THE SECO/WARWICK GROUP

INTRODUCTION TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD

FROM JANUARY 1ST TO JUNE 30TH 2013

CONTENTS

GENERAL INFORMATION

I. The Parent

The parent of the SECO/WARWICK Group ("SECO/WARWICK Group", " Issuer Group", "Group") is SECO/WARWICK Spółka Akcyjna of Świebodzin ("Issuer", " Company"). The Company was registered on January 2nd 2007 by virtue of a decision issued by the 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:		ul. Sobieskiego 8, 66-200 Świebodzin, Poland
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,
	28.99Z	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 entities 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 January 1st–June 30th 2013. The comparative data:

- for the interim consolidated statement of financial position is presented as at December 31st 2012 and June 30th 2012,
- for the interim consolidated statement of comprehensive income and the interim consolidated statement of cash flows covers the period January 1st–June 30th 2012,
- for the interim consolidated statement of changes in equity covers the period January 1st –June 30th 2012 and January 1st–December 31st 2012.

IV. Composition of SECO/WARWICK S.A.'s governing bodies

MANAGEMENT BOARD		
Composition of the Management Board as at June 30th 2013	Paweł Wyrzykowski Wojciech Modrzyk Jarosław Talerzak	President of the Management Board Vice-President of the Management Board Vice-President of the Management Board
Composition of the Management Board as at December 31st 2012	Paweł Wyrzykowski Wojciech Modrzyk Witold Klinowski Józef Olejnik	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 June 30th 2013	Andrzej Zawistowski Henryk Pilarski Jeffrey Boswell James A. Goltz Zbigniew Rogóż Gutmann Habig Witold Klinowski	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 Member of the Supervisory Board
Composition of the Supervisory Board as at December 31st 2012	Andrzej Zawistowski Henryk Pilarski Jeffrey Boswell James A. Goltz Zbigniew Rogóż Dr Gutmann Habig	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

Changes in the composition of the Management Board

On December 14th 2012, in Current Report No. 38/2012, the SECO/WARWICK Management Board reported on Mr Witold Klinowski's resignation from the position of member of the Company's Management Board with effect as of December 31st 2012. The resignation was due to Mr Klinowski's plans to take the position of Member of the SECO/WARWICK Supervisory Board.

On December 14th 2012, in Current Report No. 38/2012, the SECO/WARWICK Management Board reported on Mr Józef Olejnik's resignation from the position of member of the Company's Management Board with effect as of December 31st 2012. Mr Józef Olejnik cited his retirement age as the reason behind the resignation.

On December 14th 2012, in Current Report No. 39/2012, the SECO/WARWICK Management Board reported on appointment by the Supervisory Board of Mr Jarosław Talerzak to serve as Vice-President of the Management Board as of January 1st 2013.

Changes in the composition of the Supervisory Board:

On November 28th 2012, the Extraordinary General Meeting of SECO/WARWICK S.A., by virtue of Resolution No. 10, appointed Mr Witold Klinowski to serve as member of the Company's Supervisory Board as of January 1st 2013. See Current Report No. 36/2012.

V. Auditors

PKF Audyt Sp. z o. o.
ul. Orzycka 6, lok. 1B
02-695 Warsaw, Poland

VI. Significant shareholders of the parent

The table below lists the shareholders holding over 5% of the total vote at the General Meeting as at June 30th 2013:

Shareholder	Number of shares	Ownership interest (%) %	Number of votes	% of total vote at the General Meeting
SW Poland Holding B.V.	4,119,508	39.32%	4,119,508	39.32%
Spruce Holding Limited Liability Company (USA)	1,726,174	16.48%	1,726,174	16.48%
Funds represented by PKO BP BANKOWY PTE S.A.	1,026,675	9.80%	1,026,675	9.80%
Bleauhard Holdings LLC	904,207	8.63%	904,207	8.63%
ING NN OFE	600,000	5.73%	600,000	5.73%
AMPLICO	577,470	5.51%	577,470	5.51%

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

In Current Report No. 26/2013, which made reference to Current Report No. 6/2013 of April 18th 2013, the Management Board of SECO/WARWICK S.A. (the "Company") reported that on July 23rd 2013 it received a notification, dated July 22nd 2013, from PKO BP Bankowy Otwarty Fundusz Emerytalny ("PKO OFE"), represented by PKO BP BANKOWY Powszechne Towarzystwo Emerytalne Spółka Akcyjna (the "Pension Fund Management Company"), to the effect that following the liquidation of OFE POLSAT and the PKO OFE's takeover of OFE POLSAT's assets, PKO OFE's share in the Company's share capital is 8.1107%, with 849,698 votes attached to the shares held, representing 8.1107% of the total votes at the Company's General Meeting.

VII. Subsidiaries

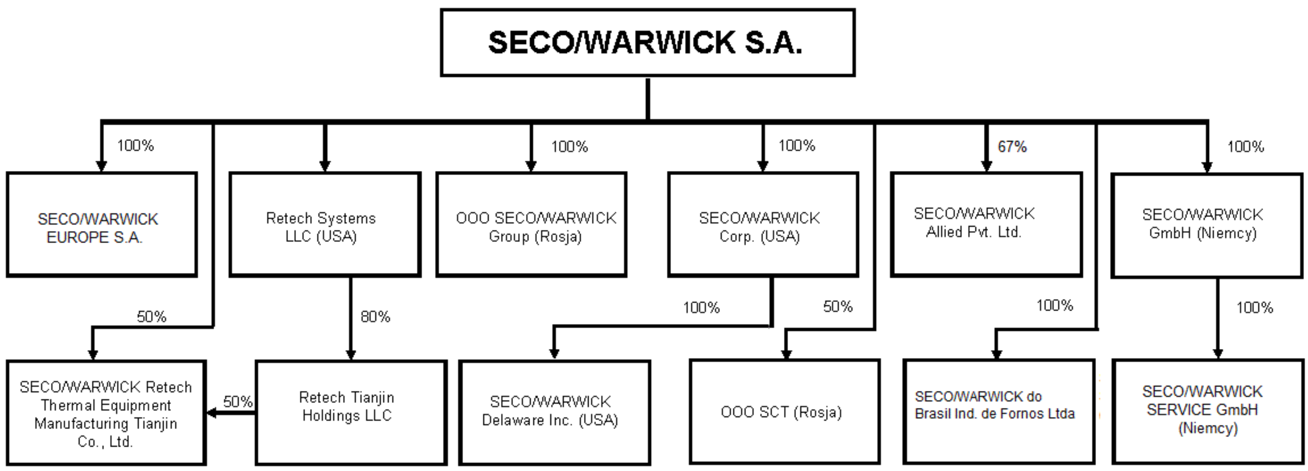
SECO/WARWICK S.A. is the parent of the following subsidiaries:

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

Other Group companies are:

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

VIII. Organisation 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	30.06.2013	Dec 31 2012	30.06.2012
Average exchange rate for the period*	4.2140	4.1736	4.2246
Exchange rate effective for the last day of the period	4.3292	4.0882	4.2613

**) 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 at 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 the interim consolidated statement of cash flows have been translated at the exchange rates calculated as the arithmetic means of the EUR/PLN mid-market rates quoted by the National Bank of Poland as effective for the last day of each month in the reporting period.

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

Financial highlights - consolidated

Item	H1 2013	H1 2012	H1 2013	H1 2012
	(PLN '000)		(EUR '000)	
Revenue	253,417	230,568	60,137	54,578
Cost of sales	-188,479	-175,235	-44,727	-41,480
Operating profit/(loss)	21,086	19,608	5,004	4,641
Profit (loss) before tax	20,977	19,180	4,978	4,540
Profit (loss), net of tax	13,017	12,759	3,089	3,020
Net cash flows from operating activities	9,481	18,315	2,250	4,335
Net cash flows from investing activities	-8,009	-5,312	-1,900	-1,258
Net cash flows from financing activities	12,193	-8,448	2,893	-2,000
	Jun 30 2013	**Dec 31 2012**	**Jun 30 2013**	**Dec 31 2012**
Total assets	524,159	426,613	121,075	104,352
Total liabilities	249,504	175,972	57,633	43,044
including current liabilities	188,435	142,645	43,527	34,892
Equity	274,655	250,642	63,442	61,309
Share capital	3,652	3,652	844	893

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

Separate financial highlights

Item	H1 2013	H1 2012	H1 2013	H1 2012
	(PLN '000)		(EUR '000)	
Revenue	5,007	65,639	1,188	15,537
Cost of sales	-4,930	-49,313	-1,170	-11,673
Operating profit/(loss)	-6,154	3,509	-1,460	831
Profit (loss) before tax	6,267	3,084	1,487	730
Profit (loss), net of tax	5,937	2,415	1,409	572
Net cash flows from operating activities	-903	16,736	-214	3,962
Net cash flows from investing activities	-27,601	-2,714	-6,550	-642
Net cash flows from financing activities	12,089	-7,833	2,869	-1,854
	Jun 30 2013	**Dec 31 2012**	**Jun 30 2013**	**Dec 31 2012**
Total assets	223,274	236,174	51,574	57,770
Total liabilities	38,500	57,068	8,893	13,959
including current liabilities	17,852	42,388	4,124	10,368
Equity	184,775	179,106	42,681	43,810
Share capital	3,652	3,652	844	893

STATEMENT OF COMPLIANCE

In compliance with 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 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 report on the operations of the Issuer Group gives a fair view of the development, achievements and position of the Issuer 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 further represents that the entity qualified to audit financial statements that reviewed these 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 Polish law. In line with the corporate governance principles adopted by the Management Board, the auditor was appointed by the Company's Supervisory Board by virtue of Resolution No. 8/2013 on appointment 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 on August 30th 2013.

Date: August 30th 2013

Paweł Wyrzykowski	Wojciech Modrzyk	Jarosław Talerzak
President of the Management Board	*Vice-President of the Management Board*	*Vice-President of the Management Board*

THE SECO/WARWICK GROUP

INTERIM CONDENSED CONSOLIDATED

FINANCIAL STATEMENTS FOR THE PERIOD

JANUARY 1ST–JUNE 30TH 2013 PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (PLN '000)

Assets	Jun 30 2013	Dec 31 2012	Jun 30 2012
NON-CURRENT ASSETS	**199,807**	**159,131**	**160,750**
Property, plant and equipment	81,361	49,769	51,071
Investment property	404	409	415
Goodwill	88,440	60,720	64,565
Intangible assets	14,682	16,462	13,799
Investments in associates		19,077	19,975
Financial assets available for sale	3	3	3
Other financial assets	284		17
Non-current receivables	1,215	2,113	
Loans and receivables		13	
Deferred tax assets	13,417	10,565	10,904
CURRENT ASSETS	**320,715**	**263,775**	**231,094**
Inventories	36,693	28,349	30,197
Trade receivables	93,057	72,235	63,546
Income tax assets	1,585	634	
Other current receivables	19,460	16,762	17,027
Accruals and deferred income	4,189	2,840	5,317
Financial assets at fair value through profit or loss	748	4,028	419
Loans and receivables		8	7
Cash and cash equivalents	69,256	55,556	24,776
Contract settlement	95,727	83,362	89,805
ASSETS HELD FOR SALE	**3,637**	**3,708**	**4,164**
TOTAL ASSETS	**524,159**	**426,613**	**396,007**

Equity and liabilities	Jun 30 2013	Dec 31 2012	Jun 30 2012
EQUITY	**274,655**	**250,642**	**243,110**
Equity attributable to owners of the parent	265,366	249,489	243,059
Share capital	3,652	3,652	3,652
Reserve funds	199,708	189,136	189,136
Other components of equity	1,065		
Retained earnings/(deficit)	60,941	56,701	50,270
Non-controlling interests	**9,289**	**1,153**	**51**
NON-CURRENT LIABILITIES	**61,068**	**33,326**	**33,784**
Borrowings and other debt instruments	15,139	3,100	4,662
Financial liabilities	9,577	267	145
Other non-current liabilities		26	
Deferred tax liabilities	25,651	19,010	19,529
Provision for retirement and similar benefits	6,109	6,408	4,778
Other provisions	982		
Accruals and deferred income	3,611	4,515	4,670
CURRENT LIABILITIES	**188,435**	**142,645**	**119,113**
Borrowings and other debt instruments	30,958	17,620	16,980
Financial liabilities	8,784	867	1,802
Trade payables	62,309	32,459	30,240
Income tax payable	3,190	5,431	3,539
Taxes, customs duties and social security payable	4,942	1,550	1,313
Other current liabilities	7,003	5,234	6,932
Provision for retirement and similar benefits	4,246	6,446	4,624
Other provisions	15,802	5,569	4,741
Accruals and deferred income	51,202	67,469	48,942
LIABILITIES HELD FOR SALE			
TOTAL EQUITY AND LIABILITIES	**524,159**	**426,613**	**396,007**

Date: August 30th 2013

Prepared by: Piotr Walasek

Paweł Wyrzykowski	Wojciech Modrzyk	Jarosław Talerzak
President of the Management Board	*Vice-President of the Management Board*	*Vice-President of the Management Board*

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(PLN '000)

	for the period Jan 1–Jun 30 2013	for the period Jan 1–Jun 30 2012
Revenue, including:	**253,417**	**230,568**
Revenue from sale of finished goods	244,013	219,358
Revenue from sale of merchandise and materials	9,404	11,210
Cost of sales, including:	**-188,479**	**-175,235**
Finished goods sold	-182,908	-164,293
Merchandise and materials sold	-5,571	-10,942
Gross profit/(loss)	**64,939**	**55,333**
Other income	2,754	1,434
Distribution costs	-12,421	-11,389
Administrative expenses	-30,483	-25,015
Other expenses	-3,703	-756
Operating profit/(loss)	**21,086**	**19,607**
Gain (loss) on disposal / result related to loss of control over subordinated entities		
Finance income	3,925	5,400
Finance costs	-4,007	-6,622
Share of net profit (loss) of associates	-27	795
Profit (loss) before tax	**20,977**	**19,180**
Actual tax expense	-8,063	-6,714
Net profit (loss) from continuing operations	**12,914**	**12,466**
Profit/(loss) on discontinued operations		
Profit (loss) attributable to non-controlling interests	-103	-294
Net profit/(loss) for financial year	**13,017**	**12,759**
Earnings per share (PLN)	1.24	1.22
Weighted average number of shares as at	10,476,210	10,476,210
OTHER COMPREHENSIVE INCOME:		
Valuation of cash flow hedging derivatives	- 2,834	794
Exchange differences on translating foreign operations	4,437	-1,864
Actuarial gains/(losses) on a defined benefit retirement plan	321	
Income tax relating to other comprehensive income	539	-151
Other comprehensive income, net	**2,462**	**-1,221**
Total comprehensive income	**15,478**	**11,538**

Date: August 30th 2013

Prepared by: Piotr Walasek

Paweł Wyrzykowski	Wojciech Modrzyk	Jarosław Talerzak
President of the Management Board	*Vice-President of the Management Board*	*Vice-President of the Management Board*

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (PLN '000)

	for the period Jan 1–Jun 30 2013	for the period Jan 1–Jun 30 2012
OPERATING ACTIVITIES		
Pre-tax profit/(loss)	20,977	19,180
Total adjustments:	**153**	**-1,537**
Share of net profit of associates	27	-795
Depreciation and amortisation	3,792	3,523
Foreign exchange gains/(losses)	-194	-493
Interest and profit distributions (dividends)	357	889
Profit/(loss) on investing activities	1,800	1,977
Balance sheet valuation of derivative instruments	-2,504	-5,423
Change in provisions	3,878	-267
Change in inventories	-2,893	-3,534
Change in receivables	5,433	37,962
Change in current liabilities (other than financial liabilities)	12,643	4,674
Change in accruals and deferrals	-23,503	-40,047
Other adjustments	1,319	-2
Cash from operating activities	**21,129**	**17,643**
Income tax (paid)/refunded	-11,648	672
Net cash flows from operating activities	**9,481**	**18,315**
INVESTING ACTIVITIES		
Cash provided by financing activities	**383**	**785**
Proceeds from disposal of intangible assets and property, plant and equipment	383	69
Other inflows from financial assets		510
Cash paid in connection with derivative instruments	1,413	207
Cash used in financing activities	**9,804**	**6,098**
Investments in intangible assets, property, plant and equipment, and investment property	4,042	2,112
Acquisition of related entities	5,762	1,927
Cash paid in connection with derivative instruments		2,035
Other cash used in investing activities		25
Net cash flows from investing activities	**-8,009**	**-5,312**

FINANCING ACTIVITIES		
Cash provided by financing activities	**23,543**	**12,572**
Net proceeds from issue of shares or other equity instruments and equity contributions	475	
Borrowings and other debt instruments	23,068	12,572
Cash used in financing activities	**11,349**	**21,021**
Repayment of loans and borrowings	10,558	19,930
Decrease in finance lease liabilities	161	108
Interest paid	631	983
Net cash flows from financing activities	**12,193**	**-8,448**
Total net cash flow	**13,666**	**4,554**
Balance-sheet change in cash, including:	**5,133**	**4,491**
- exchange differences on cash and cash equivalents	-4	63
Cash at beginning of the period	**55,586**	**20,239**
Cash at end of the period, including:	**69,252**	**24,793**
- restricted cash	13,944	7,362

Date: August 30th 2013

Prepared by: Piotr Walasek

Paweł Wyrzykowski	Wojciech Modrzyk	Jarosław Talerzak
President of the Management Board	*Vice-President of the Management Board*	*Vice-President 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 components of equity	Exchange differences	Retained earnings/(deficit)	Non-controlling interests	Total equity
Equity as at Jan 1 2012	**3,652**	**177,662**	**-942**	**0**	**12,289**	**38,879**	**-208**	**231,332**
Errors from previous years						-132		**-132**
Total comprehensive income for the six months ended Jun 30 2012			643		-1,864			**-1,221**
Transfer of previous years' profit/loss to statutory reserve funds		11,475				-11,475		**0**
Net profit						12,759		**12,759**
Decrease in interest held in SECO/WARWICK Retech and net profit (loss) attributable to non-controlling interests						113	606	**719**
Net profit (loss) attributable to non-controlling interests of SECO/WARWICK GmbH							-347	**-347**
Equity as at Jun 30 2012	**3,652**	**189,136**	**-299**	**0**	**10,426**	**40,144**	**51**	**243,110**
Equity as at Jan 1 2012	**3,652**	**177,662**	**-942**	**0**	**12,289**	**38,879**	**-208**	**231,332**
Total comprehensive income for the twelve months ended Dec 31 2012			2,522		-12,121	305		**-9,294**
Correction of previous years' errors						-132		**-132**
Transfer of 2011 earnings to		11,475				-11,475		**0**
Net profit						28,170		**28,170**
Equity attributable to non-controlling interests in SECO/WARWICK Retech						113	543	**656**
Equity attributable to non-controlling interests in SECO/WARWICK GmbH						-908	208	**-700**
Equity attributable to non-controlling interests in OOO SCT							610	**610**
Equity as at Dec 31 2012	**3,652**	**189,136**	**1,580**	**0**	**168**	**54,953**	**1,153**	**250,642**
Equity as at Jan 1 2013	**3,652**	**189,136**	**1,580**	**0**	**168**	**54,953**	**1,153**	**250,642**
Total comprehensive income for the six months ended Jun 30 2013			- 2,296		4,437	321		**2,462**
Transfer of previous years' profit/loss to statutory reserve funds		10,571				- 10,571		**0**
Management stock options				1,065				**1,065**
Net profit						13,017		**13,017**
Equity attributable to non-controlling interests in OOO SCT							478	**478**
Equity attributable to non-controlling interests in SECO/WARWICK Retech							- 117	**-117**
Equity attributable to non-controlling interests in SECO/WARWICK Allied						-666	7,775	**7,108**
Equity as at Jun 30 2013	**3,652**	**199,708**	**-716**	**1,065**	**4,605**	**57,053**	**9,289**	**274,655**

Date: August 30th 2013

Prepared by: Piotr Walasek

Paweł Wyrzykowski	Wojciech Modrzyk	Jarosław Talerzak
President of the Management Board	*Vice-President of the Management Board*	*Vice-President of the Management Board*

THE SECO/WARWICK GROUP

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

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 most recent balance-sheet date, i.e. June 30th 2013. As at the date of signing these financial statements, the Parent'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 2013, no events occurred which have not but should have been disclosed in the accounting books for the reporting period. These financial statements do not report any material events related to prior years.

III. Basis of consolidation

a) Subsidiaries

A subsidiary is an entity 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 entity's governing bodies. While assessing whether the Group controls a given entity, the existence and effect of potential voting rights which may be exercised or converted at a given time are taken into consideration.

Subsidiaries are fully consolidated from the date the Group assumes control over them and cease to be consolidated when the control is lost. Acquisitions of subsidiaries are accounted for with 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 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 entity 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 entity's governing bodies. Investments in associates are accounted for using the equity method and are initially recognised at the value of consideration transferred.

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 entity's other capitals after the acquisition date 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 entities are included in these interim condensed consolidated financial statements for the periods ended June 30th 2013 and June 30th 2012:

Item	% of total vote	
	Jun 30 2013	Jun 30 2012
SECO/WARWICK S.A.	parent	
SECO/WARWICK EUROPE S.A. (former name: SECO/WARWICK ThermAL)	100%	100%
SECO/WARWICK Corporation	100%	100%
OOO SECO/WARWICK Group Moscow	100%	100%
Retech Systems LLC	100%	100%
SECO/WARWICK Allied Pvt., Ltd.	66.7%	50%
SECO/WARWICK Retech Thermal Equipment Manufacturing	90%	90%
SECO/WARWICK GmbH	100%	51%
OOO SCT (Solnechnogorsk) Russia	50%	-
SECO/WARWICK Service GmbH	100%	-
SECO/WARWICK do Brasil Ind. de Fornos Ltda.	100%	-

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

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

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

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

Presentation of financial statements

Presentation of the statement of financial position

In accordance with IAS 1 "Presentation of financial statements", assets and liabilities are presented in the 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

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 cost of the period.

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

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 entities, assets at fair value through profit or loss, hedging derivatives, loans and receivables and cash and cash equivalents.

Financial liabilities include borrowings and other debt instruments, other types of financing, overdraft facilities, financial liabilities at fair value through the statement of comprehensive income, hedging derivatives, trade payables, liabilities to suppliers of tangible assets, and lease liabilities.

Except for investments in subsidiaries, jointly controlled entities and associates, which are carried at cost in accordance with IAS 27 and IAS 28, financial assets and liabilities are recognised and measured in line with IAS 39 "Financial Instruments: Recognition and Measurement".

Recognition and measurement of financial assets

Upon initial recognition, financial assets are recognised at fair value, which in the case of investments not measured at fair value through 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 bank borrowings and other financial liabilities are initially recognised at fair value and then carried at amortised cost using the effective interest rate method.

Transaction costs directly connected with acquisition or issue of a financial liability increase the carrying amount of the liability, because upon initial recognition the liability is recognised at the fair value of amounts paid or received in exchange for the liability. Thereafter, such costs are amortised throughout the term of the liability, using the effective interest rate method.

Hedge accounting

Hedge accounting recognises the offsetting effects on the statement of comprehensive income of changes in the fair value of hedging instruments and the hedged items.

There are three types of hedging relationships:

a) a fair value hedge: a hedge of the exposure to changes in the fair value of a recognised asset or liability or an identified portion of such an asset, liability or highly probable future liability that is attributable to a particular risk and could affect the statement of comprehensive income;
b) a cash flow hedge: a hedge of the exposure to variability in cash flows that (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 entity 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 stocktaking discrepancies are charged to cost of products sold.

Deferred income tax

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

Deferred tax assets are recognised for all deductible temporary differences arising from investments in subsidiaries and associates only to the extent it is probable that:

- the temporary differences will reverse in the foreseeable future, and

- taxable profit will be available against which the temporary differences can be utilised.

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

Provisions

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the Group anticipates that the costs for which provisions have been made will be recovered, e.g. under an insurance agreement, any such recovery is recognised as a separate item of assets, but only when it is practically certain to occur.

The cost related to a given provision is recognised in the statement of comprehensive income net of any recoveries. If the effect of the time value of money is material, the amount of a provision is determined by discounting the projected future cash flows to their present value, using a pre-tax discount rate reflecting the current market estimates of the time value of money, as well as any risk associated with a given obligation. If the discount method has been applied, any increase in the provision with the passage of time is charged to finance costs.

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

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

The Group recognises the following provisions:

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

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

Accruals and deferred income

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

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 trading partners, where the liability can be reliably estimated,
- up to the estimated contract revenue, advances received under construction contracts reduce the receivables under settlement of long-term contracts.

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 profit or loss, 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 2013 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 accrued holidays

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

Provision for old-age and disability retirement benefits

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

Provision for warranty repairs

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

Long-term contracts

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

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

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

The Group applies the above rules to account for commercial contracts related to the Group's core business whose performance terms exceed three months and whose total value is material from the point of view of reliability of the financial statements (revenue, expenses, and the financial result). The Group accrues only documented revenue, i.e. revenue which is guaranteed under the original contract, adjusted to account for any subsequent amendments to the original contract (annexes), or which constitutes any other revenue closely related to the project. Any changes of the contract revenue are taken into account if it is certain (i.e. a contract or annexes to a contract have been signed) or at least highly probable (i.e. annexes to a contract or preliminary contracts have been initialled) that the client will accept the amendments and the revenue amounts provided for in the amendments, and such revenue can be reliably measured. The stage of completion of a contract is determined by reference to the contract costs actually incurred in the reporting period and documented by appropriate accounting evidence, and the costs of trading partners not yet invoiced.

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

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

Any excess of invoiced revenue is recognised as deferred income.

Derivative financial instruments

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

Subjective judgement

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

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

Subjective judgements as at June 30th 2012 were made with respect to contingent liabilities and provisions for claims.

VI. Changes in accounting policies

The accounting policies applied when preparing annual consolidated financial statements are consistent with the accounting policies used to draw up the annual consolidated financial statements for the year ended December 31st 2012, save for the following amendments to standards and interpretations effective for periods beginning on January 1st 2013.

The Group did not choose to apply early any new standards and interpretations which have already been issued and endorsed by the European Union but will be effective after the balance-sheet date.

Standard	**Nature of impending change in accounting policy**	**Effective for periods beginning on or after:**
IFRS 13 Fair Value Measurement (May 12th 2011)	The standard provides guidelines on fair value measurement for the purposes of all other standards. The standard applies to both financial and non-financial items. Rather than introducing any new or revised requirements with respect to items to be recognised or measured at fair value, IFRS 13: – defines fair value, - sets out in a single IFRS a framework for measuring fair value, - requires disclosures about fair value measurements. Application of the new standard may necessitate change of the valuation method for individual items and disclosure of additional information relating to the valuation.	January 1st 2013

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

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

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.

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

Standard	Nature of impending change in accounting policy	Effective for periods beginning on or after:
IFRS 10 "Consolidated Financial Statements" (May 12th 2011)	IFRS 10 "Consolidated Financial Statements" will replace IAS 27 "Consolidated and Separate Financial Statements" and supersede interpretation SIC 12 "Consolidation – Special Purpose Entities". Under IFRS 10, an entity may be consolidated only if it is controlled, irrespective of the nature of the investee, which eliminates the risk and rewards method presented in SIC 12. According to IFRS 10, an investor controls an investee if and only if the investor has all of the following elements: - power over the investee, - exposure, or rights, to variable returns from involvement with the investee, - the ability to use its power over the investee to affect the amount of the investor's returns. An investor considers all relevant facts and circumstances when assessing whether it controls an investee. Such assessment is revised if there are any reasons to conclude that at least one of the above control conditions has changed. IFRS 10 stipulates detailed guidelines on determining control in various situations, including with respect to agency relations and potential voting rights. If facts or circumstances change, an investor must re-assess its ability to control an investee. IFRS 10 replaces the IAS 27 provisions concerning time and manner of preparation of consolidated financial statements by an investor and disapplies interpretation SIC 12 in full.	January 1st 2014
IFRS 11 Joint Arrangements (May 12th 2011)	The standard replaces IAS 31 "Interests in Joint Ventures" and SIC 13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers". IFRS 11 classifies joint arrangements as a joint operation (combination of the existing concepts of jointly controlled assets and jointly controlled operations) or as a joint venture (corresponding to the existing concept of jointly controlled entities). - A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. - A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. IFRS 11 requires that a joint venturer account for its interest in a joint venture using the equity method, thus disapplying the proportional consolidation method. A party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations. Existence of a separate legal entity is no longer the basic condition of classification.	January 1st 2014
IFRS 12 "Disclosure of Interests in Other Entities"	An entity should disclose information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial statements. IFRS 12 determines the disclosure objectives and the minimum scope of disclosure required to satisfy those objectives. An entity should disclose information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial statements. Disclosure requirements are extensive.	January 1st 2014
IFRS 13 "Fair Value Measurement" (May 12th 2011)	The standard provides guidelines on fair value measurement for the purposes of all other standards. The standard applies to both financial and non-financial items. Rather than introducing any new or revised requirements with respect to items to be recognised or measured at fair value, IFRS 13: - defines fair value, - sets out in a single IFRS a framework for measuring fair value, - requires disclosures about fair value measurements. Application of the new standard may necessitate change of the valuation method for individual items and disclosure of additional information relating to the valuation.	January 1st 2013
IAS 27 "Separate Financial Statements" (May 12th 2011)	The requirements concerning accounting and disclosure of information on investments in subsidiaries, associates and joint venture are unchanged with respect to separate financial statements and are incorporated in the modified IAS 27. Other requirements contained in IAS 27 have been replaced with the requirements laid down in IFRS 10.	January 1st 2014

Standard	Nature of impending change in accounting policy	Effective for periods beginning on or after:
IAS 28 "Investments in Associates and Joint Ventures" (May 12th 2012)	The standard has been modified so as to ensure consistency with IFRS 10 and IFRS 11. The rules for accounting for investments in associates using the equity method have not been changed. In line with IFRS 11, the guidelines for equity method accounting apply also to joint ventures (the proportional consolidation method has been disapplied).	January 1st 2014
Offsetting Financial Assets and Financial Liabilities (amendment to IAS 32 of December 16th 2011)	The amendment clarifies the rules for offsetting financial assets and liabilities. IAS 32 prescribes rules for the offsetting of financial assets and financial liabilities. It specifies that a financial asset and a financial liability should be offset and the net amount reported when, and only when, an entity has a legally enforceable right to set off the amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.	January 1st 2014

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

THE SECO/WARWICK GROUP

NOTES AND SUPPLEMENTARY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30TH 2013

1. REVENUE

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

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

Item	H1 2013	H1 2012
Sales of products	244,013	219,358
Sales of merchandise and materials	9,404	11,210
TOTAL revenue from sales	**253,417**	**230,568**
Other income	2,754	1,434
Finance income	3,925	5,400
TOTAL revenue and income	**260,097**	**237,402**

OPERATING SEGMENTS

The SECO/WARWICK Group's business comprises the following segments:

Vacuum furnaces (Vacuum)

Vacuum furnaces have multiple applications in a number of industries, including machine tool, aviation, power, electrical engineering, medical equipment, automotive and specialised industries. Vacuum furnaces may be used in a wide variety of processes, such as heat treatment of steel and alloys, brazing, sintering, and degassing. Use of vacuum furnaces brings economic benefits. They are also environmentally friendly.

Aluminium heat exchanger brazing systems (CAB)

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

Atmosphere furnaces (Thermal)

Atmosphere furnaces are widely used in the process of thermal and thermochemical treatment of steel and metals in protective atmospheres for improved hardness. Atmosphere furnaces designed for thermochemical treatment are employed in the gas carburising, gas nitriding and other processes. Such furnaces are used chiefly by the automotive and metal industries, including for the manufacturing of anti-friction bearings, as well as for use in commercial hardening plants and specialty industries.

Aluminium heat treatment systems (Aluminium Process)

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

Melting furnaces

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

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

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

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),
- Russian, Belarusian and Ukrainian markets,
- the US market,
- the Asian market,
- other countries.

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

2. OPERATING SEGMENTS H1 2013

Item	Continuing operations						Discontinued operations	Unallocated items	Total
	Vacuum Furnaces	*CAB*	*Atmosphere Furnaces*	*Aluminium Process*	*Melting Furnaces*	*Total*			
Total segment revenue	**46,585**	**27,576**	**42,983**	**19,609**	**103,191**	**239,944**		**13,473**	**253,417**
Total segment expenses	**31,559**	**19,051**	**32,415**	**15,408**	**76,115**	**174,549**		**13,929**	**188,479**
Administrative expenses								-30,483	**-30,483**
Distribution costs								-12,421	**- 12,421**
Operating income								2,754	**2,754**
Operating expenses								- 3,703	**- 3,703**
Segment profit/(loss) on operating activities	**15,026**	**8,525**	**10,568**	**4,201**	**27,076**	**65,395**			**21,085**
Finance income								3,925	**3,925**
Net finance costs								- 4,007	**- 4,007**
Pre-tax profit									**21,003**
Actual tax expense									**- 8,063**
Profit/(loss) from continuing operations									**12,940**
Loss of control									
Share in profit of associate								-27	**-27**
Profit (loss) attributable to non-controlling interests								103	**103**
Net profit/(loss) for period									**13,017**

OPERATING SEGMENTS H1 2012

Item	Continuing operations						Discontinued operations	Unallocated items	Total
	Vacuum Furnaces	*CAB*	*Atmosphere Furnaces*	*Aluminium Process*	*Melting Furnaces*	*Total*			
Total segment revenue	**45,712**	**22,590**	**27,884**	**21,322**	**96,563**	**214,071**		**16,497**	**230,568**
Total segment expenses	**-33,814**	**-16,431**	**-20,887**	**-16,259**	**-75,735**	**-163,126**		**-12,109**	**-175,235**
Administrative expenses								-25,015	**-25,015**
Distribution costs								-11,389	**-11,389**
Operating income								1,434	**1,434**
Operating expenses								-756	**-756**
Segment profit/(loss) on operating activities	**11,898**	**6,159**	**6,998**	**5,063**	**20,828**	**50,946**			**19,608**
Finance income								5,400	**5,400**
Net finance costs								-6,622	**-6,622**
Pre-tax profit									**18,385**
Actual tax expense								-6,715	**-6,715**
Profit/(loss) from continuing operations									**11,670**
Loss of control									**0**
Share in profit of associate								795	**795**
Profit (loss) attributable to non-controlling interests								294	**294**
Net profit/(loss) for period									**12,759**

3. GEOGRAPHICAL SEGMENTS H1 2013

Item	EU	Russia, Belarus and Ukraine	Other	US	Asia	Poland	Total
Total revenue	**39,560**	**17,697**	**13,552**	**85,258**	**75,632**	**21,719**	**253,417**
External sales – continuing operations:	39,560	17,697	13,552	85,258	75,632	21,719	253,417
External sales – discontinued operations	-	-	-	-	-	-	-

GEOGRAPHICAL SEGMENTS H1 2012

Item	EU	Russia, Belarus and Ukraine	Other	US	Asia	Poland	Total
Total revenue	**65,640**	**27,310**	**4,034**	**86,366**	**35,029**	**12,188**	**230,568**
External sales – continuing operations:	65,640	27,310	4,034	86,366	35,029	12,188	230,568
External sales – discontinued operations	-	-	-	-	-	-	-

4. FINANCE INCOME AND COSTS

FINANCE INCOME	Jan 1–Jun 30 2013	Jan 1–Jun 30 2012
Interest income	772	123
Gain on derivative instruments at maturity		139
Balance sheet valuation of derivative instruments		5,123
Net foreign exchange gains	2,780	
Other	373	15
Total finance income	**3,925**	**5,400**

FINANCE COSTS	Jan 1–Jun 30 2013	Jan 1–Jun 30 2012
Interest on bank loans	854	953
Loss on derivative instruments at maturity	1,809	1,828
Balance-sheet valuation of derivative instruments		
Net foreign exchange losses		3,711
Other	1,344	130
Total finance costs	**4,007**	**6,622**

5. ASSETS HELD FOR SALE

On October 8th 2010, the Board of Directors of SECO/WARWICK (Tianjin) Industrial Furnace Co. Ltd. executed an agreement 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 agreed 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 upon. 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 of the transaction concerning change of the company's name.

As the Parent expects to encounter difficulties in collecting the cash owed, in keeping with the principle of prudence in accounting, an impairment loss was recognised on the cash received so far from the Chinese owner of KAMA Electric Thermal Equipment Manufacturing Co.

The shares in SECO/WARWICK Tianjin were accounted for in the statement of financial position as assets held for sale of PLN 722 thousand.

Held-for-sale assets are presented by the Group as a separate item of assets.

Item	Jun 30 2013	Dec 31 2012
Opening balance	**3,708**	**4,164**
Plant and equipment	2,916	2,986
Impairment loss		224
Financial assets	722	722
Impairment loss		32
Assets held for sale	**3,637**	**3,708**

As at June 30th 2013, the value of plant and equipment carried by the Group as property, plant and equipment held for sale was PLN 2,916 thousand. As the Management Board expects the assets to be sold in 2013, they were recognised as assets held for sale to ensure compliance with IFRS 5.

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	Jun 30 2013	Jun 30 2012
Net profit on continuing operations attributable to shareholders	13,017	12,759
Loss on discontinued operations attributable to shareholders		
Net profit attributable to owners of the parent	13,017	12,759
Interest on redeemable preference shares convertible into ordinary shares		
Net profit attributable to holders of ordinary shares used to calculate diluted earnings per share	**13,017**	**12,759**
Weighted average number of outstanding ordinary shares used to calculate basic earnings per share	10,476,210	10,476,210
Earnings per share	**1.24**	**1.22**
Dilutive effect:		
Number of potential subscription warrants	500,000	
Number of potential shares issued at market price	2,302	
Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share	10,973,908	10,476,210
Diluted earnings per share	**1.19**	**1.22**

7. PROPERTY, PLANT AND EQUIPMENT

Item	Jun 30 2013	Dec 31 2012	Jun 30 2012
tangible assets	79,350	48,533	49,656
tangible assets under construction	2,011	1,235	1,415
prepayments for tangible assets under construction			
Property, plant and equipment	**81,361**	**49,769**	**51,071**

Changes in property, plant and equipment (by type) in the period Jan 1–Jun 30 2013

Item	Land	Buildings and structures	Machinery and equipment	Vehicles	Other	Total
Gross carrying amount as at Jan 1 2013	**2,361**	**28,390**	**35,636**	**7,434**	**3,445**	**77,266**
Increase, including:	**7,486**	**21,451**	**2,331**	**1,393**	**3,291**	**35,953**
Assets acquired		785	1,028	387	218	**2,419**
Assets generated internally		57				**57**
Lease agreements concluded				634		**634**
Tangible assets of acquired companies	7,486	20,608	1,303	371	3,073	**32,843**
Decrease, including:			**60**	**247**	**3**	**310**
Disposals			60	247	3	**310**
Gross carrying amount as at Jun 30 2013	**9,847**	**49,841**	**37,907**	**8,579**	**6,734**	**112,909**
Cumulative depreciation as at Jan 1 2013		**6,405**	**17,253**	**3,676**	**1,810**	**29,144**
Increase, including:		**2,029**	**1,861**	**667**	**1,442**	**5,999**
Depreciation		456	1,483	502	208	**2,650**
Tangible assets of acquired companies		1,572	378	165	1,234	**3,349**
Decrease, including:			**48**	**206**	**3**	**256**
Sale			3	206		**209**
Liquidation			44		3	**47**
Cumulative depreciation as at Jun 30 2013		**8,434**	**19,067**	**4,137**	**3,249**	**34,887**

Impairment losses as at Jan 1 2013						
Impairment losses as at Jun 30 2013						
Net exchange differences on translating financial statements into presentation currency	76	586	466	133	67	**1,328**
Net carrying amount as at Jun 30 2013	**9,923**	**41,993**	**19,306**	**4,576**	**3,552**	**79,350**

Changes in property, plant and equipment (by type) in the period Jan 1–Dec 31 2012

Item	Land	Buildings and structures	Machinery and equipment	Vehicles	Other	Total
Gross carrying amount as at Jan 1 2012	**2,361**	**27,565**	**35,046**	**6,622**	**3,023**	**74,617**
Increase, including:		**1,494**	**2,018**	**1,962**	**537**	**6,011**
Assets acquired		884	1,782	846	408	3,920
Assets generated internally		610				610
Lease agreements concluded				666		666
Tangible assets of acquired companies			236	451	128	815
Decrease, including:		**668**	**1,428**	**1,151**	**115**	**3 361**
Disposals		6	606	1,132	54	1,798
Liquidation		662	822	19	61	1,564
Gross carrying amount as at Dec 31 2012	**2,361**	**28,390**	**35,636**	**7,434**	**3,445**	**77,266**
Cumulative amortisation as at Jan 1 2012		**5,733**	**14,901**	**3,426**	**1,635**	**25,696**
Increase, including:		**1,154**	**3,337**	**893**	**257**	**5,641**
Depreciation		1,154	3,337	893	257	5,641
Decrease, including:		**483**	**985**	**643**	**82**	**2,193**
Sale			374	624	42	1,040
Liquidation		483	611	19	40	1,153

Cumulative amortisation as at Dec 31 2012		**6,405**	**17,253**	**3,676**	**1,810**	**29,144**
Impairment losses as at Jan 1 2012						
Impairment losses as at Dec 31 2012						
Net exchange differences on translating financial statements into presentation currency	35	181	161	76	-42	411
Net carrying amount as at Dec 31 2012	**2,396**	**22,166**	**18,544**	**3,834**	**1,594**	**48,533**

Changes in property, plant and equipment (by type) in the period Jan 1–Jun 30 2012

Item	**Land**	**Buildings and structures**	**Machinery and equipment**	**Vehicles**	**Other**	**Total**
Gross carrying amount as at Jan 1 2012	**2,361**	**27,565**	**35,046**	**6,622**	**3,023**	**74,617**
Increase, including:		**294**	**741**	**182**	**108**	**1,324**
Assets acquired		294	722	74	108	**1 197**
Lease agreements concluded				108		**108**
Other			19			**19**
Decrease, including:		**8**	**46**	**236**	**4**	**295**
Disposals			21	236		**257**
Liquidation			19		4	**23**
Other		8	6			**15**
Gross carrying amount as at Jun 30 2012	**2,361**	**27,850**	**35,741**	**6,568**	**3,126**	**75,646**
Cumulative depreciation as at Jan 1 2012		**5,733**	**14,901**	**3,426**	**1,635**	**25,696**
Increase, including:		**585**	**1,698**	**394**	**125**	**2,802**
Depreciation		585	1,698	394	125	**2,802**
Decrease, including:			**43**	**160**	**4**	**207**
Sale			16	160		**176**

Liquidation			21		4	**25**
Revaluation			6			**6**
Cumulative depreciation as at Jun 30 2012		**6,318**	**16,557**	**3,661**	**1,756**	**28,292**
Impairment losses as at Jan 1 2012						
Impairment losses as at Jun 30 2012						
Net exchange differences on translation of financial statements into presentation currency	89	937	1,155	131	-11	**2,302**
Net carrying amount as at Jun 30 2012	**2,450**	**22,469**	**20,339**	**3,038**	**1,359**	**49,656**

No impairment losses on tangible assets were recognised in the period from January 1st to June 30th 2013.

Tangible assets under construction:

Tangible assets under construction as at Jan 1 2013	***Expenditure incurred in the financial year***	***Accounting for the expenditure***					***Jun 30 2013***
		Buildings, premises and civil engineering structures	***Machinery and equipment***	***Vehicles***	***Other***	***Intangible assets***	
1,235	**2,362**	403	201	825	149	25	**2,011**

Tangible assets under construction as at Jan 1 2012	***Expenditure incurred in the financial year***	***Accounting for the expenditure***					***Dec 31 2012***
		Buildings, premises and civil engineering structures	***Machinery and equipment***	***Vehicles***	***Other***	***Intangible assets***	
1,552	**4,863**	1,246	2,376	1,205	85	267	**1,235**

Tangible assets under construction as at Jan 1 2012	***Expenditure incurred in the financial year***	***Accounting for the expenditure***					***As at Jun 30 2012***
		Buildings, premises and civil engineering structures	***Machinery and equipment***	***Vehicles***	***Other***	***Intangible assets***	
1,552	**1,861**	246	1,591	70	92	-	**1,415**

8. IMPAIRMENT LOSSES ON ASSETS

Impairment losses	Jun 30 2013	Dec 31 2012	Jun 30 2012
Trade receivables	3,913	2,101	2,512
Equity interests	2,320	2,308	1,088
Loans	821	821	-
Inventories	2,237	2,096	2,664

9. INVENTORIES

Item	Jun 30 2013	Dec 31 2012	Jun 30 2012
Materials (at cost)	24,484	20,511	21,019
Semi-finished products and work in progress	10,065	6,089	7,911
Finished products	1,968	1,061	1,091
Merchandise	175	688	176
Total inventories (carrying amount)	**36,693**	**28,349**	**30,197**
Impairment losses on inventories	2,237	2,096	2,664
Inventories, gross	**38,929**	**30,445**	**32,861**

CHANGES IN IMPAIRMENT LOSSES ON INVENTORIES

IMPAIRMENT LOSSES	Jun 30 2013	Dec 31 2012	Jun 30 2012
Opening balance	**2,096**	**901**	**1,737**
Increase, including:	**141**	**901**	**961**
- impairment losses recognised in correspondence with other expenses	83		961
Net exchange differences on translating financial statements into presentation currency	58		
Decrease, including:	**0**	**542**	**34**
- impairment losses reversed in correspondence with other income	0	450	26
Net exchange differences on translating financial statements into presentation currency	0	92	8
Closing balance	**2,237**	**2,096**	**2,664**

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

In H1 2013, SECO/WARWICK S.A. did not pay or declare any dividend.

On May 24th 2013, the Annual General Meeting of SECO/WARWICK S.A. adopted Resolution No. 24 on distribution of profit for the period from January 1st to December 31st 2012. The entire net profit earned by SECO/WARWICK S.A. of Świebodzin in the financial year 2012, that is

PLN 5,688,592.75 (five million, six hundred and eighty-eight thousand, five hundred and ninety-two złoty, 75/100), was transferred to statutory reserve funds.

On February 19th 2013, the Company received dividend of PLN 7,000 thousand from its wholly-owned subsidiary SECO/WARWICK EUROPE S.A.

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

11. GOODWILL

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

Item	Jun 30 2013	Dec 31 2012	Jun 30 2012
Consolidation goodwill at beginning of period	60,720	65,116	65,116
Increase in consolidation goodwill – acquisition of SECO/WARWICK Service GmbH		1,667	
Increase in consolidation goodwill – acquisition of SECO/WARWICK do Brasil	15,820		
Increase in consolidation goodwill – increase in equity interest in SECO/WARWICK Allied	9,078		
Exchange differences on translation of goodwill	2,822	- 6,063	-551
Total goodwill at end of period	**88,440**	**60,720**	**64,565**

12. LONG-TERM CONTRACTS

Item	Jun 30 2013	Dec 31 2012	Jun 30 2012
Costs incurred under construction contracts, including recognised gains (net of recognised losses)	648,905	591,343	479,643
Prepayments received	-603,023	-561,252	-429,380
Excess of received prepayments over revenue recognised using the percentage of completion method	49,845	53,271	39,542
Contract settlement, total	**95,727**	**83,362**	**89,805**

13. INVESTMENT COMMITMENTS

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

As at June 30th 2013, SECO/WARWICK EUROPE S.A. had investment commitments of PLN 63 thousand.

14. LOANS

	Jun 30 2013	Dec 31 2012	Jun 30 2012
Increase in loans advanced, including:	0	21	24
- non-current	0	13	17
- current	0	8	7

On December 17th 2012, SECO/WARWICK S.A. advanced a EUR 600 thousand loan to its subsidiary, SECO/WARWICK GmbH. The loan will be repaid on December 31st 2013.

On February 1st 2013, SECO/WARWICK S.A. advanced a EUR 150 thousand loan to its subsidiary, SECO/WARWICK Service GmbH. The loan will be repaid on December 31st 2013.

On March 27th 2013, SECO/WARWICK S.A. advanced a EUR 100 thousand loan to its subsidiary, SECO/WARWICK Service GmbH. The loan will be repaid on December 31st 2013.

In 2012, impairment losses on loans advanced totalled PLN 821 thousand at SECO/WARWICK S.A., and remained unchanged as at June 30th 2013.

On January 1st 2013, SECO/WARWICK EUROPE S.A. advanced a USD 100 thousand loan to its parent, SECO/WARWICK S.A. Under an annex of June 25th 2013, the loan repayment date was extended until December 31st 2013.

On May 14th 2013, SECO/WARWICK EUROPE S.A. advanced a PLN 3,100 thousand loan to its parent, SECO/WARWICK S.A. Under an annex of July 18th 2013, the loan repayment date was extended until December 31st 2013.

These loans were eliminated from the consolidated financial statements.

In 2012 and H1 2013, no loans were advanced by the Group to members of the management and supervisory boards.

15. DERIVATIVE FINANCIAL INSTRUMENTS

	Jun 30 2013		Dec 31 2012		Jun 30 2012	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Derivative financial instruments	748	3,122	4,028	5	419	1,599
Total financial assets and liabilities at fair value through profit or loss	**748**	**3,122**	**4,028**	**5**	**48**	**857**
- non-current						
- current	748	3,122	4,028	5	48	857
Total financial assets and liabilities at fair value through equity		**716**	**1,580**		**371**	**742**
- non-current						
- current		716	1,580		371	742

Disclosures concerning derivative financial instruments which meet the hedge accounting criteria

In 2013, SECO/WARWICK EUROPE S.A. uses currency forwards and zero-cost collars established by writing a put option and buying a call option to hedge an average of almost 55% of its EUR-denominated cash flows generated from export sales and up to 55% of its USD-denominated cash flows. The purpose is to hedge the budgeted exchange rates for contracts. 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 profit or loss, any negative valuation previously recognised in equity is reclassified to profit or loss. Fair value of currency forward contracts was determined by the bank which is party to the transaction.

The table below presents total values of hedging transactions open as at June 30th 2013.

Jun 30 2013	Nominal amount of contract (EUR'000)	Original notional amount of hedging instrument	Remaining notional amount of hedging instrument as at Jun 30 2013	Fair value of the instrument (PLN '000)	Amount recognised in profit or loss (PLN '000)	Amount recognised in equity (PLN '000)	Date for final settlement of hedging instrument
TOTAL	35,110	21,291	18,285	-2,160	-1,209	-951	Jun 28 2013–Aug 29 2014
Jun 30 2013	**Notional amount of contract (USD'000)**	**Original notional amount of hedging instrument**	**Remaining notional amount of hedging instrument as at Jun 30 2013**	**Fair value of the instrument (PLN '000)**	**Amount recognised in profit or loss (PLN '000)**	**Amount recognised in equity (PLN '000)**	**Date for final settlement of hedging instrument**
TOTAL	26,342	13,168	12,043	8	59	-52	Jun 28 2013–Oct 31 2014
Jun 30 2013	**Notional amount of contract (CZK'000)**	**Original notional amount of hedging instrument**	**Remaining notional amount of hedging instrument as at Jun 30 2013**	**Fair value of the instrument (PLN '000)**	**Amount recognised in profit or loss (PLN '000)**	**Amount recognised in equity (PLN '000)**	**Date for final settlement of hedging instrument**
TOTAL	11,500	8,625	5,750	0	0	0	Jul 31 2013
Jun 30 2013	**Notional amount of contract (GBP'000)**	**Original notional amount of hedging instrument**	**Remaining notional amount of hedging instrument as at Jun 30 2013**	**Fair value of the instrument (PLN '000)**	**Amount recognised in profit or loss (PLN '000)**	**Amount recognised in equity (PLN '000)**	**Date for final settlement of hedging instrument**
TOTAL	351	315	315	-26	0	-26	Jul 31 2013–Apr 30 2014

16. CORRECTIONS OF MATERIAL ERRORS

No material error corrections were made in H1 2013.

17. OFF-BALANCE-SHEET ITEMS

Contingent liabilities under guarantees and sureties as at December 31st 2012:

Dec 31 2012	**Bank**	**Surety in respect of**	**Currency**	***Currency***	***Amount in PLN '000****	**Company**
Guarantee 1	BRE	PBG	EUR	184	753	SECO/WARWICK S.A.
Guarantee 2	BH	SBLC	USD	500	1,550	
Guarantee 3	BH	SBLC	USD	506	1,568	
Guarantee 4	BRE	PBG	EUR	80	327	
Guarantee 5	BRE	PBG	PLN	45	45	
Guarantee 6	BRE	PBG	EUR	58	236	
Guarantee 7	BRE	PBG	USD	70	215	
Guarantee 8	BRE	PBG	EUR	12	49	
Guarantee 9	BRE	PBG	RUB	37,500	3,814	
Guarantee 10	BRE	PBG	RUB	1,050	107	
Guarantee 11	HSBC	APG	EUR	150	612	
Guarantee 12	HSBC	SBLC	USD	1,100	3,410	
Guarantee 13	BRE	bid bond	USD	34	106	
Guarantee 14	BRE	APG	EUR	105	429	
Guarantee 15	BH	APG	PLN	948	948	
Guarantee 16	BRE	PBG	RUB	6,960	708	
Guarantee 17	BH	APG	GBP	208	1,042	
Guarantee 18	BH	APG	GBP	69	344	
Guarantee 19	BRE	PBG	RUB	1,100	112	
Guarantee 20	BH	PBG	EUR	54	223	
Guarantee 21	BRE	APG	EUR	525	2,146	
Guarantee 22	BRE	PBG	RUB	2,500	254	
Guarantee 23	HSBC	APG	EUR	600	2,453	
Guarantee 24	HSBC	APG	EUR	450	1,839	
Guarantee 25	BRE	PBG	EUR	50	204	SECO/WARWICK EUROPE
Guarantee 26	BRE	PBG	PLN	180	180	
Guarantee 27	BRE	APG	EUR	396	1,619	
Guarantee 28	BRE	APG	EUR	759	3,103	
Guarantee 29	BRE	PBG	EUR	178	728	
Guarantee 30	BRE	PBG	PLN	25	25	
Guarantee 31	BRE	APG	USD	446	1,384	
Guarantee 32	BH	APG	PLN	873	873	
Guarantee 33	EAST WEST BANK	PBG	USD	114	352	Retech

Guarantee 34	EAST WEST BANK	APG	USD	2,153	6,674	SWR
Guarantee 35	EAST WEST BANK	PBG	USD	1,421	4,403	
Guarantee 36	EAST WEST BANK	PBG	USD	34	105	
Guarantee 37	EAST WEST BANK	PBG	USD	34	105	
Guarantee 38	EAST WEST BANK	PBG	USD	1,586	4,917	
Guarantee 39	HSBC BANK	PBG	CNY	600	299	
Guarantee 40	HSBC BANK	PBG	CNY	196	97	
Guarantee 41	HSBC BANK	PBG	CNY	1,483	738	
Guarantee 42	HSBC BANK	PBG	CNY	365	182	
TOTAL					**49,278**	

* The guarantees were translated at the mid-exchange rates quoted by the National Bank of Poland for December 31st 2012.

Contingent liabilities under guarantees and sureties as at June 30th 2013:

Jun 30 2013	**Bank**	**Surety in respect of**	**Currency**	***Currency***	***Amount in PLN '000*****	**Company**
Guarantee 1	BRE	PBG	EUR	58	249	SECO/WARWICK S.A.
Guarantee 2	BH	SBLC	USD	500	1,659	
Guarantee 3	BH	SBLC	USD	506	1,679	
Guarantee 4	HSBC	SBLC	USD	2,200	7,299	
Guarantee 5	BRE	PBG	EUR	184	797	
Guarantee 6	BRE	SBLC	EUR	500	2,165	
Guarantee 7	HSBC	PBG	USD	343	1,140	
Guarantee 8	HSBC	PBG	USD	174	577	
Guarantee 9	HSBC	PBG	USD	1,421	4,713	RETECH
Guarantee 10	HSBC	SBLC	USD	1,586	5,262	
Guarantee 11	HSBC	APG	USD	336	1,116	
Guarantee 12	HSBC	APG	USD	302	1,003	
Guarantee 13	HSBC	APG	USD	263	871	
Guarantee 14	HSBC	APG	USD	292	969	
Guarantee 15	HSBC	PBG	RMB	1,074	580	SWR
Guarantee 16	HSBC	PBG	RMB	1,118	604	
Guarantee 17	HSBC	PBG	RMB	570	308	
Guarantee 18	Union Bank of India	PBG	INR	1,210	68	SECO/WARWICK ALLIED
Guarantee 19	Union Bank of India	PBG	INR	5,220	291	
Guarantee 20	Union Bank of India	PBG	INR	3,510	196	
Guarantee 21	Union Bank of India	APG	INR	1,965	110	

Guarantee 22	Union Bank of India	PBG	INR	4,400	246	
Guarantee 23	Union Bank of India	APG	INR	3,290	184	
Guarantee 24	Union Bank of India	PBG	INR	52	3	
Guarantee 25	Corporation Bank	APG	INR	610	34	
Guarantee 26	Corporation Bank	APG	INR	1,565	87	
Guarantee 27	BRE	PBG	USD	70	231	SECO/WARWICK EUROPE S.A.
Guarantee 28	BRE	PBG	RUB	37,500	3,799	
Guarantee 29	BRE	PBG	RUB	1,100	111	
Guarantee 30	BH	PBG	EUR	54	236	
Guarantee 31	BRE	APG	EUR	525	2,273	
Guarantee 32	BRE	PBG	RUB	2,500	253	
Guarantee 33	BRE	PBG	EUR	58	249	
Guarantee 34	BRE	PBG	PLN	180	180	
Guarantee 35	BRE	PBG	EUR	50	216	
Guarantee 36	BRE	PBG	PLN	25	25	
Guarantee 37	BRE	APG	EUR	178	771	
Guarantee 38	BH	APG	PLN	873	873	
Guarantee 39	BH	APG	PLN	818	818	
Guarantee 40	BRE	APG	EUR	263	1,136	
Guarantee 41	BH	APG	EUR	219	946	
Guarantee 42	BH	PBG	PLN	113	113	
Guarantee 43	BRE	APG	EUR	50	218	
Guarantee 44	BH	APG	EUR	659	2,854	
Guarantee 45	HSBC	APG	USD	84	278	
Guarantee 46	BRE	PBG	RUB	8,350	846	
Guarantee 47	BRE	APG	PLN	456	456	
Guarantee 48	BRE	APG	PLN	617	617	
Guarantee 49	BH	APG	EUR	8	34	
Guarantee 50	BH	APG	EUR	10	43	
TOTAL					**49,782**	

** The guarantees were translated at the relevant mid-exchange rates quoted by the National Bank of Poland for June 30th 2013.

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

WAD→ bid bond
CRB → facility repayment bond

SURETIES ADVANCED BY SECO/WARWICK S.A.

Company	Bank	Surety in respect of	Currency	Jun 30 2013	*AMOUNT (PLN)*
S/W ALLIED Pvt. Ltd.	Union Bank of India	Guarantee and credit facility	INR	258,200	14,415
RETECH Systems	HSBC BANK USA	Guarantee and credit facility	USD	25,000*	82,938
RETECH Systems	HSBC BANK USA	Guarantee and credit facility	USD	3,500*	11,611
S/W Corp.	HSBC BANK USA	Guarantee and credit facility	USD	1,800	5,972
S/W EUROPE S.A.	Bank Handlowy	Guarantee and credit facility	PLN	6,000	6,000
TOTAL					**120,935**

* As at June 30th 2013, Retech Systems drew USD 5,385 thousand under the available credit facilities.

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

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

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

18. RESTRUCTURING PROVISIONS

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

19. SETTLEMENTS RELATED TO COURT CASES

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

Suit against DMI VAUX S.A.S. of Les Trillers (France) concerning a claim filed in the course of the company's restructuring proceedings supervised by the Trade Court in Mountlucon (France) SECO/WARWICK Europe S.A.'s claim is due under a contract with DMI VAUX S.A.S. for supply of furnaces. Since the customer paid a deposit of 20% of the contract value, the SECO/WARWICK

Europe Management Board does not foresee any risks of revenue from the project declining over the long term. Intensive work is currently under way with a view to selling the equipment to another counterparty.

20. RELATED PARTIES – MATERIAL INFORMATION

Related party	*Year*	*Sales*	*Purchases*	*Receivables*	*Liabilities towards related parties*
SECO/WARWICK EUROPE					
	Dec 31 2012	7,559	6,624	916	3,216
	30.06.2012	4,111	3,415	1,572	5,101
	Jun 30 2013	9,271	3,899	14,668	3,342
SECO/WARWICK Corporation					
	Dec 31 2012	438	2,276	117	3,331
	Jun 30 2012	247	1,353	355	1,797
	Jun 30 2013	46	2,844	4	3,965
SECO/WARWICK GmbH					
	Dec 31 2012	107	2,516	46	524
	Jun 30 2012	41	5	40	4
	Jun 30 2013			49	507
SECO/WARWICK Moscow					
	Dec 31 2012	965	19,838	85	40
	Jun 30 2012	369	8,406	57	754
	Jun 30 2013	782	5,094	358	3,528
RETECH					
	Dec 31 2012	1,445	7,783	3,780	1,611
	Jun 30 2012	113	2,801	117	2,988
	Jun 30 2013	392	958	1,432	3,769
SECO/WARWICK RETECH					
	Dec 31 2012	421	1,568	400	4,607
	Jun 30 2012		891		1,843
	Jun 30 2013		624	452	3,084
SECO/WARWICK Allied					
	Dec 31 2012	-	30	-	562
	Jun 30 2012		6	457	583
	Jun 30 2013		524	0	957
SECO/WARWICK Service GmbH					
	Dec 31 2012				
	Jun 30 2012				

	Jun 30 2013	443	13	289	13
OOO SCT					
	Dec 31 2012	-	-	-	-
	Jun 30 2012	-	-	-	-
	Jun 30 2013				
SECO/WARWICK do Brasil					
	Dec 31 2012	-	-	-	-
	Jun 30 2012	-	-	-	-
	Jun 30 2013				

The Group's management is of the opinion that all the material related-party transactions are intragroup transactions.

21. EXPLANATORY INFORMATION TO THE STATEMENT OF CASH FLOWS

Item	Jun 30 2013	Jun 30 2012
Cash in the balance-sheet	**69,256**	**24,776**
Exchange differences on balance-sheet valuation	-4	17
Total cash and cash equivalents disclosed in the statement of cash flows	**69,252**	**24,793**

22. SEASONALITY OR CYCLICALITY OF OPERATIONS IN THE INTERIM PERIOD

The operations of the SECO/WARWICK Group are not exposed to any significant seasonality or cyclicality.

23. NON-RECURRING EVENTS

On January 2nd 2013, an agreement was executed for the disposal of organised part of business of SECO/WARWICK S.A., comprising tangible and intangible assets used in manufacturing and distribution activities, liabilities related to the manufacturing and distribution activities, and the Company’s employees involved in the manufacturing and distribution activities, to be effected through contribution of the organised part of business to a SECO/WARWICK Group subsidiary SECO/WARWICK EUROPE S.A. (“Subsidiary”) of Świebodzin, in exchange for shares in the increased share capital of the Subsidiary. Given that the organised part of business was transferred within the SECO/WARICK Group, the transaction meets the definition of **common control combination**, in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the transaction, and that control is not transitory. Accordingly, the transaction was accounted for at amounts disclosed in SECO/WARICK S.A.'s financial statements as at the contribution date, with the value of the shares acquired in SECO/WARICK EUROPE S.A. equal to the net value of contributed assets.

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

No such events occurred.

Date: August 30th 2013

Paweł Wyrzykowski	Wojciech Modrzyk	Jarosław Talerzak
President of the Management Board	*Vice-President of the Management Board*	*Vice-President of the Management Board*

SECO/WARWICK S.A.

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

INTERIM SEPARATE STATEMENT OF FINANCIAL POSITION (PLN '000)

Assets	Jun 30 2013	Dec 31 2012	Jun 30 2012
NON-CURRENT ASSETS	**201,326**	**134,063**	**135,013**
Property, plant and equipment	2,532	19,607	20,113
Investment property		409	415
Intangible assets	11,186	12,409	12,616
Investments in subsidiary, jointly-controlled and associated entities	185,861	97,432	97,638
Deferred tax assets	1,748	4,207	4,230
CURRENT ASSETS	**21,587**	**98,764**	**94,143**
Inventories	2,112	14,213	17,957
Trade receivables	4,105	33,430	30,944
Income tax assets		634	159
Other current receivables	3,524	6,811	7,956
Accruals and deferred income	245	847	1,023
Financial assets at fair value through profit or loss		2,671	353
Loans and receivables	3,731	2,463	431
Cash and cash equivalents	7,868	24,249	7,583
Contract settlement	2	13,447	27,737
ASSETS HELD FOR SALE	**361**	**3,347**	**3,770**
TOTAL ASSETS	**223,274**	**236,174**	**232,926**

Equity and liabilities	Jun 30 2013	Dec 31 2012	Jun 30 2012
EQUITY	**184,775**	**179,106**	**174,147**
Share capital	**3,652**	**3,652**	**3,652**
Reserve funds	171,219	165,531	165,531
Other components of equity	1,065		
Retained earnings/(deficit)	8,839	9,923	4,964
NON-CURRENT LIABILITIES	**20,648**	**14,681**	**15,151**
Borrowings and other debt instruments	10,344	3,100	4,236
Financial liabilities	4,459		
Deferred tax liabilities	2,234	6,828	6,080
Provision for retirement and similar benefits		238	165
Accruals and deferred income	3,611	4,515	4,670
CURRENT LIABILITIES	**17 852**	**42,388**	**43,629**
Borrowings and other debt instruments	7,187	1,550	1,694
Financial liabilities	4,581	186	1,482
Trade payables	1,368	9,569	8,761
Income tax payable	46		
Other current liabilities	2,933	3,120	3,871
Provision for retirement and similar benefits	1,202	2,432	2,129
Other provisions	33	1,873	2,391
Accruals and deferred income	501	23,658	23,301
LIABILITIES HELD FOR SALE			
TOTAL EQUITY AND LIABILITIES	**223,274**	**236,174**	**232,926**

Date: August 30th 2013

Prepared by: Ryszard Rej

Paweł Wyrzykowski	Wojciech Modrzyk	Jarosław Talerzak
President of the Management Board	*Vice-President of the Management Board*	*Vice-President of the Management Board*

INTERIM SEPARATE STATEMENT OF COMPREHENSIVE INCOME (PLN '000)

	for the period Jan 1–Jun 30 2013	for the period Jan 1–Jun 30 2012
Revenue, including:	**5,007**	**65,639**
Revenue from sale of finished goods	4,642	65,415
Revenue from sale of merchandise and materials	365	224
Cost of sales, including:	**-4,930**	**-49,313**
Finished goods sold	-4,565	-49,121
Merchandise and materials sold	-365	-192
Gross profit/(loss)	**77**	**16,326**
Other income	1,102	1,173
Distribution costs		-2,046
Administrative expenses	-6,933	-11,634
Other expenses	-399	-310
Operating profit/(loss)	**-6,154**	**3,509**
Finance income	12,543	2,795
Finance costs	-123	-3,220
Profit (loss) before tax	**6,267**	**3,084**
Actual tax expense	-330	-668
Net profit (loss) from continuing operations	**5,937**	**2,415**
Profit/(loss) on discontinued operations		
Net profit/(loss) for financial year	**5,937**	**2,415**
OTHER COMPREHENSIVE INCOME:		
Valuation of cash flow hedging derivatives		493
Income tax relating to other comprehensive income		-93
Other comprehensive income, net		**400**
Total comprehensive income	**5,937**	**2,815**

Date: August 30th 2013

Prepared by: Ryszard Rej

Paweł Wyrzykowski	Wojciech Modrzyk	Jarosław Talerzak
President of the Management Board	*Vice-President of the Management Board*	*Vice-President of the Management Board*

INTERIM SEPARATE STATEMENT OF CASH FLOWS (PLN '000)

	for the period Jan 1–Jun 30 2013	for the period Jan 1–Jun 30 2012
OPERATING ACTIVITIES		
Pre-tax profit/(loss)	**6,267**	**3,084**
Total adjustments:	**-7,169**	**12,501**
Depreciation and amortisation	652	1,551
Foreign exchange gains/(losses)	383	219
Interest and profit distributions (dividends)	-11,932	163
Profit/(loss) on investing activities	-9	1,192
Balance sheet valuation of derivative instruments		-2,699
Change in provisions	-674	267
Change in inventories		-2,782
Change in receivables	2,244	7,628
Change in current liabilities (other than financial liabilities)	82	-1,440
Change in accruals and deferrals	1,021	8,402
Other adjustments	1,065	
Cash from operating activities	**-903**	**15,584**
Income tax (paid)/refunded		1,152
Net cash flows from operating activities	**-903**	**16,736**
INVESTING ACTIVITIES		
Cash provided by financing activities	**12,068**	**2,106**
Proceeds from disposal of intangible assets and property, plant and equipment	53	51
Repayment of non-current loans advanced		2,006
Interest income		49
Dividends and profit distributions received	12,015	
Cash used in financing activities	**39,669**	**4,820**
Investments in intangible assets, property, plant and equipment, and investment property	714	918
Acquisition of related entities	37,912	2,723
Increase in loans advanced	1,043	
Cash paid in connection with derivative instruments		1,179
Net cash flows from investing activities	**-27,601**	**-2,714**
FINANCING ACTIVITIES		
Cash provided by financing activities	**13,105**	
Borrowings and other debt instruments	13,105	
Cash used in financing activities	**1,016**	**7,833**
Repayment of loans and borrowings	825	7,611
Decrease in finance lease liabilities	68	4
Interest paid	123	218

Net cash flows from financing activities	**12,089**	**-7,833**
Total net cash flow	**-16,414**	**6,189**
Balance-sheet change in cash, including:	**-16,381**	**6,131**
- exchange differences on cash and cash equivalents	34	57
Cash at beginning of the period	**24,274**	**1,411**
Cash at end of the period	**7,860**	**7,600**

Date: August 30th 2013

Prepared by: Ryszard Rej

Paweł Wyrzykowski	Wojciech Modrzyk	Jarosław Talerzak
President of the Management Board	*Vice-President of the Management Board*	*Vice-President of the Management Board*

INTERIM STATEMENT OF CHANGES IN EQUITY (PLN '000)

	Share capital	Reserve funds	Capital reserve from revaluation of hedging instruments	Other components of equity	Retained earnings/deficit	Non-controlling interests	Total equity
Six months ended Jun 30 2012							
Equity as at Jan 1 2012	**3,652**	**161,361**	**- 753**	**0**	**7,071**	**0**	**171,331**
Total comprehensive income for the six months ended Jun 30 2012			400		2,415		**2,815**
Share-based payments							
Distribution of profit		4,169			-4,169		
Equity as at Jun 30 2012	**3,652**	**165,531**	**-353**	**0**	**5,317**	**0**	**174,147**
Twelve months ended Dec 31 2012							
Equity as at Jan 1 2012	**3,652**	**161,361**	**- 753**	**0**	**7,071**	**0**	**171,331**
Total comprehensive income for the twelve months ended Dec 31 2012			2,086		5,689		**7,775**
Distribution of profit		4,169			-4,169		**0**
Equity as at Dec 31 2012	**3,652**	**165,531**	**1,333**	**0**	**8,591**	**0**	**179,106**
Six months ended Jun 30 2012							
Equity as at Jan 1 2013	**3,652**	**165,531**	**1,333**	**0**	**8,591**	**0**	**179,106**
Total comprehensive income for the six months ended Jun 30 2013					5,937		**5,937**
Management stock options				1,065			**1,065**
Disposal of organised part of business			- 1,333				**- 1,333**
Distribution of profit		5,689			- 5,689		
Equity as at Jun 30 2013	**3,652**	**171,219**	**0**	**1,065**	**8 839**	**0**	**184,775**

Date: August 30th 2013

Prepared by: Ryszard Rej

Paweł Wyrzykowski	Wojciech Modrzyk	Jarosław Talerzak
President of the Management Board	*Vice-President of the Management Board*	*Vice-President of the Management Board*

SECO/WARWICK S.A.

NOTES AND SUPPLEMENTARY NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30TH 2013

BASIS OF PREPARATION

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 26th 2013 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 2013 and its financial performance in the period from January 1st to June 30th 2013, in accordance with the International Financial Reporting Standards endorsed by the European Union.

These semi-annual condensed separate financial statements are presented in the złoty (“PLN”), and unless specified otherwise, all values are given in thousands of PLN.

The comparative data comprises the statement of financial position as at December 31st 2012 and June 30th 2012, the statement of comprehensive income and statement of cash flows for the six months ended June 30th 2012, and the statement of changes in equity for the six months ended June 30th 2012 and the twelve months ended December 31st 2012.

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 2013 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 and methods 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 COSTS

FINANCE INCOME	Jan 1–Jun 30 2013	Jan 1–Jun 30 2012
Interest income	102	96
Balance sheet valuation of derivative instruments		2,699
Net foreign exchange gains	427	
Dividend received	12,015	
Total finance income	**12,543**	**2,795**

FINANCE COSTS	Jan 1–Jun 30 2013	Jan 1–Jun 30 2012
Interest on bank loans	123	209
Bank fees		31
Loss on derivative instruments at maturity		1,179
Net foreign exchange losses		1,693
Other		108
Total finance costs	**123**	**3,220**

2. PROPERTY, PLANT AND EQUIPMENT

Item	Jun 30 2013	Dec 31 2012	Jun 30 2012
tangible assets	2,532	19,603	19,525
tangible assets under construction		4	588
prepayments for tangible assets under construction			
Property, plant and equipment	**2,532**	**19,607**	**20,113**

Changes in property, plant and equipment (by type) in the period Jan 1–Jun 30 2013

Item	Land	Buildings and structures	Machinery and equipment	Vehicles	Other	Total
Gross carrying amount as at Jan 1 2013	**840**	**12,401**	**13,030**	**4,160**	**1,479**	**31,910**
Increase, including:	**-**	**57**	**124**	**528**	**4**	**714**
Assets acquired	-	-	124	110	4	**238**
Assets generated internally	-	57	-		-	**57**
Lease agreements concluded	-	-	-	418	-	**418**
Decrease, including:	**790**	**11,195**	**12,800**	**2,762**	**1,389**	**28,936**
Disposals	-	-	6	247		**253**
Contribution of organised part of business	790	11,195	12,794	2,515	1,389	**28,683**
Gross carrying amount as at Jun 30 2013	**50**	**1,264**	**353**	**1,926**	**94**	**3,686**
Cumulative depreciation as at Jan 1 2013	**-**	**3,226**	**6,133**	**2,029**	**917**	**12,306**
Increase, including:	**-**	**33**	**25**	**186**	**3**	**246**
Depreciation	-	33	25	186	3	**246**
Revaluation	-	-	-	-	-	**-**
Decrease, including:	**-**	**2,719**	**6,020**	**1,802**	**855**	**11,396**
Sale	-	-	3	206	-	**209**
Liquidation	-	-	-	-	-	**-**
Contribution of organised part of business	-	2,719	6,016	1,597	855	**11,187**
Cumulative depreciation as at Jun 30 2013	**-**	**540**	**138**	**413**	**65**	**1,155**
Impairment losses as at Jan 1 2013	**-**	**-**	**-**	**-**	**-**	**-**
Increase, including:	-	-	-	-	-	**-**
Decrease, including:	-	-	-	-	-	**-**
Impairment losses as at Jun 30 2013	**-**	**-**	**-**	**-**	**-**	**-**

Net carrying amount as at Jun 30 2013	**50**	**724**	**215**	**1,514**	**29**	**2,532**

Changes in property, plant and equipment (by type) in the period Jan 1–Dec 31 2012

Item	Land	Buildings and structures	Machinery and equipment	Vehicles	Other	Total
Gross carrying amount as at Jan 1 2012	**840**	**12,433**	**13,443**	**3,788**	**1,457**	**31,961**
Increase, including:	**-**	**636**	**768**	**1,205**	**85**	**2,694**
Assets acquired	-	636	768	842	85	**2,331**
Assets generated internally	-	-	-	-	-	**-**
Lease agreements concluded	-	-	-	363	-	**363**
Decrease, including:	**-**	**668**	**1,181**	**833**	**63**	**2,745**
Disposals	-	6	565	816	16	**1,403**
Liquidation	-	662	616	17	48	**1,343**
Revaluation	-	-	-	-	-	**-**
Reclassification (assets held for sale)	-	-	-	-	-	-
Gross carrying amount as at Dec 31 2012	**840**	**12,401**	**13,030**	**4,160**	**1,479**	**31,910**
Cumulative depreciation as at Jan 1 2012	**-**	**3,092**	**5,928**	**2,016**	**841**	**11,877**
Increase, including:	**-**	**616**	**984**	**452**	**122**	**2,174**
Depreciation	-	616	984	452	122	**2,174**
Revaluation	-	-	-	-	-	**-**
Decrease, including:	**-**	**483**	**779**	**438**	**45**	**1,745**
Sale	-	5	334	421	5	**765**
Liquidation	-	478	445	17	40	**980**
Revaluation	-	-	-	-	-	**-**
Cumulative depreciation as at Dec 31 2012	**-**	**3,226**	**6,133**	**2,029**	**917**	**12,306**
Impairment losses as at Jan 1 2012	-	-	-	-	-	-
Increase, including:	-	-	-	-	-	-
Decrease, including:	-	-	-	-	-	-
Liquidation	-	-	-	-	-	-
Impairment losses as at Dec 31 2012	-	-	-	-	-	-
Net carrying amount as at Dec 31 2012	**840**	**9,174**	**6,896**	**2,132**	**561**	**19,603**

Changes in property, plant and equipment (by type) in the period Jan 1–Jun 30 2012

Item	Land	Buildings and structures	Machinery and equipment	Vehicles	Other	Total
Gross carrying amount as at Jan 1 2012	**840**	**12,433**	**13,443**	**3,788**	**1,457**	**31,961**
Increase, including:	**-**	**246**	**173**	**70**	**80**	**569**
Assets acquired	-	246	173	70	80	**569**
Assets generated internally	-	-	-	-	-	**-**
Lease agreements concluded	-	-	-	-	-	**-**
Decrease, including:	**-**	**-**	**12**	**141**	**-**	**153**
Disposals	-	-	5	141	-	**146**
Liquidation	-	-	7	-	-	**7**
Revaluation	-	-	-	-	-	**-**
Gross carrying amount as at Jun 30 2012	**840**	**12,679**	**13,604**	**3,717**	**1,536**	**32,376**
Cumulative depreciation as at Jan 1 2012	**-**	**3,092**	**5,928**	**2,016**	**841**	**11,877**
Increase, including:	**-**	**301**	**492**	**209**	**59**	**1,061**
Depreciation	-	301	492	209	59	**1,061**
Revaluation	-	-	-	-	-	**-**
Decrease, including:	-	**-**	**10**	**78**	**-**	**88**
Sale	-	-	5	78	-	**83**
Liquidation	-	-	5	-	-	**5**
Revaluation	-	-	-	-	-	**-**
Cumulative depreciation as at Jun 30 2012	**-**	**3,393**	**6,410**	**2,147**	**900**	**12,850**
Impairment losses as at Jan 1 2012	-	-	**-**	-	-	**-**
Increase, including:	-	-	**-**	-	-	**-**
Decrease, including:	-	-	**-**	-	-	**-**
Liquidation			-			**-**
Impairment losses as at Jun 30 2012	-	-	-	-	-	**-**
Net carrying amount as at Jun 30 2012	**840**	**9,285**	**7,194**	**1,570**	**636**	**19,525**

Tangible assets under construction:

Tangible assets under construction as at Jan 1 2013	*Expenditure incurred in the financial year*	*Accounting for the expenditure*					*Jun 30 2013*
		Buildings, premises and civil engineering structures	*Machinery and equipment*	*Vehicles*	*Other*	*Intangible assets*	
4	714	57	129	528	4	0	**0**

Tangible assets under construction as at Jan 1 2012	*Expenditure incurred in the financial year*	*Accounting for the expenditure*					*Dec 31 2012*
		Buildings, premises and civil engineering structures	*Machinery and equipment*	*Vehicles*	*Other*	*Intangible assets*	
1,084	**3,490**	636	2,376	1,205	85	267	**4**

Tangible assets under construction as at Jan 1 2012	*Expenditure incurred in the financial year*	*Accounting for the expenditure*					*As at Jun 30 2012*
		Buildings, premises and civil engineering structures	*Machinery and equipment*	*Vehicles*	*Other*	*Intangible assets*	
1,084	**1,429**	246	1,529	70	80	-	**588**

3. INVESTMENTS IN SUBSIDIARY, JOINTLY-CONTROLLED AND ASSOCIATED ENTITIES

Company	Carrying amount of shares as at Jun 30 2012	Ownership interest (%)	% of the total vote	Method of consolidation	Assets	Liabilities	Revenue	Net profit/ loss
SECO/WARWICK ThermAL	7,657	100%	100%	full	61,209	28,937	37,950	2,606
SECO/WARWICK Corporation	21,806	100%	100%	full	48,560	40,544	40,562	321
SECO/WARWICK Moscow	172	100%	100%	full	1,209	995	10,368	-354
RETECH Systems LLC	50,863	100%	100%	full	76,343	36,689	91,616	6,808
SECO/WARWICK ALLIED	12,921	50%	50%	equity	61,517	39,652	38,966	1,590
SECO/WARWICK Retech	3,370	90%	90%	full	12,059	5,996	7,595	438
SECO/WARWICK GmbH	849	51%	51%	full	909	1,245	53	-689

Company	Carrying amount of shares as at Dec 31 2012	Ownership interest (%)	% of the total vote	Method of consolidation	Assets	Liabilities	Revenue	Net profit/ loss
SECO/WARWICK EUROPE	7,657	100%	100%	full	70,086	35,213	75,925	5,015
SECO/WARWICK Corporation	21,806	100%	100%	full	73,943	63,496	98,390	3,261
SECO/WARWICK Moscow	172	100%	100%	full	2,022	1,732	25,360	-274
RETECH Systems LLC	50,863	100%	100%	full	84,633	41,905	186,424	13,485
SECO/WARWICK ALLIED	12,921	50%	50%	equity method	53,534	32,297	61,331	2,245
SECO/WARWICK Retech	3,370	100%	100%	full	12,056	6,616	16,579	190
OOO SCT Russia	643	50%	50%	full	1,317	97,021	0	-0.5
SECO/WARWICK GmbH	0	100%	100%	full	3,412	3,862	3,461	-826

Company	Carrying amount of shares as at Jun 30 2013	Ownership interest (%)	% of the total vote	Method of consolidation	Assets	Liabilities	Revenue	Net profit/ loss
SECO/WARWICK EUROPE	70,448	100%	100%	full	202,930	86,608	114,362	12,209
SECO/WARWICK Corporation	21,806	100%	100%	full	75,520	62,642	51,669	1,324
SECO/WARWICK Moscow	172	100%	100%	full	3,997	4,240	6,344	-669
RETECH Systems LLC	50,863	100%	100%	full	94,564	41,374	84,999	7,270
SECO/WARWICK ALLIED	19 337	66.7%	66.7%	full	66,031	42,709	8,854	148
SECO/WARWICK Retech	3,370	90%	90%	full	13,218	8,959	4,465	-1,590
OOO SCT Russia	1,147	50%	50%	full	2,445	268	0	-1
SECO/WARWICK GmbH	0	100%	100%	full	3,503	4,029	0	-53
SECO/WARWICK Service GmbH	2,598	100%	100%	full	6,240	6,116	4,227	-719
SECO/WARWICK do Brasil Ind. de Fornos Ltda.	18,718	100%	100%	full	7,744	5,664	1,328	-489

The following equity transactions were completed in H1 2013:

- Purchase of shares in SECO/WARWICK do Brasil (former ENGEFOR) – an agreement executed by SECO/WARWICK S.A. with APRICIO VILADEMIR DE FREITAS and YASSUHIRO SASSAQUI on April 23rd 2013 provided for the purchase of shares in ENGEFOR ENGENHARIA INDUSTRIA E COMERCI LTDA of SAO PAULO, Brazil, with the price for the shares payable in instalments. As at June 30th 2013, the related investment commitment totalled BRL 6m (PLN 8,506 thousand).
- Purchase of shares in Allied Furnace – on March 22nd 2013, SW S.A. executed a conditional agreement for the purchase of 27,339 shares in Allied Furnace (25% of the company's share capital) with shareholders of SW Allied Private Limited. Prior to the transaction, the Company held 50% of the shares and total votes in Allied Furnace. Following the transaction, as at June 30th 2013 the company was accounted for with the full method.
- Capital increase at OOO SCT (Solnechnogorskiy Centr Termoobrabotky) of Russia – SW S.A. paid a contribution of RUB 4,750 thousand (PLN 504 thousand); the other shareholder in the entity is a partner from Russia.

4. IMPAIRMENT LOSSES ON ASSETS

Impairment losses	Jun 30 2013	Dec 31 2012	Jun 30 2012
Trade receivables	834	1,258	1,291
Shares in SECO/WARWICK Tianjin	2,308	2,308	1,088
Inventories	567	567	792
Loans	821	821	-

5. INVENTORIES

Item	Jun 30 2013	Dec 31 2012	Jun 30 2012
Materials (at cost)	170	11,173	13,436
Semi-finished products and work in progress	1,942	3,040	4,521
Finished products			
Merchandise			
Total inventories (carrying amount)	**2,112**	**14,213**	**17,957**
Impairment losses on inventories	567	567	792
Inventories, gross	**2,679**	**14,780**	**18,749**

CHANGES IN IMPAIRMENT LOSSES ON INVENTORIES

Item	Jun 30 2013	Dec 31 2012	Jun 30 2011
Impairment losses as at beginning of the period	**567**	**0**	**-**
Increase, including:	**-**	**901**	**792**
- impairment losses recognised in correspondence with other expenses	-	901	792
- transfers	-	-	-
Decrease, including:	**-**	**334**	**-**
- impairment losses reversed in correspondence with other income	-	334	-
- impairment losses used	-	-	-
- transfers	-	-	-
Balance of impairment losses on finished products at end of the period	**567**	**567**	**792**

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

In H1 2013, SECO/WARWICK S.A. did not pay or declare any dividend.

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

On February 19th 2013, the Company received dividend of PLN 7,000 thousand from its wholly-owned subsidiary SECO/WARWICK EUROPE S.A.

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

7. LONG-TERM CONTRACTS

Since SECO/WARWICK S.A.'s operating activities were transferred to SECO/WARWICK EUROPE S.A. as of January 1st 2013, long-term contracts are presented in Note 13 to the consolidated financial statements.

8. INVESTMENT COMMITMENTS

As at June 30th 2013, SECO/WARWICK S.A. had an investment commitment related to the purchase of shares in Engefor Engenharia Industria e Comerci Ltda of Sao Paulo in the amount of BRL 6,000 thousand. This commitment will be paid in two instalments of BRL 3,000 thousand each, on the first and second anniversary of the transaction closing date.

9. SEASONALITY OR CYCLICALITY OF OPERATIONS IN THE INTERIM PERIOD

The operations of SECO/WARWICK S.A. are not exposed to any significant seasonality or cyclicality.

10. NON-RECURRING EVENTS

On January 2nd 2013, an agreement was executed for the disposal of organised part of business of SECO/WARWICK S.A., comprising tangible and intangible assets used in manufacturing and distribution activities, liabilities related to the manufacturing and distribution activities, and the Company's employees involved in the manufacturing and distribution activities, to be effected through contribution of the organised part of business to a SECO/WARWICK Group subsidiary SECO/WARWICK EUROPE S.A. ("Subsidiary") of Świebodzin, in exchange for shares in the increased share capital of the Subsidiary.

Given that the organised part of business was transferred within the SECO/WARICK Group, the transaction meets the definition of **common control combination**, in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the transaction, and that control is not transitory.

Accordingly, the transaction was accounted for at amounts disclosed in SECO/WARICK S.A.'s financial statements as at the contribution date, with the value of the shares acquired in SECO/WARICK EUROPE S.A. equal to the net value of contributed assets.

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

No such events occurred.

12. CHANGE IN FINANCIAL ASSETS AND LIABILITIES

For information on contingent liabilities, see Note 18 to the interim consolidated financial statements for H1 2013.

In H1 2013 and H1 2012, the Company did not carry any contingent assets.

13. RELATED-PARTY TRANSACTIONS

For information on related-party transactions, see Note 21 to the interim consolidated financial statements for H1 2013.

Date: August 30th 2013

Paweł Wyrzykowski	Wojciech Modrzyk	Jarosław Talerzak
President of the Management Board	*Vice-President of the Management Board*	*Vice-President of the Management Board*