904,207	8.63%
ING NN OFE	600,000	5.73%*	600,000	5.73%*
OFE POLSAT S.A.	485,974	4.64%*	485,974	4.64%*

- share capital	2,095,242
- number of shares	10,476,210
- par value per share	0.2

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

From the release date of the Q1 2011 report to the release date of the H1 2011 report, the SECO/WARWICK Group recorded no changes in the holdings of major interests in the Company shares.

4. Shares of SECO/WARWICK held by members of the Management Board and Supervisory Board as at the release date of this Report, including information on any changes subsequent to the publication of the Q1 2011 report

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

	May 16 2011				Aug 31 2011			
	Number of SECO/WARWICK S.A. shares held	% of share capital held	% of total vote	Decrease/increase	Number of SECO/WARWICK S.A. shares held	% of share capital held	% of total vote	Total par value of shares (PLN)
Management								
Leszek Przybysz	-	-	-	-	-	-	-	-
Andrzej Zawistowski	307,100	2.93%	2.93%	0	307,100	2.93%	2.93%	61,420
Witold Klinowski	58,100	0.55%	0.55%	0	58,100	0.55%	0.55%	11,620
Józef Olejnik	58,100	0.55%	0.55%	0	58,100	0.55%	0.55%	11,620
Wojciech Modrzyk	400	0.004%	0.004%	0	400	0.004%	0.004	80
Supervisory	,				,			,
Jeffrey Boswell	229,633	2.19%	2.19%	0	229,633	2.19%	2.19%	45,927
Henryk Pilarski	1,000	0.01%	0.01%	0	1,000	0.01%	0.01%	200
Piotr Kowalewski	-	-	-	-	-	-	-	-
Piotr Kula	8,500	0.08%	0.08%	0	8,500	0.08%	0.08%	1,700
Mariusz Czaplicki (1)	-	-	-	-	-	-	-	-
Artur Rusiecki (2)	-	-	-	-	-	-	-	-
Commercial proxies	,				,			,
Dorota Subsar	-	-	-	-	-	-	-	-
Total	662,833	6.31%	6.31%	0	662,833	6.31%	6.31%	132,567

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

Item	**Aug 31 2011**
Number of shares	10,476,210
Par value of shares	0.2
Share capital	2,095,242.00

In the period under analysis and after June 30th 2011, members of the Management Board and Supervisory Board of SECO/WARWICK S.A executed no transactions involving their shares in SECO/WARWICK S.A.

5. Court, arbitration or administrative proceedings

In H1 2011, there were no court, arbitration or administrative proceedings concerning liabilities or receivables of SECO/WARWICK S.A or other Group undertakings whose value, on a separate or aggregate basis, represented 10% or more of SECO/WARWICK S.A's equity.

6. Information on any single transaction or a series of transactions concluded by the Company or its subsidiary undertaking 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 publication date of this Report, SECO/WARWICK S.A. and its subsidiary undertakings did not enter into any material transactions with related parties other than arm's length and routine transactions.

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

On March 10th 2011, Retech Systems LLC executed an annex to a credit facility agreement, which raised the guarantee and credit facility limit from USD 15,000 thousand to USD 19,000 thousand. Following the increase in the facility limit, the value of the surety issued by SECO/WARWICK S.A. for Retech Systems LLC was raised by USD 4,000 thousand (PLN 11,856 thousand).

In H1 2011, there were no other events related to sureties for loans or guarantees exceeding 10% of the Company's equity, issued by SECO/WARWICK S.A. or any of its subsidiary undertakings.

8. Other information which is, according to the Company, relevant for the assessment of its staffing levels, assets, financial standing and financial performance, as well as changes in any of the foregoing, and information relevant for the assessment of the Company's ability to fulfil its obligations

According to the Management Board of SECO/WARWICK S.A., improved conditions on the majority of the markets where the SECO/WARWICK Group's customers operate, are a factor which may be relevant for the assessment of the Group's staffing levels, assets, financial standing and financial performance, as well as changes in any of the foregoing. An evident upward trend was reported in the automotive, airport and tool sectors. Activities aimed at obtaining new orders started to produce results as soon as in Q1 2011. The Group secured a significant portfolio of contracts, whose value as at the end of H1 2011 amounted to nearly PLN 248.5m. The contracts primarily provide for deliveries of specialist melting furnaces, vacuum furnaces and atmosphere heat treatment furnaces. For instance, SECO/WARWICK ThermAL concluded three contracts with Charkowskij Podszypnikowyj Zawod of Ukraine, for a total amount of PLN 19.6m. The contracts provide for the construction and delivery of three process lines for heat treatment of bearing rings.

SECO/WARWICK S.A. concluded a PLN 13.2m contract with a company from the automotive industry. As a result, the Company is expected to achieve significantly improved financial performance in 2011.

The registration of SECO/WARWICK GmbH of Germany (Stuttgart) on August 9th 2011 was a material event which may have a positive effect on the future financial performance of the SECO/WARWICK Group. The SECO/WARWICK GmbH's objective is to boost sales of products from the atmosphere and vacuum furnaces segment, in particular those manufactured with the use of the LPC technology, i.e. low pressure vacuum carburizing and pre-nitriding in line with the PreNitLPC® and FineCarb® technologies. SECO/WARWICK GmbH will offer furnaces manufactured by SECO/WARWICK S.A. and SECO/WARWICK ThermAL S.A., and will provide technical consulting services for customers in Germany, Austria, the Netherlands, Liechtenstein and Slovenia.

On May 26th 2011, the Annual General Shareholders Meeting of SECO/WARWICK S.A. adopted Resolution No. 20 on distribution of profit for the period January 1st–December 31st 2010. Net profit earned by SECO/WARWICK S.A. of Świebodzin for the financial year 2010 was PLN 8,273,151.42. PLN 1,047,621.00 was allocated to dividend payment. The dividend per share amounted to PLN 0.10. The dividend record date was June 16th 2011, while the dividend payment date was July 1st 2011. The remaining portion of the net profit was transferred to statutory reserve fund.

The information provided above may be relevant for the assessment of SECO/WARWICK S.A.'s ability to fulfil its obligations. As at the date of release of this H1 2011 report, the Company's operations were stable. All liabilities related to the Company's operations are settled on a timely basis.

9. Factors which in the Company's opinion will affect the Group's performance at least in the forthcoming half year

1. Material agreements executed in the period January 1st–June 30th 2011

In the period November 26th 2010–February 25th 2011, SECO/WARWICK S.A. concluded with BRE Bank S.A. of Warsaw seven forward contracts for the sale of euro in the total amount of EUR 3,654,000. The value of the forward contracts totals PLN 14,527,208.

In the period March 3rd–May 31st 2011, SECO/WARWICK S.A. and SECO ThermAL S.A. (its subsidiary) executed with BRE Bank S.A. of Warsaw ten forward contracts to sell a total of EUR 5,352,000 (PLN 21,335,397) and four forward contracts to sell a total of USD 1,365,000 (PLN 3,691,242). The total value of the forward contracts amounts to PLN 25,026,639.

The forward contract to sell a total of EUR 1,000,000 (PLN 4,031,600) concluded between subsidiary SECO/WARWICK ThermAL S.A. and BRE Bank S.A. of Warsaw on March 11th 2011 was the contract with the highest value.

In the period November 29th 2010–June 1st 2011, SECO/WARWICK S.A.'s subsidiary SECO/WARWICK ThermAL S.A. concluded with Bank Zachodni WBK S.A. of Wrocław eleven forward contracts for the sale of euro in the total amount of EUR 3,917,000 (PLN 15,492,063) and four zero-cost collars comprising purchased put options and sold call options with the total value of EUR 1,365,000 (PLN 5,469,603). The total value of the contracts amounts to PLN 20,961,666.

The forward contract to sell a total of EUR 1,210,000 (PLN 4,735,335) concluded between SECO/WARWICK ThermAL S.A. and Bank Zachodni WBK of Wrocław on May 13th 2011 was the contract with the highest value.

On June 15th 2011, SECO/WARWICK ThermAL S.A. of Świebodzin (a subsidiary of SECO/WARWICK S.A.) and Charkowskij Podszypnikowyj Zawod of Ukraine (a public company limited by shares) concluded three contracts for a total of EUR 5m (PLN 19,716,500 as translated at the mid-exchange rate quoted by the National Bank of Poland for June 15th 2011). The contracts provided for the construction and delivery of three process lines for heat treatment of bearing rings.

The EUR 1,765,000 (PLN 6,959,924.50) contract, valid until July 1st 2013, was the contract with the largest value.

2. Management stock options of the SECO/WARWICK Group

On April 29th 2009, the General Shareholders Meeting approved the key assumptions of the Incentive Scheme of SECO/WARWICK S.A. ("the Incentive Scheme"). The Rules of the Incentive Scheme were adopted by way of the Supervisory Board's resolution on July 27th 2009. The Company plans to implement the Incentive Scheme in the years 2009-2011, while the subscription warrants distributed to the eligible scheme participants may be exercised on or after January 2nd 2012, but no later than on June 30th 2017.

Cost of the Incentive Scheme for H1 2011

The Company assumes that it is not possible to reliably measure the fair value of the management stock option scheme as at the grant date, i.e. April 29th 2009. In accordance with IFRS 2.24, in such cases an entity is required to adopt an accounting approach based on intrinsic value of the instruments (the price of the underlying stock less the exercise price). Under the intrinsic value model:
a) intrinsic value is remeasured as at each reporting date from the grant date until final settlement,
b) as at each reporting date during the vesting period, the cumulative expense is measured as the product of the instrument's intrinsic value as at that date and the portion of the vesting period lapsed; any changes in the cumulative expense are recognised in profit or loss,
c) any changes in the intrinsic value of the options from the vesting date until final settlement should be recognised in profit or loss.

Based on the foregoing, the cost of the management stock option scheme in SECO/WARWICK S.A. as at June 30th 2011 has been estimated as follows:

Share price as at June 30th 2011	PLN 37.13
Exercise price in 2010	PLN 27.55
Option intrinsic value	**PLN 9.58**

Number of management stock options granted in 2010	8,750
Option intrinsic value	PLN 9.58
Cost for the period [1]	**PLN 83,860**

Share price as at June 30th 2011	PLN 37.13
Exercise price in 2011	PLN 31.74
Option intrinsic value	**PLN 5.39**

Number of management stock options in 2011	41,000
Vesting period	1 year
Estimated number of options granted	25%
Option intrinsic value	PLN 5.39
Cost for the period [2]	**PLN 27,643**

As at June 30th 2011, the total cost of options for SECO/WARWICK S.A. is PLN 111,503.

10. 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.

11. Types and amounts of changes in estimates disclosed in previous interim periods of the financial year 2011 or changes in estimates disclosed in previous financial years if they have a material bearing on H1 2011

In the business activities of SECO/WARWICK S.A. and its Group, there were no changes in the disclosed estimates that would, due to their type or amount, have a material bearing on the results for H1 2011.

12. Issues, redemptions and repayments of debt and equity securities

[1] Cost for the period: 8,750 stock options x 9.58 (intrinsic value)
[2] Cost for the period: 41,000 stock options x 5.39 (intrinsic value) x 25% (estimated number of stock options granted) x 1 x 1/2

No debt or equity securities were issued, redeemed or repurchased in H1 2011.

13. Key threats and risks relating to the months remaining to the end of the financial year

In its operations, the Company is exposed to market risks, including currency risk, interest rate risk, liquidity risk, and credit risk. As part of the risk management process, an expert management accounting system has been developed and implemented. The key risk parameters at the level of operating and financing activities are monitored through monthly reports. The Company's Finance Division identifies, measures, manages and monitors risks on an ongoing basis.

The Company has a system of internal regulations (procedures, orders, rules and instructions) in place, facilitating its proper functioning and mitigating the risks to which the Company is exposed.

The Company’s effective internal control and risk management system applied to financial reporting was established based on:

1. Clearly specified division of duties and work organisation.
2. Precise definition of the scope of financial reporting applied by the Company,
3. Regular reviews of the Company's performance, based on the financial reporting system used by the Company,
4. Requirement to submit financial statements for approval prior to their disclosure,
5. Audit/review of financial statements by an independent qualified auditor,
6. Inclusion of the internal audit function in the process of assessing the applied control mechanisms.

In the Management Board’s opinion, the risk management system implemented at the Company significantly mitigates the risks to which the Company is exposed.

14. Material events subsequent to the end of H1 2011 which have not been disclosed in the financial statements for H1 2011 but may have a material bearing on future financial performance of the SECO/WARWICK Group

There were no particular events in the operations of SECO/WARWICK S.A. and its subsidiaries that might have a bearing on the future financial performance of SECO/WARWICK S.A. and its Group but have not been disclosed in this semi-annual report.

Date: August 31st 2011

Leszek Przybysz

President of the Management Board

Andrzej Zawistowski

Vice-President of the Management Board

Wojciech Modrzyk	Józef Olejnik	Witold Klinowski
Vice-President of the Management Board	*Member of the Management Board*	*Member of the Management Board*