

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark One)

(X) ANNUAL REPORT PURSUANT TO SECTION 13 or 15 (d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2000

OR

() TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ TO _____

Commission File Number 1-5005

SELAS CORPORATION OF AMERICA
(Exact name of registrant as specified in its charter)

Pennsylvania

23-1069060

(State or other jurisdiction of
Incorporation or organization)

(IRS Employer Identification No.)

Dresher, Pennsylvania
(Address of principal executive office)

19025
(Zip Code)

Registrant's telephone number, including area code (215) 646-6600

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Shares, \$1 par value per share	American Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. (X)

The aggregate market value, as of March 14, 2001, of the voting stock held by non-affiliates of the registrant was approximately \$17,814,865 (Aggregate market value is estimated solely for the purposes of this report and shall not be construed as an admission for the purposes of determining affiliate status.)

At March 14, 2001, there were 5,119,214 of the Company's common shares outstanding (exclusive of treasury shares).

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's 2000 annual report to shareholders are incorporated by reference into Part II of this report. Portions of the Company's proxy statement for the 2001 annual meeting of shareholders are incorporated by reference into Part III of this report. Except for the parts of such documents that have been specifically incorporated herein by reference, such documents shall not be deemed "filed" for the purposes of this report.

PART I

ITEM 1. Business

Selas Corporation of America (together with its subsidiaries, unless the

context otherwise requires, referred to herein as the "Company",) was incorporated in Pennsylvania in 1930. The Company is a diversified firm with international operations and sales that engages in a range of products. The Company, headquartered in Dresher, Pennsylvania with subsidiaries in Minnesota, Ohio, California, England, France, Germany, Italy, Japan, Portugal and Singapore, operates directly or through subsidiaries in three business segments.

Under the Selas TM name, the Heat Technology segment designs and manufactures specialized industrial heat technology systems and equipment for steel, glass and other manufacturers worldwide. The Company's Precision Miniature Medical and Electronic Products segment designs and manufactures microminiature components and molded plastic parts primarily for the hearing instrument manufacturing industry and also for the electronics, telecommunications, computer and medical equipment industries. The Company's Tire Holders, Lifts and Related Products segment manufactures products, primarily based on cable winch designs, for use as original equipment by the pick-up truck and minivan segment of the automotive industry.

Financial data relating to industry segments, geographical summary of assets and operations, export sales and major customers are set forth in Note 4 of the Company's consolidated financial statements.

HEAT TECHNOLOGY

The Company specializes in the controlled application of heat to achieve precise process and temperature control. The Company's principal heat technology equipment and systems are large custom-engineered furnaces and smaller standard-engineered systems, burners and combustion control equipment.

CUSTOM-ENGINEERED FURNACES

Products and Industries Served. The Company designs specialized furnaces for use primarily in the steel and glass industries worldwide. The furnaces are engineered to subject a customer's products to carefully controlled heating and cooling processes in order to improve the physical characteristics of those products. Each furnace is custom-engineered by the Company to meet customer's specific requirements. The Company believes that the Selas TM name, its reputation for quality and its leadership in the design and engineering of direct gas-fired heat processing furnaces are important factors in its business. The Company also offers gas-fired radiant tube and electric heating technology for heat processing furnaces.

The Company's custom-engineered systems for the steel industry include continuous annealing furnaces and continuous galvanizing furnaces. Continuous annealing furnaces are used to heat-treat semi-finished steel sheet and strip to soften it to improve the ductility of the steel, thereby making it suitable for use in the manufacture of automobiles, appliances and other items. Continuous galvanizing furnaces consist of continuous annealing furnaces plus the components used to apply a zinc coating to steel strip to improve its resistance to corrosion.

The Company's furnaces for the glass industry are used for the tempering, bending and etching of glass. The glass tempering process toughens glass plate through a controlled process of heating and cooling. Glass manufacturers use the Company's glass bending furnaces to heat and bend plate glass for automotive and architectural uses. Other furnaces are designed to harden and etch glass and ceramic tableware.

From time to time, the Company also designs various other specialized furnaces for use by manufacturers in a variety of industries to suit particular process requirements. For example, over the years the Company has engineered large barrel line furnaces used for the continuous heat treatment of steel pipe, tube or bar.

Marketing and Competition. The Company markets its custom-engineered furnaces on a global basis. Marketing personnel are located at the Company's offices in Dresher, Paris, Ratingen, Derbyshire, Milan, Leiria, Lyon, and Japan. Over the years, the Company has installed custom-engineered systems in Europe, North America, South America, Asia, Australia and Africa. In a particular period, a single contract may account for a large percentage of sales, but the Company is not dependent on any custom-engineered systems customer on an ongoing basis.

Company engineering and marketing personnel maintain contact with potential major steel and glass customers to determine their needs for new furnaces, typically for expansion or new technology. The Company's furnaces have long useful lives, and replacement business is not a major factor in sales of custom-engineered systems. The Company has and continues to perform modifications to older existing furnaces to improve production quantities, along with quality of the end product.

The Company also markets its products and services through agents and licensees located in various parts of the world. Typically, the Company's license agreements provide that the licensee will act as the Company's sales agent in a particular territory, is granted a license to utilize the Company's heat processing technology in that territory, and is granted the right to utilize technical services provided by the Company. In exchange, the Company receives certain fees when the licensee sells the Company's products or services in the territory.

Over the years, Japanese steel producers have aligned themselves in semi-exclusive relationships with furnace manufacturers. For a number of years, the Company has licensed direct fired furnace technology to NKK Corporation, the second largest steel producer in Japan.

Furnaces for continuous galvanizing and annealing lines generally utilize either direct fired or radiant tube technology. The Company is the market leader for furnaces based on direct fired technology, and also sells furnaces of the radiant tube design utilized primarily by its competitors. Some of the Company's competitors are larger and have greater financial resources. In recent years, the Company has faced increased competition from competitors supplying smaller, less sophisticated steel lines. These competitors do not generally offer custom engineering on a par with the Company, but have been willing to offer a more standardized and less sophisticated furnace for a lower price.

Operations. The Company's custom-engineered furnace business is conducted principally by its wholly-owned subsidiaries, Selas (SAS) (Paris), CFR (Paris), Ermat S.A. (Lyon), Selas Waermetechnik (Ratingen), Selas Italiana, S.r.l. (Milan), Selas U.K. (Derbyshire) and CFR Portugal (Leiria). These subsidiaries currently employ approximately 172 persons, of whom 26 are administrative personnel, 27 are fabrication and assembly personnel, and 119 are sales, engineering and operations personnel. A small number of engineering and marketing management personnel located at the Company's Dresher, Pennsylvania headquarters facility are also involved from time to time in the custom-engineered furnace business.

On large-scale projects, such as a continuous steel strip annealing or galvanizing line, the customer frequently contracts for the entire line on the turnkey basis with an engineering and construction firm specializing in line terminal equipment, and the Company acts as a subcontractor for the design, engineering, supply of material and installation of the furnace portion of the line, or, alternatively, as a subcontractor only for design and engineering. When the Company provides only design and engineering services, the prime contractor handles the fabrication and erection of the furnace. With the exception of certain proprietary parts, the Company does not manufacture the components used in such systems.

The Company's custom-engineered furnace business is historically cyclical in nature.

On January 12, 2000, the Company's wholly-owned subsidiary, Selas (SAS), acquired the stock of Ermat S.A., a Lyon, France firm engaged in the engineered industrial furnace business. This acquisition was made to complement the Company's existing heat technology operations in Europe, particularly the custom-engineered furnace business. Ermat engineers and designs batch and continuous furnaces that are used for heat treating both ferrous and non-ferrous metals. The Company believes that Ermat enjoys a good reputation in the French market for engineered industrial furnaces. Ermat does have several European competitors for the products offered and some of its competitors are larger and have greater financial resources. Certain information regarding the acquisition of the Ermat business is set forth in note 2 of the Company's consolidated financial statements.

Standard-Engineered Systems. At its Dresher, Pennsylvania facility, the Company engineers and fabricates a variety of smaller furnaces and heat processing equipment. Although these systems are based on standard designs, the Company often adapts or re-engineers them to meet particular customer needs. These smaller systems are generally used by manufacturers in sophisticated applications for the heat treatment of finished and semi-finished parts.

The Company's standard-engineered systems include atmosphere-controlled furnaces for heat treating finished metal parts. Its continuous heat treating systems include not only the hardening and tempering furnaces central to the system, but also the ancillary loading, quenching and washing equipment.

The Company also manufactures large non-atmosphere-controlled batch-type furnaces in a variety of designs. The Company's carbottom furnaces enable its customers to remove the furnace hearth, running on tracks similar to a railroad car, from the stationary furnace for loading and unloading. Carbottom and hood furnaces are used to heat treat large, usually semi-finished, metal parts of a variety of shapes and sizes. Clamshell furnaces designed by the Company open and close around steel rolls to produce a gradation of metal characteristics due to the differential heating of the steel roll. The Company's standard batch furnaces are supplied to customers with a need for the precise, accurately controlled application of heat to their products.

The Company's standard systems also include automatic brazing and soldering systems used in the assembly of radiators, air conditioner coils and electrical appliances. The precise application of heat in these systems improves a customer's product quality and uniformity while reducing production costs. The Company also produces the fuel mixing and monitoring systems, burners and product handling equipment necessary for these systems.

The Company also produces custom designed barrel furnaces used primarily to heat treat long metal parts, and also produces specialized glass lehrs for heating glass products.

Burners and Combustion Control Equipment. The Company designs, manufactures and sells an array of original equipment and replacement gas-fired industrial burners for many applications. The Company is a producer of burners used in fluid processing furnaces serving the petrochemical industry. One type of fluid processing burner is capable of minimizing the emission of oxides of nitrogen as combustion products. As many jurisdictions reduce the permissible level of emissions of these compounds, the Company believes that the demand for "low NOx" burners will increase. The Company also produces burners suitable for creating a high temperature furnace environment desirable in steel and glass heat treating furnaces. The Company's burners accommodate a wide variety of fuel types, environmental constraints and customer production requirements.

The Company furnishes many industries with gas combustion control equipment sold both as component parts and as systems that have been custom-engineered to meet a particular customer's needs. This equipment is provided with the Company's original custom-engineered and standard heat treating equipment, as replacement or additional components for existing furnaces being refurbished or upgraded, and as original components for heat treating equipment manufactured by others. The components of the combustion control systems include mixing valves capable of mixing gas and air and controlling the air/gas ratio, pressure and total flow of the mixed gases. The Company also produces its Qual-O-Rimeter™ automated monitoring and control device used in conjunction with its mixing valves to maintain precise, uniform heat release and flame shape, despite fluctuations in fuel mix and quality, air temperature and humidity.

Additional combustion control products include Flo-Scope™ flow meters, which measure the rate of flow of gases, and automatic fire checks and automatic blowouts, which arrest flame and pressure resulting from backfire from the burners into the pipe line.

Marketing and Competition. The Company markets its standard-engineered systems products on a global basis through its sales and marketing personnel located in Dresher, Pennsylvania, and also sells these products through licensees and agents located in various parts of the world. Although the Company competes for orders for such products with many other manufacturers, some of which are larger and have greater financial resources, the Company

believes that its reputation and its high standard for quality allow it to compete effectively with other manufacturers.

Operations. At its Dresher facility, the Company employs approximately 62 persons, of whom 17 are executive and administrative personnel, 14 are sales and engineering personnel and 31 are personnel engaged in manufacturing. The hourly personnel are represented by a union, and the current union contract expires May 16, 2001. The Company considers its relations with its employees to be satisfactory.

On June 6, 2000, the Company acquired the remaining 50% equity interest in Nippon Selas, a Japanese sales and engineering firm previously accounted for on the equity method. Its Tokyo facility employs 13 people; 4 administrative and 9 sales and engineering.

The principal components used in the Company's heat processing equipment and other products are steel, special castings (including high-alloy materials), electrical and electronic controls and materials handling equipment. These items are available from a wide range of independent suppliers.

Research and Development. The Company conducts research and development activities at its Dresher facility to support its heat processing services and products. The Company's research efforts are designed to develop new products and technology as well as to improve existing products and technology. The Company also conducts research on behalf of particular customers in connection with customers' unusual process needs. Research and development expenditures for heat processing aggregated \$31,000, \$38,000 and \$77,000 in 2000, 1999 and 1998, respectively.

It is the Company's policy to apply for domestic and foreign patents on those inventions and improvements which it considers significant and which are likely to be incorporated in its products. It owns a number of United States and foreign patents. It is licensed under patents owned by others and has granted licenses to others on a fee basis. The Company believes that, although these patents collectively are valuable, no one patent or group of patents is of material importance to its business as a whole.

PRECISION MINIATURE MEDICAL AND ELECTRONIC PRODUCTS

Resistance Technology, Inc. ("RTI"), a wholly-owned subsidiary, manufactures microminiature components and molded plastic parts for hearing instrument manufacturers and the medical equipment, electronics, telecommunications and computer industries. RTI Electronics, Inc. ("RTIE"), formed in 1997, has expanded RTI's microminiature components business through the manufacture of electrical resistors known as thermistors and film capacitors.

Products and Industries Served. RTI is a leading manufacturer and supplier of microminiature electromechanical components to hearing instrument manufacturers. These components consist of volume controls, trimmer potentiometers and switches. RTI also manufactures hybrid amplifiers and integrated circuit components ("hybrid amplifiers"), along with faceplates for in-the-ear and in-the-canal hearing instruments. Components are offered in a variety of sizes, colors and capacities in order to accommodate a hearing manufacturer's individualized specifications. Sales to hearing instrument manufacturers represented approximately 68% of 2000 annual net sales for the Company's precision miniature medical and electronic products business.

Hearing instruments, which fit behind or in a person's ear to amplify and process sound for a hearing impaired person, generally are composed of four basic parts and several supplemental components for control or fitting purposes. The four basic parts are microphones, amplifier circuits, miniature receivers/speakers and batteries. RTI's hybrid amplifiers are a type of amplifier circuit. Supplemental components include volume controls, trimmer potentiometers, which shape sound frequencies to respond to the particular nature of a person's hearing loss, and switches used to turn the instrument on and off and to go from telephone to normal speech modes. Faceplates and an ear shell molded to fit the user's ear often serve as a housing for hearing instruments.

The potential range of applications for RTI's molded plastic parts is broad. RTI has produced intravenous flow restrictors for a medical instruments manufacturer and cellular telephone battery sockets for a telecommunications equipment manufacturer. Sales by RTI to industries other than the hearing

instrument industry represented approximately 8% of 2000 annual net sales for the Company's precision miniature medical and electronic products business.

RTI manufactures its components on a short lead-time basis in order to supply "just-in-time" delivery to its customers. Due to the short lead-time, the Company does not include orders from RTI's customers in its published backlog figures.

RTIE manufactures and sells thermistors and thermistor assemblies, which are solid state devices that produce precise changes in electrical resistance as a function of any change in absolute body temperature. RTIE's Surge-Gard™ product line, an inrush current limiting device used primarily in computer power supplies represents approximately 50% of RTIE's sales. The balance of sales represent various industrial, commercial and military sales for thermistor and thermistor assemblies to domestic and international markets.

RTI's and RTIE's principal raw materials are plastics, polymers, metals, various metal oxide powders and silver paste, for which there are multiple sources of supply.

In order to enhance its product line offering, RTI made several strategic acquisitions in 1998. These acquisitions bolster RTI's and RTIE's precision miniature mechanical and electronic products.

On May 27, 1998, RTI Electronics acquired the stock of IMB Electronics Products, Inc., a manufacturer of film capacitors, which are energy storage devices used primarily to resist changes in voltage. The film capacitor business represents a product line addition for the power and computer industries which RTIE serves. Effective January 1, 1999, IMB Electronics Products, Inc. was merged into RTIE.

In January, 2001, the Company acquired the stock of Lectret, a Singapore manufacturer of microphone capsules. In October, 1998, the Company acquired a product manufacturing line from Lectret which was newly formed as RTI Technologies PTE LTD. The acquisition expands RTI's product capability in the hearing health market by adding a microphone product line.

Certain information regarding the acquisition of RTI Technologies PTE LTD business is set forth in note 2 to the Company's Consolidated Financial Statements.

Marketing and Competition. RTI sells its hearing instrument components directly to domestic hearing instrument manufacturers through an internal sales force. Sales of molded plastic parts to industries other than hearing instrument manufacturers are made through a combination of independent sales representatives and internal sales force. In recent years, three companies have accounted for a substantial portion of the U.S. hearing instrument sales. In 2000, these three customers accounted for approximately 24% of RTI's net sales.

Internationally, sales representatives employed by Resistance Technology, GmbH ("RT, GmbH"), a German company 90% of whose capital is owned by RTI, solicit sales from European hearing instrument manufacturers and facilitate sales with Japanese and Australian hearing instrument markets.

RTI believes that it is the largest supplier worldwide of microminiature electromechanical components to hearing instrument manufacturers and that its full product line and automated manufacturing process allow it to compete effectively with other manufacturers with respect to these products.

In the market of hybrid amplifiers and molded plastic faceplates, RTI's primary competition is from the hearing instrument manufacturers themselves. The hearing instrument manufacturers produce a substantial portion of their internal needs for these components.

RTIE sells its thermistors and film capacitors through a combination of independent sales representatives and internal sales force.

RTIE has many competitors, both domestic and foreign, that sell various thermistor and film capacitors and some of these competitors are larger and have greater financial resources. In addition, RTIE holds a relatively small market share in the world-market of thermistor and film capacitor products.

Operations. RTI currently employs 240 people, of whom 37 are executive and

administrative personnel and 203 are sales, engineering and operations personnel at RTI's two facilities near Minneapolis, Minnesota. A small number of sales personnel employed by RT, GmbH are located in Munich, Germany and RTI Technologies employs 42 people at its Singapore location.

At its facilities in Anaheim, California, RTIE employs 103 full-time employees, of which 6 are administrative and 97 are sales and operations personnel.

As a supplier of parts for consumer and medical products, RTI is subject to claims for personal injuries allegedly caused by its products. The Company maintains what it believes to be adequate insurance coverage.

Research and Development. RTI and RTIE conduct research and development activities primarily to improve its existing products and technology. Their research and development expenditures were \$899,000, \$964,000 and \$1,290,000 in 2000, 1999 and 1998, respectively.

RTI owns a number of United States patents which cover a number of product designs and processes. The Company believes that, although these patents collectively add some value to the Company, no one patent or group of patents is of material importance to its business as a whole.

TIRE HOLDERS, LIFTS AND RELATED PRODUCTS

Deuer Manufacturing, Inc. ("Deuer"), a wholly-owned subsidiary, manufactures tire holders, lifts, and other related products based principally on cable winch designs.

Products and Industries Served. Deuer is a leading supplier of spare tire holders used on light trucks and mini-vans manufactured by the major domestic automotive manufacturers. Deuer's spare tire holder holds the spare tire to the underbody of the vehicle by means of a steel cable running to the underside of the vehicle's frame. One end of the steel cable is attached to a hub placed through the center of the spare tire's rim, and the other end is attached to a hand-operated winch mounted at an accessible location on the vehicle. The spare tire holding system permits the spare tire to be stored in a remote location and to be easily removed without the need to crawl under the vehicle. During 2000, sales of spare tire holders accounted for approximately 93% of Deuers net sales.

Deuer also produces a variety of hand-operated hoist-pullers, using primarily a cable winch design, sold under the Mini-Mule™ brand name. These products, which retail from \$30 to \$60, are portable hand winches designed for a variety of uses, such as pulling objects, rigging loads and installing fencing. Deuer furnishes these hoist-pullers in a variety of sizes and capacities. It also manufactures accessories for use with the products, including slings, clamps, blocks and gantries.

Deuer manufactures products on a short lead time basis in order to furnish "just-in-time" delivery to its automotive customers. Because of the substantial variances between manufacturers' estimated and actual requirements, the Company does not include blanket order commitments from automotive manufacturers in its published backlog figures.

Marketing and Competition. Deuer sells its spare tire holders directly to domestic automotive manufacturers. Deuer's spare tire holders are sold to Chrysler Corporation, General Motors, Toyota, Ford Motor Company, New United Motor Manufacturing, Inc. and Mobile Home Manufactures. The design and quality of Deuer's spare tire holders have been recognized by its major customers. The Company sells its hoist-pullers through a network of distributors as well as directly to some large retail outlets.

Deuer is one of several suppliers of spare tire holders to domestic mini-van and light truck manufacturers. Some of Deuer's competitors are larger and have greater financial resources. The Company believes that price and Deuer's reputation for quality and reliability of delivery are important factors in competition for business from the domestic automotive manufacturers. A number of other domestic and foreign manufacturers sell hoist -pullers to the retail market, and Deuer's share of this market is relatively small.

Operations. At its Dayton facility, Deuer employs 17 executive and administrative personnel and approximately 148 manufacturing employees. Some

of the manufacturing employees are represented by a union, and the current union contract expires in October, 2002. Deuer considers its relations with its employees to be satisfactory.

Deuer's principal raw material is coil rolled steel and metal cable which is widely available. Deuer also conducts research and development activities which consist of the development of new products and technology and the modification of existing products. Deuer's research and development expenditures aggregated \$252,000, \$258,000 and \$239,000 in 2000, 1999 and 1998, respectively.

As a consumer products manufacturer, Deuer is subject to claims for personal injuries allegedly caused by its products. The Company maintains what it believes to be adequate insurance coverage.

ITEM 2. Properties

The Company owns the manufacturing facility in Dresher, Pennsylvania in which its standard-engineered systems, burners and combustion control equipment are produced. The Company's headquarters are located on the same 17 acre site. The 136,000 square foot Dresher facility has more space than is currently needed for the Company's operations and headquarters, and the Company is seeking to lease all or a portion of the excess office and manufacturing space to a suitable tenant. This property is subject to a mortgage. See note 8 of the Company's consolidated financial statements.

RTI leases a 47,000 sq. ft. manufacturing facility in Arden Hills, Minnesota from a partnership consisting of two former officers of RTI and Mark S. Gorder who serves as an officer of the Company and RTI and on the Company's Board of Directors. At this facility, RTI manufactures all of its products other than plastic component parts. The lease expires in October, 2003, with two successive 5-year renewal options. In addition, RTI owns, subject to a mortgage from a third party lender, a 34,000 sq. ft. building in Vadnais Heights, Minnesota at which RTI produces plastic component parts. (See notes 8, 17 and 18 of the Company's consolidated financial statements.)

RTIE leases a building in Anaheim, California, which contains its manufacturing facilities and offices and consists of a total of 50,000 square feet. The lease expires September, 2008.

Deuer owns its 92,000 square foot manufacturing facility located on 6.5 acres in Dayton, Ohio, where it produces its spare tire holders and hoist-pullers. The facility is furnished with a variety of steel fabrication equipment, including punch presses, drill presses, screw machines, grinders, borers, lathes and welders. This property is subject to a mortgage. See note 8 of the Company's consolidated financial statements.

Selas (SAS) owns the land and building which houses its engineering, sales and administrative operations in Gennevilliers, France (outside of Paris). The land under the building is owned by Selas (SAS) and the property outside of the building is jointly owned by the building owners in the office complex. The building has 22,000 square feet. This property is subject to a mortgage. See note 8 of the Company's consolidated financial statements.

Selas Italiana S.r.L., the Company's Italian subsidiary, Selas Waermetechnik GmbH, the Company's German subsidiary and Selas UK, the Company's United Kingdom subsidiary, lease facilities in Milan, Italy, Ratingen, Germany and Derbyshire, UK, respectively. The Milan and Derbyshire facilities are comprised of engineering, sales and administrative offices with the leases expiring in October, 2001 and a month to month basis, respectively. The Ratingen facilities are used for sales, administrative and engineering activities and assembly of small furnaces and furnace components, with the lease expiring October, 2001. Resistance Technology, GmbH, leases office space in Munich, Germany, on a year-to-year basis, for its sales personnel. Management expects to be able to extend these leases.

RTI Technologies PTE LTD leases a building in Singapore which houses its production facilities and administrative offices. The building contains 6,000 square feet and its lease expires June, 2001, with a three-year renewal option.

CFR leases facilities in Paris and Maise, both in France. The facilities in Paris house engineering, sales and administrative operations and has 10,000 square feet. The Maise facility is 40,000 square feet and houses CFR's fabrication and assembly operations. The Paris lease expires January, 2003

and the Maisse lease expires February, 2004, each with three-year optional renewal terms. Ermat leases a building in Lyon, France with sales and administrative facilities which expires June, 2001. CFR Portugal leases a building in Leiria, Portugal which houses its fabrication facilities and administrative offices. Management expects to be able to extend these leases.

ITEM 3. Legal Proceedings

The Company is a defendant along with a number of other parties in approximately 100 lawsuits as of December 31, 2000 (approximately 200 as of December 31, 1999) alleging that plaintiffs have or may have contracted asbestos-related diseases as a result of exposure to asbestos products or equipment containing asbestos sold by one or more named defendants. Due to the noninformative nature of the complaints, the Company does not know whether any of the complaints state valid claims against the Company. The lead insurance carrier has informed the Company that the primary policy for the period July 1, 1972 to July 1, 1975 has been exhausted and that the lead carrier will no longer provide a defense under that policy. The Company has requested that the lead carrier substantiate this situation. The Company has contacted representatives of the Company's excess insurance carrier for some or all of this period. The Company does not believe that the asserted exhaustion of the primary insurance coverage for this period will have a material adverse effect on the financial condition, liquidity, or results of operations of the Company. Management is of the opinion that the number of insurance carriers involved in the defense of the suits and the significant number of policy years and policy limits to which these insurance carriers are insuring the Company make the ultimate disposition of these lawsuits not material to the Company's consolidated financial position or results of operations.

The Company is also involved in other lawsuits arising in the normal course of business. While it is not possible to predict with certainty the outcome of these matters, management is of the opinion that the disposition of these lawsuits and claims will not materially affect the Company's consolidated financial position, liquidity, or results of operations.

ITEM 4. Submission of Matters to a Vote of Security Holders

None

ITEM 4A. Executive Officers of the Company

The names, ages and offices (as of February 24, 2001) of the Company's officers were as follows:

Name	Age	Office
Stephen F. Ryan	65	Chairman and Chief Executive Officer; Director of the Company
Mark S. Gorder	54	President and Chief Operating Officer and President of Resistance Technology, Inc.; Director of the Company
Christian Bailliart	52	Vice President and Chairman-Director Generale of Selas (SAS)
James C. Deuer	72	Vice President and President of Deuer Manufacturing, Inc.
Robert W. Ross	52	Vice President and Secretary and President Heat Technology Group
Francis A. Toczykowski	50	Vice President and Treasurer

Mr. Ryan joined the Company in May 1988, as President and Chief Executive Officer. In December, 1998, he was elected Chairman of the Board of Directors. Mr. Gorder joined the Company October 20, 1993 when Resistance Technology, Inc. (RTI) was acquired. Prior to the acquisition, Mr. Gorder

was President and one of the founders of RTI, which began operations in 1977. Mr. Gorder was promoted to Vice President of the Company and elected to the Board of Directors in 1996. In 2000 he was elected President and Chief Operating Officer. Upon Mr. Ryan's retirement in April, 2001, Mr. Gorder will assume the role of Chief Executive Officer. Mr. Bailliart joined Selas (SAS) in 1974 and in 1989 he was promoted to Chairman-Director Generale of Selas (SAS) from Vice President, Treasurer. On January 1, 1993, he was elected Vice President of the Company. Mr. Deuer joined the Company as President of Deuer Manufacturing when it was acquired in May, 1986 and was promoted to Vice President of the Company and President of Deuer Manufacturing in December, 1990. From 1965 to 1986 he was President of Deuer Manufacturing. Mr. Ross joined the Company in October 1990 as Vice President - Treasurer, was appointed Chief Financial Officer January 1, 1994 and elected Secretary February 21, 1995. In December, 1998 he was appointed President of the Heat Technology Group of the Company. Mr. Toczyłowski joined the Company in 1981 and has held several positions in the accounting and finance area, most recently as Corporate Controller. In December, 1998, he was elected Vice President and Treasurer.

PART II

ITEM 5. Market for Registrant's Common Equity and Related Stockholder Matters

The Company's common shares are listed on the American Stock Exchange. The high and low sale prices during each quarterly period during the past two years were as follows:

Market and Dividend Information

	2000		1999	
	High	Low	High	Low
Quarter				
First	6.750	4.875	8.375	4.875
Second	7.625	5.250	7.000	5.125
Third	7.500	4.625	7.000	4.500
Fourth	5.937	2.750	6.687	4.250

At February 7, 2001 the Company had 432 shareholders of record.

	2000	1999	1998
Dividends per share:			
First Quarter	\$.045	\$.045	\$.045
Second Quarter	.045	.045	.045
Third Quarter	.045	.045	.045
Fourth Quarter	.045	.045	.045

The payment of any future dividends is subject to the discretion of the Board of Directors and is dependent on a number of factors, including the Company's capital requirements, financial condition, financial covenants and cash availability.

ITEM 6. Selected Financial Data

Certain selected financial data is incorporated by reference to "Selas Corporation of America Five-Year Summary of Operations", page 4, and "Other Financial Highlights", page 5, of the Company's 2000 annual report to shareholders.

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and analysis is incorporated by reference to page 6 through 10 of the Company's 2000 annual report to shareholders.

Forward-Looking and Cautionary Statements. Certain statements herein that

include forward-looking terminology such as "may", "will", "should", "expect", "anticipate", "estimate", "plan" or "continue" or the negative thereof or other variations thereon are, or could be deemed to be, "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are affected by known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to differ materially from the results, performance and achievements expressed or implied in the Company's forward-looking statements. These risks, uncertainties and factors include competition by competitors with more resources than the Company, foreign currency risks arising from the Company's foreign operations, and the cyclical nature of the market for large heat technology contracts.

The Company's heat technology business, which has contributed substantially to the Company's consolidated results, is affected by, among other things, the capital expenditures of steel and glass manufacturers and processors, industries that are highly cyclical in nature. It is difficult to predict demand for the Company's heat technology products, and the financial results of the Company's heat technology business have fluctuated, and may continue to fluctuate, materially from year to year.

Several of the Company's competitors have been able to offer more standardized and less technologically advanced heat technology systems and equipment at lower prices. Although the Company believes that it has produced higher quality systems and equipment than these lower priced competitors, in certain instances price competition has had an adverse effect on the Company's sales and margins. There can be no assurance that the Company will be able to maintain or enhance its technical capabilities or compete successfully with its existing and future competitors.

There can be no assurance that the Company will remain a competitive supplier to the automobile and truck industry in view of, among other things, the general trend in recent years in that industry toward a reduction in the number of third-party suppliers and toward more integrated component suppliers.

The Company's precision miniature medical and electronics business has benefitted from its ability to automate and keep costs and prices low. There can be no assurance that the Company will be able to continue to achieve such automation and its historical profit margins particularly as the technology of hearing instruments changes and as the business expands into other product lines. The precision miniature medical and electronics business has also been affected by unfavorable conditions in the hearing health market and the impact of the Asian economic situation. The Company is unable to predict with any certainty when these conditions will improve.

The Company has international operations, as a result, the Company's performance may be materially affected by foreign economies and currency movements.

The Company cautions that the foregoing list of important factors is not intended to be, and is not, exhaustive. The Company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the Company.

ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk

The Company's consolidated cash flows and earnings are subject to fluctuations due to changes in foreign currency exchange rates. The Company attempts to limit its exposure to changing foreign currency exchange rates through operational and financial market actions. The Company does not hold derivatives for trading purposes.

The Company manufactures and sells its products in a number of locations around the world, resulting in a diversified revenue and cost base that is exposed to fluctuations in European and Asian currencies. This diverse base of foreign currency revenues and costs serves to create a hedge that limits the Company's net exposure to fluctuations in these foreign currencies.

Short-term exposures to changing foreign currency exchange rates are occasionally managed by financial market transactions, principally through the purchase of forward foreign exchange contracts (with maturities of six

months or less) to offset the earnings and cash flow impact of the nonfunctional currency denominated receivables and payables relating to select custom engineered heat technology segment contracts. The decision by management to hedge any such transaction is made on a case-by-case basis. Foreign exchange forward contracts are denominated in the same currency as the receivable or payable being covered, and the term and amount of the forward foreign exchange contract substantially mirrors the term and amount of the underlying receivable or payable. The receivables and payables being covered arise from trade and intercompany transactions of and among the Company's foreign subsidiaries. At December 31, 2000 the Company did not have any forward foreign exchange contracts outstanding.

To manage exposure to interest rate movements and to reduce its borrowing costs, the Company's French subsidiary, Selas (SAS), has entered into an interest rate swap agreement. Selas (SAS) is exposed to changes in interest rates primarily due to its borrowing activities which are related to long-term debt used to finance its office building. The swap agreement requires fixed interest payments based on an effective rate of 8.55% for the remaining term through May, 2006. A 100 (10% adverse change) basis point move in interest rates would affect the Company's floating and fixed rate instruments, including short and long-term debt and derivative instruments, by approximately \$27,000 at December 31, 2000. The fair value of the Company's variable rate debt is not significantly different from its recorded amount.

Swap and forward foreign exchange contracts are entered into for periods consistent with related underlying exposures. The Company does not enter into contracts for speculative purposes and does not use leveraged instruments.

ITEM 8. Financial Statements and Supplementary Data

The Company's consolidated balance sheets as of December 31, 2000 and 1999, and the related consolidated statements of operations, cash flows and shareholders' equity for each of the years in the three-year period ended December 31, 2000, and the report of independent auditors thereon and the quarterly results of operations (unaudited) for the two-year period ended December 31, 2000 are incorporated by reference to pages 11 to 39 of the Company's 2000 annual report to shareholders.

ITEM 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None

PART III

The information called for by Items 10, 11, 12 and 13 (except the information concerning executive officers included in Item 4A) is incorporated by reference to the Company's definitive proxy statement relating to its 2001 Annual Meeting of shareholders which the Company filed on March 23, 2001. However, the portions of such proxy statement constituting the reports of the Audit Committee and Compensation Committee of the Board of Directors and the graph showing performance of the Company's common shares and certain share indices shall not be deemed to be incorporated herein or filed for purposes of the Securities Exchange Act of 1934.

PART IV

ITEM 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) The following documents are filed as a part of this report:

1. Financial Statements - The Company's consolidated financial statements, as described below, are incorporated by reference to pages 11 through 39 of the Company's 2000 annual report to shareholders.

Consolidated Balance Sheets at December 31, 2000 and 1999.

Consolidated Statements of Operations for the years ended December 31,

2000, 1999 and 1998.

Consolidated Statements of Cash Flows for the years ended December 31, 2000, 1999 and 1998.

Consolidated Statements of Shareholders' Equity for the years ended December 31, 2000, 1999 and 1998.

Notes to Consolidated Financial Statements.

Report of Independent Auditors.

Financial statements for 50% or less owned companies which are accounted for by the equity method have been omitted because they do not, considered individually or in the aggregate, constitute significant subsidiaries.

2. Financial Statement Schedules

	Page
Report of Independent Auditors on Financial Statement Schedules	24
Schedule I - Condensed Financial Information of Registrant (Parent only)	25, 26, 27, 28
Schedule II - Valuation and Qualifying Accounts	29, 30

All other schedules are omitted because they are not applicable, or because the required information is included in the consolidated financial statements or notes thereto.

3. Exhibits

- 3A. The Company's Articles of Incorporation as amended May 18, 1984 and April 25, 1991. Exhibit 3A to the Company's report on Form 10-K for the year ended December 31, 1984 and Exhibit 3A1 to the Company's report on Form 10-K for the year ended December 31, 1991 are hereby incorporated herein by reference.
- 3B. The Company's By-Laws as amended.
- 4A. Amended and Restated Credit Agreement dated July 31, 1998 among the Company, Deuer Manufacturing, Inc., Resistance Technology, Inc., RTI Export, Inc. and RTI Electronics, Inc. Exhibit 4A to the Company's report on Form 10-Q for the nine months ended September 30, 1998 is hereby incorporated by reference.
- 4B. Amendment to Amended and Restated Credit Agreement dated June 30, 1999 among the Company, Deuer Manufacturing, Inc., Resistance Technology, Inc., RTI Export, Inc. and RTI Electronics, Inc. The Exhibit to the Company's report on Form 10-Q for the six months ended June 30, 1999 is hereby incorporated by reference.
- 4C. Amended and Restated Revolving Credit Note, dated July 31, 1998, of the Company in favor of First Union National Bank. Exhibit 4B to the Company's report on Form 10-Q for the nine months ended September 30, 1999 is hereby incorporated by reference.
- 4D. Guaranty dated February, 1998 of the Company in favor of First Union/First Fidelity, N.A. Pennsylvania. Exhibit 4H to the Company's report on Form 10-K for the year ended December 1997 is hereby incorporated by reference.
- 4E. Second Amendment to Amended and Restated Credit Agreement, dated as of July 7, 2000. Exhibit 4C to the Company's report on Form 10-Q for the period ended September 30, 2000 is incorporated by reference.
- 4F. Third Amendment to Amended and Restated Credit Agreement, dated as of January 19, 2001.
- 10A. Form of termination agreement between the Company and

Messrs. Ryan, Deuer, Gorder, Ross and Toczykowski. Exhibit 10A to the Company's report on Form 10-K for the year ended December 31, 1996 is hereby incorporated by reference.

- 10B. 1985 Stock Option Plan, as amended. Exhibit 10C to the Company's Registration Statement on Form S-2 filed on June 15, 1990 (No. 33-35443) is hereby incorporated herein by reference.
- 10C. Form of Stock Option Agreements granted under the 1985 Stock Option Plan. Exhibit 10D to the Company's Registration Statement on Form S-2 filed on June 15, 1990 (No. 33-35443) is hereby incorporated herein by reference.
- 10D. Form of Amendments to Stock Option Agreements granted under the 1985 Stock Option Plan. Exhibit 10D to the Company's Registration Statement on Form S-2 filed on June 15, 1990 (No. 33-35443) is hereby incorporated by reference.
- 10E. Amended and Restated 1994 Stock Option Plan. Exhibit 10E to the Company's report on Form 10-K for the year ended December 31, 1997 is hereby incorporated by reference.
- 10F. Form of Stock Option Agreements granted under the Amended and Restated 1994 Stock Option Plan. Exhibit 10F to the Company's report on Form 10-K for the year ended December 31, 1995 is hereby incorporated by reference.
- 10G. 2001 Stock Option Plan.
- 10H. Supplemental Retirement Plan (amended and restated effective January 1, 1995). Exhibit 10H. to the Company's report on Form 10-K for the year ended December 31, 1995 is hereby incorporated by reference.
- 10I. Management Employment Agreement dated October 20, 1993 between Resistance Technology, Inc. and Mark S. Gorder. Exhibit 10I to the Company's report on Form 10-K for the year ended December 31, 1995 is hereby incorporated by reference.
- 10J. Amended and Restated Office/Warehouse Lease, between Resistance Technology, Inc. and Arden Partners I. L.L.P. (of which Mark S. Gorder is one of the principal owners) dated November 1, 1996. Exhibit 10J to the Company's report on Form 10-K for the year ended December 31, 1996 is hereby incorporated by reference.
- 10K. Non-Employee Directors' Stock Option Plan and Form of Stock Option Agreements under such Plan. Exhibit 10K to the Company's Registration Statement on Form S-8 filed on October 30, 1998 is hereby incorporated herein by reference.
- 10L. Retirement Agreement, Consulting Agreement and General Release, dated August 30, 2000, between the Company and Stephen F. Ryan. Exhibit 10 to the Company's report on Form 10-Q for the period ended September 30, 2000 is incorporated by reference.
- 13. "Selas Corporation of America Five-Year Summary of Operations" contained on Page 4 of the Company's 2000 annual report to shareholders; "Other Financial Highlights" contained on page 5 of the Company's 2000 annual report to shareholders; "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained on pages 6-10 of the Company's 2000 annual report to shareholders; and the Company's consolidated financial statements, including the "Notes to Consolidated Financial Statements" and the "Report of Independent Auditors" contained on pages 11-39 of the Company's 2000 annual report to shareholders.
- 21. List of significant subsidiaries of the Company.
- 23. Consent of Independent Auditors

24. Powers of Attorney.

- (b) Reports on Form 8-K - There were no reports on Form 8-K filed during the three months ended December 31, 2000.

Report of Independent Auditors on Financial Statement Schedules

The Board of Directors and Shareholders
Selas Corporation of America:

Under date of February 19, 2001, we reported on the consolidated balance sheets of Selas Corporation of America and subsidiaries as of December 31, 2000 and 1999 and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2000, as contained in the 2000 annual report to shareholders. These consolidated financial statements and our report thereon are incorporated by reference in the annual report on Form 10-K for the year 2000. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related financial statement schedules as listed in the accompanying index (Item 14). These financial schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statement schedules based on our audits.

In our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth herein.

/s/ KPMG LLP

Philadelphia, Pennsylvania
February 19, 2001

SCHEDULE I

SELAS CORPORATION OF AMERICA AND SUBSIDIARY COMPANIES

Condensed Financial Information of Registrant
Balance Sheets
December 31, 2000 and 1999

ASSETS	2000	1999
Current assets:		
Cash	\$ 572,232	\$ 138,392

Accounts receivable (including \$3,903,483 and \$4,450,272 due from subsidiaries in 2000 and 1999, respectively, eliminated in consolidation), less allowance for doubtful accounts of \$10,000 in both years	7,827,465	5,572,399
Inventories, at cost	2,785,884	2,838,870
Prepaid expenses and other current assets	871,692	843,583
Total current assets	12,057,273	9,393,244
Investment in wholly-owned subsidiaries	60,731,876	56,453,522
Property and equipment, at cost	5,939,988	5,895,517
Less: accumulated depreciation	(4,983,785)	(4,861,481)
	956,203	1,034,036
Other assets and investment in unconsolidated affiliate	2,344,813	2,633,198
Total Assets	\$76,090,165	\$69,514,000

SCHEDULE I

SELAS CORPORATION OF AMERICA AND SUBSIDIARY COMPANIES

Condensed Financial Information of Registrant
Balance Sheets
December 31, 2000 and 1999

LIABILITIES AND SHAREHOLDERS' EQUITY	2000	1999
Current liabilities:		
Notes payable and current maturities of long-term debt	\$ 6,082,000	\$ 5,119,933
Accounts payable (including \$15,897,018 and \$14,478,429 due to subsidiaries in 2000 and 1999, respectively, eliminated in consolidation)	17,981,384	15,216,623
Accrued expenses	3,821,744	1,596,112
Total current liabilities	27,885,128	21,932,668
Long-term debt	116,667	816,667
Other postretirement benefit obligations	3,482,508	3,561,574
Deferred income taxes	172,338	180,167
Contingencies and commitments		
Shareholders' equity		
Common stock	5,634,968	5,634,968
Retained earnings and other equity	40,063,634	38,590,726
Less: 514,254 and 504,854 common shares held in treasury at cost	(1,265,078)	(1,202,770)
Total shareholders' equity	44,433,524	43,022,924

Total Liabilities and Shareholder's Equity	\$76,090,165	\$69,514,000
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See accompanying notes to the consolidated financial statements.

SCHEDULE I

SELAS CORPORATION OF AMERICA AND SUBSIDIARY COMPANIES

Condensed Financial Information of Registrant
Statements of Operations
Years Ended December 31, 2000, 1999 and 1998

	2000	1999	1998
Sales, net	\$11,654,081	\$ 7,640,167	\$13,431,912
Add back: license fees and corporate charges paid by subsidiaries, eliminated in consolidation	400,000	1,013,208	805,796
	12,054,081	8,653,375	14,237,708
Costs and expenses:			
Cost of goods sold	8,805,571	4,805,422	9,582,358
Selling, general and administrative expenses	3,390,804	4,413,178	3,761,810
Rent and depreciation	290,134	372,942	360,801
	12,486,509	9,591,542	13,704,969
Income (loss) before income taxes (benefits) and equity in net income of subsidiaries	(432,428)	(938,167)	532,739
Provision for income taxes (benefits)	(152,964)	(241,315)	(753,789)
Income (loss) before equity in net income of subsidiaries	(279,464)	(696,852)	1,286,528
Equity in net income of subsidiaries	3,215,250	2,426,012	2,322,994
Net income	\$ 2,935,786	\$ 1,729,160	\$ 3,609,522

See accompanying notes to the consolidated financial statements.

SCHEDULE I

SELAS CORPORATION OF AMERICA AND SUBSIDIARY COMPANIES

CONDENSED FINANCIAL INFORMATION OF THE REGISTRANT

Statements of Cash Flows

Years Ended December 31, 2000, 1999 and 1998

	2000	1999	1998
Operating Activities			
Net income	2,935,786	\$ 1,729,160	\$ 3,609,522
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	183,717	228,979	259,716
Other adjustments	(3,226,289)	(1,900,383)	(3,050,628)
Net changes in operating assets and liabilities	2,385,559	3,479,413	57,727
Net cash provided by oper. activities	2,278,773	3,537,169	876,337
Investing Activities			
Dividend from unconconsolidated affiliate		14,476	
Purchase of property, plant and equipment	(98,336)	(70,377)	(93,415)
Additional investment in subsidiary co.	1,024,304	(1,067,140)	
Net cash (used) by investing activities	(1,122,640)	(1,123,041)	(93,415)
Financing Activities			
Proceeds from exercise of stock options		83,540	10,196
Proceeds from short-term borrowings	1,389,000	1,901,446	2,091,554
Payment of dividends	(922,052)	(934,302)	(941,954)
Repayments of long-term debt	(1,126,933)	(2,576,424)	(2,350,000)
Purchase of treasury stock	(62,308)	(820,833)	
Net cash (used) by financing activities	(722,293)	(2,346,573)	(1,190,204)
Increase (decrease) in cash and cash equivalents	433,840	67,555	(407,282)
Cash and cash equivalents, beginning of year	138,392	70,837	478,119
Cash and equivalents, end of year	\$ 572,232	\$ 138,392	\$ 70,837

See accompanying notes to the consolidated financial statements.

SCHEDULE II

SELAS CORPORATION OF AMERICA AND SUBSIDIARY COMPANIES

Valuation and Qualifying Accounts

December 31, 2000, 1999 and 1998

Column A	Column B	Column C
	Balance at	Charged to
		Additions

Classification	Beginning of Period	Costs and Expenses	Other
Year ended December 31, 2000:			
Reserve deducted in the balance sheet from the asset to which it applies:			
Allowance for doubtful accounts	\$ 977,557	\$ 135,097	\$ (62,660) (a)
Deferred tax asset valuation allowance	\$ 1,464,907	\$ (69,146)	
Reserve not shown elsewhere:			
Reserve for estimated future costs of service and guarantees	\$ 1,483,624	\$ 599,475	\$ (93,746) (a)
Year ended December 31, 1999:			
Reserve deducted in the balance sheet from the asset to which it applies:			
Allowance for doubtful accts.	\$1,993,733	\$ 800,812	\$ (217,768) (a)
Deferred tax asset valuation allowance	\$1,620,162	\$ (155,255)	
Reserve not shown elsewhere:			
Reserve for estimated future costs of service and guarantees	\$2,294,889	\$ (22,498)	\$ (131,001) (a)
Year ended December 31, 1998:			
Reserve deducted in the balance sheet from the asset to which they apply:			
Allowance for doubtful accts.	\$ 681,356	\$ 1,324,093	\$ 106,973 (a)
Deferred tax asset valuation allowance	\$1,696,824	\$ (76,662)	
Reserve not shown elsewhere:			
Reserve for estimated future costs of service and guarantees	\$2,705,293	\$ 355,013	\$ 51,393 (a)

a) Represents difference between translation rates of foreign currency at beginning and end of year and average rate during year.

SCHEDULE II

SELAS CORPORATION OF AMERICA AND SUBSIDIARY COMPANIES

Valuation and Qualifying Accounts December 31, 2000, 1999 and 1998

Column A	Column D	Column E
Classification	Deductions	Balance at End of Period
Year ended December 31, 2000:		
Reserve deducted in the balance sheet from the asset to which it applies:		
Allowance for doubtful accounts	\$ 304,007 (b)	\$ 745,987
Deferred tax asset valuation allowance		\$ 1,395,761
Reserve not shown elsewhere:		
Reserve for estimated future costs of service and guarantees	\$ 1,031,613 (c)	\$ 957,740

Year ended December 31, 1999:

Reserve deducted in the balance sheet from
the asset to which it applies:

Allowance for doubtful accounts \$ 1,599,220 (b) \$ 977,557

Deferred tax asset valuation allowance \$ 1,464,907

Reserve not shown elsewhere:

Reserve for estimated future costs of
service and guarantees

\$ 657,766 (c) \$ 1,483,624

Year ended December 31, 1998:

Reserve deducted in the balance sheet from
the asset to which it applies:

Allowance for doubtful accounts \$ 118,689 (b) \$ 1,993,733

Deferred tax asset valuation allowance \$ 1,620,162

Reserve not shown elsewhere:

Reserve for estimated future costs of
service and guarantees

\$ 816,810 (c) \$ 2,294,889

(b) Uncollectible accounts charged off.

(c) "After job" costs charged to reserve.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SELAS CORPORATION OF AMERICA
(Registrant)

By: _____
Francis A. Toczykowski
Vice President and Treasurer

Dated: March 30, 2001

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons (including a majority of members of the Board of Directors) on behalf of the registrant and in the capacities and on the dates indicated.

Stephen F. Ryan
Attorney-In-Fact
March 30, 2001

Stephen F. Ryan
Chairman and Chief Executive
Officer and Director
March 30, 2001

* _____
Mark S. Gorder
President and Chief Operating Officer
March 30, 2001

Francis A. Toczykowski
Vice President and Treasurer
March 30, 2001

* _____
+John H. Austin
Director
March 30, 2001

*

Frederick L. Bissinger
Director
March 30, 2001

*

Nicholas A. Giordano
Director
March 30, 2001

*

Michael J. McKenna
Director
March 30, 2001

EXHIBIT INDEX

EXHIBITS:

- 3B. The Company's By-Laws as amended.
- 4F. Third Amendment to Amended and Restated Credit Agreement, dated as of January, 2001
- 10G. 2001 Stock Option Plan.
- 13. "Selas Corporation of America Five-Year Summary of Operations" contained on Page 4 of the Company's 2000 annual report to shareholders; "Other Financial Highlights" contained on page 5 of the Company's 2000 annual report to shareholders; "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained on pages 6-10 of the Company's 2000 annual report to shareholders; and the Company's consolidated financial statements, including the "Notes to Consolidated Financial Statements" and the "Report of Independent Auditors" contained on pages 11-39 of the Company's 2000 annual report to shareholders.
- 21. List of significant subsidiaries of the Company.
- 23. Consent of Independent Auditors.
- 24. Powers of Attorney.

Amended through 2/19/01

BY-LAWS
of

SELAS CORPORATION OF AMERICA
(A Pennsylvania Corporation)

I. MEETINGS OF SHAREHOLDERS

Section 1.01. Place of Meeting. Meetings of shareholders of the Corporation shall be held at such place, within the Commonwealth of Pennsylvania or elsewhere, as may be fixed by the Board of Directors. If the Board shall not fix a place for such meetings, they shall be held at the Offices of the Corporation in Dresher, Pennsylvania.

Section 1.02. Annual Meeting. The Annual Meeting of Shareholders for the election of Directors and the transaction of any further business that may be brought before the meeting, shall, unless the Board of Directors shall fix some other hour or day therefore, be held at 2 o'clock p.m. on the last Tuesday in April of each year, if not a legal holiday under the laws of the Commonwealth of Pennsylvania, and, if a legal holiday, then on the next succeeding secular day not a legal holiday under the laws of said Commonwealth. If for any reason such meeting should not be held at the time fixed therefor, such election may be held at a subsequent meeting called for that purpose.

Section 1.03. Notice of Meetings. Notice of every Annual Meeting of Shareholders shall be given by the Secretary.

Notice of all meetings of shareholders shall be given to each shareholder of record entitled to vote at the meeting, at least ten days prior to the day named for the meeting, unless a greater period of notice is by law required in a particular case.

Section 1.04. Organization. At every meeting of the shareholders, the President, or in his absence, a Vice President shall act as Chairman; and the Secretary, or in his absence, a person appointed by the Chairman, shall act as Secretary.

Section 1.05. Voting. Except as otherwise specified herein or in the Articles or provided by law, all matters shall be decided by the vote of the holders of a majority of the outstanding shares entitled to vote, present in person or represented by proxy, at a meeting at which a quorum shall be present, though such a majority be less than a majority of all the shares entitled to vote thereon.

In each election for Directors, the candidates receiving the highest number of votes, up to the number of Directors to be elected in such election, shall be elected.

II. DIRECTORS

Section 2.01. Number, Classification, Term of Office and Removal of Directors.

(a) The number of Directors of the Corporation shall be as fixed from time to time by the Board of Directors.

(b) The Directors shall be classified with respect to the time for which they shall severally hold office. The Board of Directors shall be divided into three classes of Directors, as nearly equal in number of Directors as possible, to be known as Classes "A", "B", and "C". Class A Directors shall each be elected and hold office initially for one (1) year, or until the next annual election; Class B Directors shall be elected and hold office initially for two (2) years or until the second annual election; and Class C Directors shall each be elected and hold office initially for three (3) years, or until the third annual election. Each Director shall hold office for the term for which he is elected and until his successor shall have been elected and qualified. At each annual election, the successors to the class of Directors whose term shall expire in that year shall be elected to hold office for the term of three (3) years, so that the term of office of one class of Directors shall expire each year. If the number of Directors is changed, any newly-created directorships or any decrease in directorships shall be so apportioned among the classes so as to make all classes as nearly equal in number as possible. Any Director or the entire Board of Directors may be removed with or without cause only upon the affirmative vote of two-thirds (2/3) of all of the shares outstanding and entitled to vote; provided that the Board of Directors shall retain the right conferred by Section 405B of the Pennsylvania Business Corporation Law, as amended from time to time, to declare vacant the office of a Director for the reasons specified therein.

Section 2.02. Resignations. Any Director may resign at any time by giving written notice to the Board of Directors or to the Secretary. Such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 2.03. Annual Meeting. Immediately after each annual election of Directors, the Board of Directors shall meet for the purpose of organization, election of Officers, and the transaction of other business, at the place where such election of Directors was held. Notice of such meeting need not be given. In the absence of a quorum at said meeting, the same may be held at any other time or place which shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors.

Section 2.04. Regular Meetings. Regular meetings of the Board of Directors shall be held at such time and place as shall be designated from time to time by standing resolution of the Board. If the date fixed for any such regular meeting be a legal holiday under the laws of the State where such meeting is to be held, then the same shall be held on the next succeeding secular day not a legal holiday under the laws of said State, or at such other time as may be determined by resolution of the Board. At such meetings, the Directors may transact such business as may be brought before the meeting.

Section 2.05. Special Meetings. Special meetings of the Board of Directors may be called by the President, by a Corporate Vice President, by the Secretary, or by two or more of the Directors, and shall be held at such time and place as shall be designated in the call for the meeting.

Section 2.06. Notice of Meetings. Written notice of each special meeting shall be given, by or at the direction of the person or persons authorized to call such meeting, to each Director at least two days prior to the day named for the meeting.

Notice of regular meetings need not be given.

Section 2.07. Organization. At every meeting of the Board of Directors, a Chairman chosen by a majority of the Directors present, shall preside, and the Secretary, or in his absence, any person appointed by the presiding officer, shall act as Secretary.

Section 2.08. Compensation of Directors. Each Director shall receive such compensation as from time to time may be fixed by the Board. Directors may also be reimbursed by the Corporation for all reasonable expenses incurred in traveling to and from the place of each meeting of the Board or any committee thereof.

Section 2.09. Indemnification and Liability of Directors and Officers.

A. Personal Liability of Directors. A director of the Corporation shall not be personally liable for monetary damages for any action taken, or any failure to take any action, as a director to the extent that under the terms of the Director's Liability Act, 42 Pa. Cons. Stat. Para. 8361 et seq., as modified by any Pennsylvania statute thereafter enacted, a director's liability for monetary damages may not be limited.

B. Indemnification. The Corporation shall indemnify any person who was or is a party (other than a party plaintiff suing in his own behalf or in the right of the Corporation) or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, including actions by or in the right of the Corporation, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director or officer of the Corporation, or is or was serving while a director or officer of the Corporation at the request of the Corporation as a director, officer, employee, agent fiduciary or other representative of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against expenses (including attorney's fees), judgements, fines, excise taxes and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding unless the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.

C. Advancement of Expenses. Expenses actually and reasonably incurred by an officer or director of the Corporation in defending a civil or criminal action, suit or proceeding described in paragraph B shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding (regardless of the financial condition of such director or officer) upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that the person is not entitled to be indemnified by the Corporation.

D. Other Rights. The indemnification and advancement of expenses provided by or pursuant to this Section shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the Corporation's Articles of Incorporation, any insurance or other agreement, vote of shareholders or directors or otherwise, both as to actions in their official capacity and as to actions in another capacity while holding an office, and shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such person.

E. Insurance. The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against any liability asserted against and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of these By-laws.

F. Security Fund; Indemnity Agreements. By action by the Board of Directors (notwithstanding their interest in the transaction) the Corporation may create and fund a trust fund or fund of any nature, and may enter into agreements with its directors, officers, employees and agents for the purpose of securing or insuring in any manner its obligation to indemnify or advance expenses provided for in this Section.

G. Modification. The duties of the Corporation to indemnify and to advance expenses to a director or officer provided in this Section shall be in the nature of a contract between the Corporation and each such director or officer, and no amendment or repeal of any provision of this Section, and no amendment or termination of any trust or other fund created pursuant to Paragraph F, shall alter, to the detriment of such director or officer, the right of such person to the advance of expenses or indemnification related to a claim based on an act or failure to act which took place prior to such amendment, repeal or termination.

Section 2.10. Participation in Meetings. One or more directors may participate in a meeting of the Board or a committee of the Board by

means of conference telephone or similar communications equipment by which all persons participating at the meeting can hear each other.

III. COMMITTEES

Section 3.01. Executive Committee. The Board of Directors shall have authority to appoint an Executive Committee comprised of members of the Board of Directors. If such Executive Committee be appointed, it shall have such duties and responsibilities as shall be conferred upon it from time to time by the Board of Directors, including the right to act as to matters arising between meetings of the Board, except as to matters which, by law, require action by the Board. If so appointed, the Executive Committee shall report on its actions to the Board from time to time as appropriate or as may be requested by the Board.

Section 3.02. Other Committees. The Board of Directors may at any time and from time to time, appoint such standing committees and/or such special committees, consisting of Directors or others, to perform such duties and make such investigations and reports as the Board shall by resolution determine. Such committees shall determine their own organization and times and places of meeting, unless otherwise directed by such resolution.

IV. OFFICERS

Section 4.01. Number. The Officers of the Corporation shall be a President, a Secretary, a Treasurer and may include one or more Corporate Vice Presidents, and a Controller, and such other Officers and Assistant Officers as the Board of Directors may from time to time designate.

Section 4.02. Qualifications. Any two or more offices may be held by the same person, except that the offices of President and Secretary or Assistant Secretary shall not be held by the same person. The Officers shall be natural persons of full age.

Section 4.03. Election and Term of Office. The Officers of the Corporation shall be chosen by the Board of Directors at its Annual Meeting, but the Board may choose Officers or fill any vacancies among the Officers at any other meeting. Subject to earlier termination of office, each Officer shall hold office for one year and until his successor shall have been duly chosen and qualified.

Section 4.04. Resignations. Any Officer may resign at any time by giving written notice to the Board of Directors, or to the President, or to the Secretary of the Corporation. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4.05. Duties.

(a) The President. The President shall be the Chief Executive Officer of the Corporation and shall have general supervision over the business affairs of the Corporation, shall sign, or countersign, all share certificates, contracts or other instruments of the Corporation as authorized by the Board of Directors, except in cases where the signing and execution thereof shall be expressly designated by the Board to some other officer or agent of the Corporation; shall make reports to the Board of Directors and shareholders and shall perform such other duties as are incident to his office or are properly required of him by the Board of Directors.

(b) The Vice Presidents. In the absence or disability of the President, any Corporate Vice President designated by the Board of Directors may perform all the duties of the President, and, when so acting, shall have all the powers and be subject to all the restrictions upon the President; provided, however, that no Corporate Vice President shall act as a member of, or as Chairman of, any special committee of which the President is a member, except when designated by the Board of Directors. The Corporate Vice Presidents shall perform such other duties as from time to time may be assigned to them by the Board of Directors or the President.

(c) The Secretary. The Secretary shall record all the

votes of the shareholders and of the Directors and the minutes of the meetings of the shareholders and of the Board of Directors in a book or books to be kept for that purpose; he shall see that notices of meetings of the Board and shareholders are given and that all records and reports are properly kept and filed by the Corporation as required by law; he shall be the custodian of the Seal of the Corporation, and shall see that it is affixed to all documents to be executed on behalf of the Corporation under its Seal; and, in general, he shall perform all duties incident to the office of the Secretary, and such other duties as may from time to time be assigned to him by the Board of Directors or the President.

(d) Assistant Secretaries. In the absence or disability of the Secretary, or when so directed by the Secretary, any Assistant Secretary may perform all the duties of the Secretary, and, when so acting, shall have all the powers of and be subject to all the restrictions placed upon the Secretary. The Assistant Secretaries shall perform such other duties from time to time as may be assigned to them respectively by the Board of Directors, the President or the Secretary.

(e) The Treasurer. The Treasurer shall have charge of all receipts and disbursement of the Corporation, and shall have or provide for the custody of its funds and securities; he shall have full authority to receive and give receipts for all money due and payable to the Corporation, and to endorse checks, drafts, warrants in its name and on its behalf and to give full discharge for the same; he shall deposit all funds of the Corporation, except such as may be required for current use, in such banks or other places of deposit as the Board of Directors may from time to time designate; and, in general, he shall perform all duties incident to the office of Treasurer and such other duties as may from time to time be assigned to him by the Board of Directors or the President.

(f) Assistant Treasurers. In the absence or disability of the Treasurer, or when so directed by the Treasurer, any Assistant Treasurer may perform all the duties of the Treasurer, and, when so acting, shall have all the powers of and be subject to all the restrictions upon the Treasurer. The Assistant Treasurers shall perform such other duties as from time to time may be assigned to them respectively by the Board of Directors, the President or the Treasurer.

Section 4.06. Compensation of Officers and Others. The compensation of all Officers shall be fixed from time to time by the Board of Directors, or by any committee or Officer authorized by the Board so to do. No Officer shall be precluded from receiving such compensation by reason of the fact that he is also a Director of the Corporation.

Additional compensation, fixed as above, may be paid to any Officers or employees for any year or years, based upon the success of the operations of the Corporation during such year.

V. BORROWING, DEPOSITS, PROXIES, ETC.

Section 5.01. Borrowing, etc. No Officer, agent or employee of the Corporation shall have any power or authority to borrow money on its behalf, to pledge its credit or to mortgage or pledge its real or personal property, except within the scope and to the extent of the authority delegated by resolution of the Board of Directors. Authority may be given by the Board for any of the above purposes and may be general or limited to specific instances.

Section 5.02. Deposits. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may approve or designate, and all such funds shall be withdrawn only upon checks signed by such one or more Officers or employees as the Board shall from time to time determine.

Section 5.03. Proxies. Unless otherwise ordered by the Board of Directors, any Officer of the Corporation may appoint an attorney or attorneys (who may be or include such Officer himself), in the name and on behalf of the Corporation, to cast the votes which the Corporation may be entitled to cast as a shareholder or otherwise in any other corporation any of whose shares or other securities are held by or for the Corporation, at meetings of the holders of the shares or other securities of such other corporation, or, in connection with the ownership of such shares or other

securities, to consent in writing to any action by such other corporation, and may instruct the person or persons so appointed as to the manner of casting such votes or giving such consent, and may execute or cause to be executed in the name of and on behalf of the Corporation and under its Seal such written proxies or other instruments as he may deem necessary or proper in the premises.

Section 5.04. Non-Applicability of Certain Provisions of Law. The provisions of Subchapters E, G and H of Chapter 25 of the Pennsylvania Business Corporation Law of 1988, as amended, and any corresponding provisions of succeeding law shall not be applicable to the Corporation.

VI. SHARE CERTIFICATES; TRANSFER

Section 6.01. Share Certificates. To the extent permitted by law, share certificates shall be signed by the President, or a Corporate Vice President and by the Secretary or the Treasurer, or by an Assistant Secretary or Assistant Treasurer of the Corporation, but, to the extent permitted by law, such signatures may be facsimiles, engraved or printed.

Section 6.02. Transfer of Shares. Transfer of share certificates and the shares represented thereby shall be made only on the books of the Corporation by the owner thereof or by his attorney thereunto authorized, by a power of attorney duly executed and filed with the Secretary or a Transfer Agent of the Corporation, and on surrender of the share certificates.

Section 6.03. Transfer Agent and Registrar; Regulation. The Corporation may, if and whenever the Board of Directors so determines, maintain, in the Commonwealth of Pennsylvania, or any other State of the United States, one or more transfer offices or agencies, each in charge of a Transfer Agent designated by the Board, where the shares of the Corporation shall be transferable, and also one or more registry offices, each in charge of a Registrar designated by the Board, where such shares shall be registered; and no certificates for shares of the Corporation in respect of which a Transfer Agent and Registrar shall have been designated shall be valid unless countersigned by such Transfer Agent and registered by such Registrar. The Board may also make such additional rules and regulations as it may deem expedient concerning the issue, transfer, regulation and registration of share certificates.

Section 6.04. Lost, Destroyed and Mutilated Certificates. The Board of Directors, by standing resolution or by resolutions with respect to particular cases, may authorize the issue of new share certificates in lieu of share certificates lost, destroyed, or mutilated, upon such terms and conditions as the Board may direct.

VII. FINANCIAL REPORTS

Section 7.01. The Directors of the Corporation shall not be required to cause to be sent to the shareholders an annual financial report under Section 318 of the Business Corporation Law of the Commonwealth of Pennsylvania; nor need any financial report which the Directors in their discretion may cause to be sent to the shareholders be required to be verified by a Certified Public Accountant. Any accountant or firm of accountants employed by the Corporation for any purpose may be or include a Director or full-time employee of the Corporation, and shall not be required to be elected by the shareholders of the Corporation.

VIII. AMENDMENTS

Section 8.01. Any or all of the provisions of these By-Laws whether contractual in nature or merely regulatory of the internal affairs of the Corporation, may be amended, altered, or repealed by the Board of Directors or by the shareholders entitled to vote thereon, at any regular or special meeting duly convened after notice to the Directors or shareholders, as the case may be, giving a summary of the proposed amendment, alteration, or repeal; provided, that any such proposal relating to Section 2.01(b) of these By-Laws must receive the affirmative vote of at least two thirds (2/3) of all shares outstanding and entitled to vote and any proposal to change the two-thirds (2/3) approval required by this Section must also

receive the affirmative vote of at least two-thirds (2/3) of all shares outstanding and entitled to vote.

No provision of these By-Laws shall vest any property right in any shareholder.

THIRD AMENDMENT
TO AMENDED AND RESTATED CREDIT AGREEMENT

THIS THIRD AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT, dated as of January 19, 2001, is by and among FIRST UNION NATIONAL BANK, a national banking association, with an office at Broad and Walnut Streets, Philadelphia, Pennsylvania 19109 (the "Bank"), SELAS CORPORATION OF AMERICA, a Pennsylvania business corporation with offices located at 2034 Limekiln Pike, Dresher, Pennsylvania 19025 ("Selas" or the 'Borrower'), DEUER MANUFACTURING, INC., an Ohio business corporation with offices located at 2985 Springboro West, Dayton, Ohio 45439 ("Deuer"), RESISTANCE TECHNOLOGY, INC., a Minnesota business corporation with offices located at 1260 Red Fox Road, Arden Hills, Minnesota 55112 ("RTI"), RTI EXPORT, INC., a Barbados corporation with offices located at c/o 2034 Limekiln Pike, Dresher, Pennsylvania 19025 ('RTIE') and RTI ELECTRONICS, INC., a Delaware corporation with offices located at 1800 Via Burton Street, Anaheim, California 92806 ('RTI Electronics', and together with Deuer, RTI and RTIE, the 'Guarantors')

BACKGROUND

A. The Bank, the Borrower and the Guarantors entered into an Amended and Restated Credit Agreement dated as of July 31, 1998, as amended by an Amendment dated as of June 30, 1999 and a Second Amendment dated as of July 7, 2000 (as so amended, the "Credit Agreement"), pursuant to which the Bank has agreed to make available to the Borrower a revolving credit facility in a maximum principal amount of \$6,000,000 in addition to the existing term loans referred to therein (collectively, the "Existing Loans").

B. The Existing Loans are evidenced by the following promissory notes of the Borrower: (a) a Term Note C dated as of February 21, 1997 in the original principal amount of \$3,500,000, (b) a Term Note D dated as of June 30, 1999 in the original principal amount of \$900,000, and (c) an Amended and Restated Revolving Credit Note dated as of July 7, 2000 in the principal amount of \$6,000,000 (collectively, the "Existing Notes").

C. The Credit Agreement, the Existing Notes, and all of the documents, instruments and agreements executed and delivered in connection therewith, together with all amendments and modifications thereto, shall be referred to hereinafter as the "Loan Documents."

D. The Bank, the Borrower and the Guarantors desire to (i) decrease the amount of the revolving credit facility from \$6,000,000 to \$4,500,000, (ii) provide for a new term loan to the Borrower in the amount of \$2,000,000, (iii) provide for a new term loan facility to the Borrower in the maximum amount of 1,700,000 Singapore Dollars ("Singapore \$"), and (iv) amend the terms of the Loan Documents in certain other respects, all as provided herein.

NOW, THEREFORE, incorporating the foregoing Background herein by reference and for other good and valuable consideration, the receipt and legal sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the parties agree as follows:

1. DEFINED TERMS. Terms used herein which are capitalized but not defined herein shall have the meanings ascribed to such terms in the Credit Agreement.

2. AMENDMENTS.

(a) Section 1.1 of the Credit Agreement is hereby amended by adding the following defined terms which shall appear in alphabetical order:

"Singapore Dollar Loan" means a Loan which bears interest based on the Singapore Dollar Offer Rate for

the applicable Interest Period.

"Singapore Dollar Offer Rate" means, with respect to each day during each Interest Period pertaining to a Singapore Dollar Loan, the rate per annum at which prime banks offer to make deposits in Singapore dollars available to other prime banks for a period equal to the relevant Interest Period, as quoted at Reuters Page QASEANFIX=SG relating to off-shore funding, as of 11:00 a.m., London time, on the day that is three (3) Business Days prior to the commencement of such Interest Period (or if not so reported, then as determined by the Bank from another recognized source of interbank quotation).

"Term Loan E" means the term loan made pursuant to Section 2.1(d) of this Agreement.

"Term Note E" means the promissory note of the Borrower dated January 19, 2001 payable to the order of the Bank in the principal amount of \$2,000,000, in substantially the form of Exhibit A attached to the Third Amendment, to be delivered to the Bank by the Borrower pursuant to Section 5(b) of such Amendment, as such Note may be amended, modified, extended or restated from time to time.

"Term Loan F" means the term loan made pursuant to Section 2.1(e) of this Agreement.

"Term Note F" means the promissory note of the Borrower dated January 19, 2001 payable to the order of the Bank in the principal amount of Singapore \$1,700,000, in substantially the form of Exhibit B attached to the Third Amendment, to be delivered to the Bank by the Borrower pursuant to Section 5(b) of the Third Amendment, as such Note may be amended, modified, extended or restated from time to time.

"Third Amendment" means the Third Amendment to this Credit Agreement dated as of January 19, 2001, among the Borrower, the Guarantors and the Bank.

(b) Section 1.1 of the Credit Agreement is hereby amended by amending and restating the following defined terms as follows:

"Interest Period" means, with respect to any LIBOR Loan or Singapore Dollar Loan:

(a) initially, the period commencing on, as the case may be, the date of borrowing or conversion with respect to such LIBOR Loan or Singapore Dollar Loan and ending one, two or three months (or in the case of Singapore Dollar Loans only, six months) thereafter as selected by the Borrower (i) in the case of LIBOR Loans, in its notice of borrowing as provided in Section 2.6 or its notice of conversion as provided in Section 2.5(c)(ii), or (ii) in the case of Singapore Dollar Loans, in its notice of borrowing or notice of conversion as provided in Section 2.1(e); and

(b) thereafter, each period commencing on the last day of the next preceding Interest Period applicable to such LIBOR Loan or Singapore Dollar Loan and ending one, two or three months (or in the case of Singapore Dollar Loans only, six months) thereafter as selected by the Borrower by irrevocable notice to the Bank not less than three (3) Business Days prior to the last day of the then current Interest Period with respect to such LIBOR Loan or Singapore Dollar Loan;

provided that the foregoing provisions relating to Interest Periods are subject to the following:

(i) if any Interest Period pertaining to a LIBOR Loan or Singapore Dollar Loan would otherwise end

on a day which is not a Business Day, that Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such Interest Period into the next calendar month, in which event such Interest Period shall end on the immediately preceding Business Day;

(ii) any Interest Period pertaining to a LIBOR Loan or Singapore Dollar Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of a calendar month; and

(iii) the Borrower may not select any Interest Period which ends after the Revolving Credit Termination Date.

'Revolving Credit Commitment' means the maximum aggregate principal amount which the Bank has agreed to advance to the Borrower under the Revolving Credit Facility, which from and after the effective date of the Third Amendment shall be \$4,500,000.

'Revolving Credit Note' means the Amended and Restated Revolving Credit Note of the Borrower dated January 19, 2001, payable to the order of the Bank in a principal amount equal to the amount of the Revolving Credit Commitment, in substantially the form of Exhibit C to the Third Amendment, as such Note may be amended, modified, extended or restated from time to time. The Revolving Credit Note evidences the same indebtedness that is evidenced by the Amended and Restated Revolving Credit Note of the Borrower dated July 7, 2000 payable to the order of the Bank in the original principal amount of \$6,000,000 (the "Prior Note") and amends and restates the Prior Note in its entirety and shall be substituted therefor. Notwithstanding anything herein to the contrary, all interest and other obligations of the Borrower under the Prior Note accrued prior to or on the date of the execution and delivery of the Revolving Credit Note but remaining unpaid shall not be discharged and shall be due and payable in accordance with the terms of the Prior Note.

"Revolving Credit Termination Date" means the earlier of (i) January 31, 2002 (as such date may be extended from time to time in accordance with Section 2.8 hereof) or (ii) the date on which the Revolving Credit Commitment is terminated pursuant to Section 9.2 hereof.

"Term Loans" means Term Loan C, Term Loan D, Term Loan E and Term Loan F.

"Term Notes" means Term Note C, Term Note D, Term Note E and Term Note F.

In addition, Schedule I-B of the Credit Agreement shall be amended to add RTI Technologies Pte. Ltd. and Lectret Precision Pte. Ltd. as foreign subsidiaries.

(c) Section 2.1 of the Credit Agreement is hereby amended by adding the following new subsections (d) and (e) after subsection (c):

(d) Term Loan E. On the effective date of the Third Amendment, the Bank will make a term loan to the Borrower in the principal amount of \$2,000,000 ("Term Loan E"). Any amounts of Term Loan E that are repaid or prepaid may not be reborrowed hereunder.

(e) Term Loan F. From and after the effective date of the Third Amendment, until July 15, 2002, the Borrower may make draws under a term loan facility up

to a maximum principal amount of Singapore \$1,700,000 ("Term Loan F"). The Bank will make an initial advance of Singapore \$700,000 to the Borrower under Term Loan F on the effective date of the Third Amendment. The balance of Term Loan F will be advanced to the Borrower pursuant to draws by the Borrower in accordance with Schedule 1 to the Third Amendment. Not more than two draw requests may be made by the Borrower during any draw period. The Borrower shall give the Bank not less than three (3) Business Days written notice of (A) any proposed borrowing of a Singapore Dollar Loan and (B) the conversion of a Singapore Dollar Loan into another Singapore Dollar Loan. In the case of a borrowing of a Singapore Dollar Loan, each such notice shall specify (A) the date of such borrowing, which shall be within the related draw period as set forth in Schedule 1 to the Third Amendment, (B) the amount of such borrowing, which shall not cause the total amount of Singapore Dollar Loans to exceed the amount for the related draw period set forth in the "Cumulative Amount" column of Schedule 1 to the Third Amendment, (C) the Interest Period for such Singapore Dollar Loan, and (D) instructions regarding where the Bank should deposit or transfer the proceeds of such borrowing to or for the account of the Borrower. In the case of a conversion of a Singapore Dollar Loan, each such notice shall specify (A) the date of such conversion, which shall be on the last day of the Interest Period for such Singapore Dollar Loan, and (B) the Interest Period for the new Singapore Dollar Loan into which the old Singapore Dollar Loan is to be converted. Each notice of borrowing or conversion shall be irrevocable and binding upon the Borrower. Any amounts of Term Loan F that are repaid or prepaid may not be reborrowed hereunder. All Singapore Dollar Loans will be advanced by the Bank from its offices in London, England.

(d) Section 2.2 of the Credit Agreement is hereby amended by adding new subsections 2.2.2 and 2.2.3 after Section 2.2.1:

2.2.2 Term Loan E. The indebtedness of the Borrower under Term Loan E shall be evidenced by Term Note E.

2.2.3 Term Loan F. The indebtedness of the Borrower under Term Loan F shall be evidenced by Term Note F.

(e) Section 2.3 of the Credit Agreement is hereby amended by adding the following new subsections 2.3.2 and 2.3.3 after Section 2.3.1:

2.3.2 Term Loan E. Funds advanced under Term Loan E shall be used by the Borrower to repay \$2,000,000 of the outstanding advances under the Revolving Credit Facility.

2.3.3 Term Loan F. The initial advance of Singapore \$700,000 under Term Loan F shall be applied to reduce or pay off the outstanding advances under the Revolving Credit Facility that were previously used by the Borrower to pay a portion of the purchase price for the acquisition of Lectret Precision Pte. Ltd. by RTI Technologies Pte. Ltd., which is a subsidiary of RTI. All subsequent advances under Term Loan F shall be used by the Borrower to pay additional installments of the purchase price of such acquisition.

(f) Section 2.4 of the Credit Agreement is hereby amended by adding the following new subsections (e) and (f) after subsection (d):

(e) Term Loan E.

(i) Scheduled Payments. Term Loan E shall be payable in fifty-nine (59) consecutive monthly principal installments of \$33,333.33 each, commencing March 1, 2001 and continuing on the first day of each month thereafter, and a final, sixtieth (60th) installment of the remaining principal balance of Term Loan E, together with all interest accrued thereon and all fees and costs payable in connection therewith, due and payable on February 1, 2006.

(ii) Optional Prepayments. The Borrower may prepay Term Loan E in whole at any time or in part from time to time; provided, however, that (A) any such prepayment shall be applied to the outstanding principal of Term Loan E in the inverse order of maturity of the installments thereof, and (B) any such prepayment shall be accompanied by any additional payment required to compensate the Bank for any loss, cost or expense incurred as a result of such prepayment as provided in Section 2.14 hereof and any amount due in connection with the termination of any Swap Agreement entered into for purposes of hedging Term Loan E.

(iii) Swap Agreements. Any prepayment of Term Loan E shall not release the obligations of the Borrower under any Swap Agreement.

(f) Term Loan F.

(i) Scheduled Payments. Term Loan F shall be payable in forty-one (41) equal consecutive monthly principal installments, which shall be determined by dividing the principal amount of Term Loan F as of July 31, 2002 by 42, commencing September 1, 2002 and continuing on the first day of each month thereafter, and a final, forty-second (42nd) installment of the remaining principal balance of Term Loan F, together with all interest accrued thereon and all fees and costs payable in connection therewith, due and payable on February 1, 2006.

(ii) Optional Prepayments. The Borrower may prepay Term Loan F in whole at any time or in part from time to time; provided, however, that (A) any such prepayment shall be applied to the outstanding principal of Term Loan F in the inverse order of maturity of the installments thereof, and (B) any such prepayment shall be accompanied by any additional payment required to compensate the Bank for any loss, cost or expense incurred as a result of such prepayment as provided in Section 2.14 hereof and any amount due in connection with the termination of any Swap Agreement entered into for purposes of hedging Term Loan F.

(iii) Swap Agreements. Any prepayment of Term Loan F shall not release the obligations of the Borrower under any Swap Agreement.

(iv) Payments on Singapore Dollar Loans. Notwithstanding any provision to the contrary contained in this Agreement or the other Loan Documents, all payments of principal, interest and any other amounts due in respect of Singapore Dollar Loans shall be made in Singapore Dollars in immediately available funds on a Business Day at the offices of the Bank in London, England.

(h) Section 2.5 of the Credit Agreement is hereby further amended by adding the following new subsections (e) and (f) after subsection (d):

(e) Term Loan E. In the absence of an Event of Default or Default hereunder, the outstanding

principal balance of Term Loan E shall bear interest at the following interest rate (in each case calculated on the basis of a 360-day year and the actual number of days elapsed):

(i) Each portion of Term Loan E which is a LIBOR Market Interest Loan shall bear interest at the LIBOR Market Index Rate plus 150 basis points (1.50%), payable by the Borrower monthly on the first day of each month and upon the maturity of Term Loan E.

(ii) Each portion of Term Loan E which is a LIBOR Loan shall bear interest at the LIBOR Adjusted Rate for such LIBOR Loan plus 150 basis points (1.50%), payable by the Borrower on the last day of the applicable Interest Period and upon the maturity of Term Loan E.

(f) Term Loan F.

(i) In the absence of an Event of Default or Default hereunder, each Singapore Dollar Loan comprising Term Loan F shall bear interest at the Singapore Dollar Offer Rate for such Singapore Dollar Loan plus 150 basis points (1.50%), payable by the Borrower on the last day of the applicable Interest Period and upon the maturity of Term Loan F. Interest shall be calculated on the basis of a 360-day year and the actual number of days elapsed.

(ii) If the Borrower shall fail to select the duration of any Interest Period for any Singapore Dollar Loan in accordance with the provisions of this Agreement, the Bank will forthwith so notify the Borrower, whereupon such Singapore Dollar Loan will automatically, on the last day of the Interest Period therefor, convert into a Singapore Dollar Loan having a one-month Interest Period.

The references in the former subsection 2.5(e) (which shall be redesignated as subsection 2.5(g)) to "subsections (a), (b), (c) and (d)" and "Sections 2.5(a), (b), (c) and (d)" shall be amended to read "subsections (a), (b), (c), (d), (e) and (f)" and "Sections 2.5(a), (b), (c), (d), (e) and (f)", respectively.

4. FACILITY FEES.

(a) On the date of execution of this Amendment, the Borrower shall pay to the Bank a nonrefundable facility fee for Term Loan E (the "Term Loan E Facility Fee") equal to one-quarter percent (0.25%) of the original principal amount of Term Loan E.

(b) On the date of execution of this Amendment, the Borrower shall pay to the Bank a nonrefundable facility fee for Term Loan F (the "Term Loan F Facility Fee") equal to one-quarter percent (0.25%) of the maximum principal amount of Term Loan F.

5. CONDITIONS PRECEDENT. The effectiveness of this Amendment and the Bank's obligations hereunder are conditioned upon the satisfaction of the following conditions precedent:

(a) The Borrower and Guarantors shall have delivered to the Bank this Amendment, duly executed by Borrower and each of the Guarantors.

(b) The Borrower shall have delivered to the Bank Term Note E, Term Note F and the Revolving Credit Note, each dated as of the date hereof, duly executed by the Borrower;

(c) The Bank shall have received an opinion of counsel from Drinker Biddle & Reath, counsel for the Borrower and Guarantors, in form and substance satisfactory to the Bank and its counsel;

(d) The Borrower shall have paid the Term Loan E Facility Fee

and Term Loan F Facility Fee to the Bank;

(e) All proceedings required to be taken by the Borrower and Guarantors in connection with the transactions contemplated by this Amendment shall be satisfactory in form and substance to the Bank and its counsel, and the Bank shall have received all such counterpart originals or certified or other copies of such documents as the Bank may reasonably request;

(f) The Borrower and Guarantors shall have executed and delivered to the Bank such other documents, instruments and agreements as the Bank may reasonably request.

6. REPRESENTATIONS, WARRANTIES AND COVENANTS. In order to induce the Bank to enter into this Amendment, the Borrower and Guarantors each hereby represent, warrant and covenant to the Bank as follows:

(a) The representations and warranties contained in the Loan Documents are true and correct on and as of the date of this Amendment and, after giving effect hereto, no Event of Default (other than those that have been waived in writing by the Bank) will be in existence or will occur as a result of giving effect hereto.

(b) The execution, delivery and performance of this Amendment will not violate any provision of any law or regulation or of any writ or decree of any court or governmental instrumentality, of the Borrowers or of any of the Guarantors' certificates or articles of incorporation, by-laws or other similar organizational documents.

(c) The Borrower and each of the Guarantors have the power to execute, deliver and perform this Amendment and each of the documents, instruments and agreements to be executed and/or delivered in connection herewith and have taken all necessary action to authorize the execution, delivery and performance of this Amendment and each of the documents, instruments and agreements executed and/or delivered in connection herewith and the performance of the Credit Amendment as amended hereby.

(d) The execution, delivery and performance of this Amendment and each of the documents, instruments and agreements to be executed and/or delivered in connection herewith does not require the consent of any other party or the consent, license, approval or authorization of, or registration or declaration with, any governmental body, authority, bureau or agency and the Loan Documents, this Amendment and each of the documents, instruments and agreements executed and/or delivered in connection herewith constitute legal, valid and binding obligations of the Borrower and each of the Guarantors, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and except as enforcement may be subject to general equitable principles.

7. REAFFIRMATION BY BORROWER AND GUARANTORS. Except as amended hereby, all of the terms, covenants and conditions of the Credit Agreement and each of the other Loan Documents (including, but not limited to, provisions relating to any authority granted to the Bank to confess judgment against the Borrower, Guarantors, or any of them, and any waiver of the right to trial by jury) are ratified, reaffirmed and confirmed and shall continue in full force and effect as therein written and are not intended to be reenacted as of the above date, but rather to be effective as of the original date of such documents. The Borrower and each of the Guarantors hereby reaffirm and ratify all of the terms, covenants, and conditions contained in each of their respective guarantees and confirms that such guarantees are binding and enforceable against the parties thereto as if such guarantees had been executed as of the date hereof. The Borrowers and each Guarantor hereby acknowledge and agree that the term "Obligations," as defined in their respective Security Agreements and Guaranty and Suretyship Agreements (and, as to RTI, its Patent and Trademark Security Agreement), includes all of the obligations of Borrower under Term Note E and Term Note F (in addition to the obligations of the Borrower under Term Note C, Term Note D and the Revolving Credit Note) and all of their respective obligations under the Loan Documents as amended by this Amendment.

8. BINDING EFFECT. This Amendment shall be binding upon and inure to the benefit of the Borrower, the Guarantors and the Bank and their respective heirs, executors, administrators, successors and assigns; provided, however, that the Borrower and/or the Guarantors may not assign any of their rights, nor delegate any of their obligations, under this Amendment

without the prior written consent of the Bank and any purported assignment or delegation absent such consent shall be void.

9. COUNTERPARTS; EFFECTIVENESS. This Amendment may be executed in any number of counterparts and by the different parties on separate counterparts. Each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute one and the same agreement. This Amendment shall be deemed to have been executed and delivered when the Bank has received counterparts hereof executed by all parties listed on the signature page(s) hereto.

10. AMENDMENT AND WAIVER. No amendment of this Amendment, and no waiver of any one or more of the provisions hereof shall be effective unless set forth in a writing and signed by the parties hereto.

11. GOVERNING LAW. This Amendment shall be governed by and construed in accordance with the internal laws of the Commonwealth of Pennsylvania.

12. SEVERABILITY. Any provision of this Amendment that is held to be inoperative, unenforceable, voidable or invalid in any jurisdiction shall, as to that jurisdiction, be ineffective, unenforceable, void or invalid without affecting the remaining provisions in that or any other jurisdiction, and to this end the provisions of this Amendment are declared to be severable.

13. JUDICIAL PROCEEDINGS. Each party to this Amendment agrees that any suit, action or proceeding, whether claim or counterclaim, brought or instituted by any party hereto or any successor or assign of any party, on or with respect to this Amendment, the documents, instruments and agreements executed in connection herewith, the Loan Documents or the dealings of the parties with respect hereto and thereto, shall be tried only by a court and not by a jury. EACH PARTY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY SUCH SUIT, ACTION OR PROCEEDING. Further, each party waives any right it may have to claim or recover, in any such suit, action or proceeding, any special, exemplary, punitive or consequential damages or damages other than, or in addition to, actual damages. THE BORROWER AND THE GUARANTORS ACKNOWLEDGE AND AGREE THAT THIS SECTION IS A SPECIFIC AND MATERIAL ASPECT OF THIS AGREEMENT AND THAT THE BANK WOULD NOT ENTER INTO THIS AGREEMENT IF THE WAIVERS SET FORTH IN THIS SECTION WERE NOT A PART OF THIS AGREEMENT.

14. EXPENSES. The Borrower agrees to pay all reasonable costs and expenses of the Bank, including without limitation the costs incurred by the Bank for regulatory compliance audits, environmental investigations, reasonable fees and costs of its legal counsel, filing and recording costs, and other expenses incurred in connection with the preparation, execution and delivery of this Amendment and the transactions contemplated hereby.

[SIGNATURES APPEAR ON FOLLOWING PAGES]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the day and year first above written.

SELAS CORPORATION OF AMERICA

Attest:

By:
Name: Judith L. Gatens
Title: Assistant Secretary

By:
Name: Francis A. Toczykowski
Title: Vice President & Treasurer

DEUER MANUFACTURING, INC.

Attest:

By:
Name: Judith L. Gatens
Title: Assistant Secretary

By:
Name: Robert W. Ross
Title: Vice President & Treasurer

RESISTANCE TECHNOLOGY, INC.

Attest:

By:

By:

Name: Judith L. Gatens
Title: Assistant Secretary

Name: Robert W. Ross
Title: Vice President & Treasurer

RTI EXPORT, INC.

Attest:

By:
Name: Judith L. Gatens
Title: Assistant Secretary

By:
Name: Francis A. Toczyłowski
Title: Vice President

RTI ELECTRONICS, INC.

Attest:

By:
Name: Robert W. Ross
Title: Secretary

By:
Name: Stephen F. Ryan
Title: Chairman

FIRST UNION NATIONAL BANK

By:
Name:
Title:

SCHEDULE 1

Term Loan F Draw Schedule

Draw Period	Scheduled Amount of Draw (Singapore \$)	Cumulative Amount (Singapore \$)
Effective Date of Third Amendment	700,000	700,000
From February 1, 2001 to March 31, 2001	up to 250,000	950,000
From April 1, 2001 to June 30, 2001	up to 250,000	1,200,000
From July 1, 2001 to March 31, 2002	up to 250,000	1,450,000
From April 1, 2002 to July 15, 2002	up to 250,000	1,700,000
TOTAL	up to 1,700,000	

SELAS CORPORATION OF AMERICA

2001 STOCK OPTION PLAN

WHEREAS, Selas Corporation of America desires to award incentive and nonqualified stock options to certain of its key employees;

NOW, THEREFORE, the Selas Corporation of America 2001 Stock Option Plan is hereby adopted under the following terms and conditions:

SECTION 1 - PURPOSE AND DEFINITIONS

(a) Purpose. The Plan is intended to provide a means whereby the Company may, through the grant of ISOs and NQSOs to Key Employees, attract and retain such individuals and motivate them to exercise their best efforts on behalf of the Company and of any Related Corporation.

(b) Definitions.

(1) "Board" shall mean the Board of Directors of the Company.

(2) "Cause" shall mean the Optionee has--

(A) demonstrated his or her personal dishonesty;

(B) engaged in willful misconduct;

(C) engaged in a breach of fiduciary duty involving personal profit;

(D) willfully violated any law, rule, or regulation, or final cease-and-desist order (other than traffic violations or similar offenses); or

(E) engaged in other serious misconduct of such a nature that the continuation of the Optionee's status as a Key Employee may reasonably be expected to affect the Company and Related Corporations adversely.

(3) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(4) "Common Stock" shall mean the common stock of the Company, par value \$1.00 per share.

(5) "Committee" shall mean the Compensation Committee of the Board which shall consist solely of not fewer than two directors of the Company who shall be appointed by, and serve at the pleasure of, the Board (taking into consideration the rules under section 16(b) of the Exchange Act and the requirements of section 162(m) of the Code).

(6) "Company" shall mean Selas Corporation of America.

(7) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(8) "Fair Market Value" shall mean the following, arrived at by a good faith determination of the Committee:

(A) the mean between the highest and lowest selling prices on the date of grant as quoted by the American Stock Exchange Composite Transaction Tape, or if not available or if the primary market for the shares shall not be the American Stock Exchange;

(B) such other method of determining fair market value as shall be authorized by the Code for the pricing of ISOs, or the rules or regulations thereunder, and adopted by the Committee.

(9) "ISO" shall mean an option which, at the time such option is granted under the Plan, qualifies as an incentive stock option within the meaning of section 422 of the Code, unless the Option Agreement states that the option will not be treated as an ISO.

(10) "Key Employee" shall mean an officer or other key employee of the Company or a Related Corporation.

(11) "NQSO" shall mean an option which, at the time such option is granted, does not meet the definition of ISO, whether or not it is designated as a nonqualified stock option in the Option Agreement.

(12) "Option Agreement" shall mean a written document evidencing the grant of an Option, as described in Section 8.

(13) "Optionee" shall mean a Key Employee who has been granted an Option under the Plan.

(14) "Options" shall mean ISOs and NQSOs.

(15) "Plan" shall mean the Selas Corporation of America 2001 Stock Option Plan as set forth herein and as amended from time to time.

(16) "Related Corporation" shall mean either a "subsidiary corporation" of the Company, as defined in section 424(f) of the Code, or the "parent corporation" of the Company, as defined in section 424(e) of the Code.

(17) "Termination of Employment" shall mean the termination of the employment relationship between the Key Employee and the Company and all Related Corporations.

SECTION 2 - ADMINISTRATION

The Plan shall be administered by the Committee. Each member of the Committee, while serving as such, shall be deemed to be acting in his or her capacity as a director of the Company.

The Committee shall have full authority, subject to the terms of the Plan, to select the Key Employees to be granted Options under the Plan, to grant Options on behalf of the Company, and to set the date of grant and the other terms of such Options in accordance with the Plan. The Committee may correct any defect, supply any omission, and reconcile any inconsistency in the Plan and in any Option granted hereunder in the manner and to the extent it deems desirable. The Committee also shall have the authority to establish such rules and regulations, not inconsistent with the provisions of the Plan, for the proper administration of the Plan, to amend, modify, or rescind any such rules and regulations, and to make such determinations and interpretations under, or in connection with, the Plan, as it deems necessary or advisable. All such rules, regulations, determinations, and interpretations shall be binding and conclusive upon the Company, its shareholders, and all Optionees, upon their respective legal representatives, beneficiaries, successors, and assigns, and upon all other persons claiming under or through any of them. Except as otherwise required by the bylaws of the Company or by applicable law, no member of the Board or the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any Option granted under it.

SECTION 3 - ELIGIBILITY

The class of employees who shall be eligible to receive Options under the Plan shall be the Key Employees (including any directors who also are Key Employees) of the Company and/or of a Related Corporation. More than one Option may be granted to an Optionee under the Plan.

SECTION 4 - STOCK

Options may be granted under the Plan to purchase up to a maximum of 1,000,000 shares of Common Stock; provided, however, that no Key Employee shall receive Options for more than 250,000 shares of Common Stock under this Plan. However, both limits in the preceding sentence shall be subject to adjustment as hereinafter provided. Shares issuable under the Plan may be authorized but unissued shares or reacquired shares, and the Company may purchase shares required for this purpose, from time to time, if it deems such purchase to be advisable.

If any Option granted under the Plan expires, or if any such Option is cancelled for any reason whatsoever (including, without limitation, the Optionee's surrender thereof), without having been exercised, the shares subject to the unexercised portion of the Option shall continue to be available for the granting of Options under the Plan as fully as if the shares had never been subject to an Option. However, if an Option is cancelled, the shares of Common Stock covered by the cancelled Option shall be counted against the maximum number of shares specified above for which Options may be granted to a single Key Employee.

SECTION 5

- GRANTING OF OPTIONS

From time to time until the expiration or earlier suspension or discontinuance of the Plan, the Committee may, on behalf of the Company, grant to Key Employees such Options as it determines are warranted; provided, however, that grants of ISOs and NQSOs shall be separate and not in tandem. A member of the Committee shall not participate in a vote approving the grant of an Option to himself or herself to the extent provided under the laws of the Commonwealth of Pennsylvania governing corporate self-dealing. In making any determination as to whether a Key Employee shall be granted an Option, the type of Option to be granted to a Key Employee, the number of shares to be covered by the Option, and other terms of the Option, the Committee may take into account the duties of the Key Employee, his or her present and potential contributions to the success of the Company or a Related Corporation, the tax implications to the Company and the Key Employee of any Option granted, and such other factors as the Committee may deem relevant in accomplishing the purposes of the Plan.

SECTION 6

- ISO ANNUAL LIMIT

The aggregate Fair Market Value of the Common Stock with respect to which ISOs are exercisable for the first time by a Key Employee during any calendar year (counting ISOs under this Plan and under any other stock option plan of the Company or a Related Corporation) shall not exceed \$100,000. If an Option intended as an ISO is granted to a Key Employee and the Option may not be treated in whole or in part as an ISO pursuant to the \$100,000 limitation, the Option shall be treated as an ISO to the extent it may be so treated under the limitation and as an NQSO as to the remainder. For purposes of determining whether an ISO would cause the limitation to be exceeded, ISOs shall be taken into account in the order granted. The annual limits set forth above for ISOs shall not apply to NQSOs.

SECTION 7

- TERMS AND CONDITIONS OF OPTIONS

Options granted pursuant to the Plan shall include expressly or by reference the following terms and conditions, as well as such other provisions not inconsistent with the provisions of the Plan (and, for ISOs granted under the Plan, the provisions of section 422(b) of the Code), as the Committee shall deem desirable --

(a) Number of Shares. The Option shall state the number of shares of Common Stock to which it pertains.

(b) Price. The Option shall state the option price which shall be determined and fixed by the Committee in its discretion but

(1) with respect to an ISO, the option price shall not be less than the higher of 100 percent (110 percent in the case of a more-than-10-percent shareholder, as provided in subsection (k) below) of the Fair Market Value of the shares of Common Stock subject to the Option on the date the ISO is granted, or the par value thereof, and,

(2) with respect to an NQSO, the option price shall not be less than the higher of 100 percent of the Fair Market Value of the optioned shares of Common Stock on the date the NQSO is granted, or the par value thereof.

(c) Term

(1) ISOs. Subject to earlier termination as provided in subsections (e), (f), (g) and (h) below and in Section 10 hereof, the term of each ISO shall be not more than 10 years (five years in the case of a more-than-10-percent shareholder, as discussed in subsection (k) below) from the date of grant of the ISO.

(2) NQSOs. Subject to earlier termination as provided in subsections (e), (f), (g) and (h) below and in Section 10 hereof, the term of each NQSO shall be not more than ten years from the date of grant.

(d) Exercise. Options shall be exercisable in such installments and on such dates as the Committee may specify but not earlier than one year from the date of grant. In the case of new Options granted to an Optionee to replace options (whether granted under the Plan or otherwise) held by the Optionee, the new Options may be made exercisable, if so determined by the Committee, in its discretion, at the earliest date the original Options were exercisable. The Committee may accelerate the exercise date of any outstanding Options, in its

discretion, if it deems such acceleration to be desirable. Notwithstanding the foregoing, Options shall be exercisable upon a change in control as defined under the Change in Control Agreement in effect between the Company and the Optionee.

Any exercisable Options may be exercised at any time up to the expiration or termination of the Option. Exercisable Options may be exercised, in whole or in part and from time to time, by giving written notice of exercise to the Company at its principal office, specifying the number of shares to be purchased and accompanied by payment in full of the aggregate Option exercise price for such shares. Only full shares shall be issued under the Plan, and any fractional share which might otherwise be issuable upon exercise of an Option granted hereunder shall be forfeited.

The Option exercise price shall be payable in cash or its equivalent, or if the Committee so provides in the Option Agreement, or in the case of NQSOs if the Committee so determines at or prior to the time of exercise, in whole or in part (1) through the transfer of shares of Common Stock previously acquired by the Optionee; provided that (i) if such shares of Common Stock were acquired through the exercise of an ISO and are used to pay the option price for ISOs, such shares have been held by the Optionee for a period of not less than the holding period described in section 422(a)(1) of the Code on the date of exercise, or (ii) if such shares of Common Stock were acquired through the exercise of an NQSO or ISO and are used to pay the option price of an NQSO, such shares have been held by the Optionee for a period of more than one year on the date of exercise, or (iii) if such shares of Common Stock were acquired through exercise of a NQSO and are used to pay the option price of an ISO, such shares have been held by the Optionee for more than one year; or (2) by delivering a properly executed notice of exercise of the Option to the Company and a broker, with irrevocable instructions to the broker promptly to deliver to the Company the amount of sale or loan proceeds necessary to pay the exercise price of the Option.

In the event the option price is paid, in whole or in part, with shares of Common Stock, the portion of the option price so paid shall be equal to the aggregate Fair Market Value (determined as of the date of exercise of the Option, rather than the date of grant) of the Common Stock so surrendered in payment of the option price.

(e) Termination of Employment for a Reason Other Than Retirement, Death or Disability. If an Optionee's Termination of Employment occurs prior to the expiration date fixed for his or her Option for any reason other than retirement, death or disability, such Option may be exercised, to the extent of the number of shares with respect to which the Optionee could have exercised it on the date of such Termination of Employment, or to any greater extent permitted by the Committee, by the Optionee at any time prior to the earliest of (i) the expiration date specified in the Option Agreement, (ii) three months after the date of such Termination of Employment, if the Termination was not for Cause (unless the Option Agreement provides a different expiration date in the case of such a Termination), and (iii) the date of such Termination of Employment, if the Termination was for Cause (unless the Option Agreement provides a later expiration date in the case of such a Termination).

(f) Retirement. If an Optionee retires in accordance with the retirement policy of the Company, or with the express consent of the Board, prior to the expiration date fixed for his or her Option, such Option may be exercised, to the extent of the number of shares with respect to which the Optionee could have exercised it on the date of such Termination of Employment, or to any greater extent permitted by the Committee, by the Optionee at any time prior to the earlier of (i) the expiration date specified in the Option Agreement or (ii) five years after the date of such Termination of Employment. "Retirement" does not include Termination of Employment for Cause, even if the Optionee is otherwise eligible to retire.

(g) Disability. If an Optionee becomes disabled (within the meaning of section 22(e)(3) of the Code) prior to the expiration date fixed for his or her Option, and the Optionee's Termination of Employment occurs as a consequence of such disability, such Option may be exercised, to the extent of the number of shares with respect to which the Optionee could have exercised it on the date of such Termination of Employment, or to any greater extent permitted by the Committee, by the Optionee at any time prior to the earlier of (i) the expiration date specified in the Option Agreement, or (ii) one year after the date of such Termination of Employment (unless the Option Agreement provides a different expiration date in the case of such a Termination). In the event of the Optionee's legal disability, such Option may be exercised by the Optionee's

legal representative.

(h) Death. If an Optionee's Termination of Employment occurs as a result of death, prior to the expiration date fixed for his or her Option, or if the Optionee dies following his or her Termination of Employment but prior to the earlier of (i) the expiration date fixed for his or her Option, or (ii) the expiration of the period determined under subsections (e), (f) and (g) above (including any extension of such period provided in the Option Agreement), such Option may be exercised, to the extent of the number of shares with respect to which the Optionee could have exercised it on the date of his or her death, or to any greater extent permitted by the Committee, by the Optionee's estate, personal representative, or beneficiary who acquired the right to exercise such Option by bequest or inheritance or by reason of the death of the Optionee. Such post-death exercise may occur at any time prior to the earlier of (i) the expiration date specified in such Option, or (ii) two years after the date of the Optionee's death (unless the Option Agreement provides a different expiration date in the case of death).

(i) Transferability. Except as provided in the following sentence, no Option shall be assignable or transferable by an Optionee otherwise than by will or by the laws of descent and distribution. The Committee may, in its discretion, authorize all or a portion of a non-qualified stock option to be on terms which permit transfer by the Optionee to (i) the spouse, children or grandchildren of the Optionee ("Immediate Family Members"), (ii) a trust or trusts for the exclusive benefit of such Immediate Family Members, or (iii) a partnership in which such Immediate Family Members are the only partners, provided that (x) there may be no consideration for any such transfer, (y) the Option Agreement pursuant to which such Option is granted must be approved by the Committee and expressly provide for transferability in a manner consistent with this Section, and (z) subsequent transfers of the Option shall be prohibited other than by will or the laws of descent and distribution.

A transferred Option shall continue to be subject to the same terms and conditions as were applicable immediately prior to transfer, and the Optionee shall remain subject to tax withholding under Section 7(m). The events of termination of employment of Section 7 shall also continue to be applied with respect to the original Optionee, following which the Option shall be exercisable by the transferee only to the extent, and for the periods specified in Sections 7(e), (f), (g) and (h).

If the Optionee is married at the time of exercise and if the Optionee so requests at the time of exercise, the certificate or certificates shall be registered in the name of the Optionee and the Optionee's spouse, jointly, with right of survivorship.

(j) Rights as a Shareholder. An Optionee shall have no rights as a shareholder with respect to any shares covered by his or her Option until the issuance of a stock certificate to him or her for such shares.

(k) Ten-Percent Shareholder. If, after applying the attribution rules of section 424(d) of the Code, the Optionee owns more than 10 percent of the total combined voting power of all shares of stock of the Company or of a Related Corporation at the time an ISO is granted to him, the option price for the ISO shall be not less than 110 percent of the Fair Market Value of the optioned shares of Common Stock on the date the ISO is granted, and such ISO, by its terms, shall not be exercisable after the expiration of five years from the date the ISO is granted. The conditions set forth in this subsection shall not apply to NQSOs.

(l) Listing and Registration of Shares. Each Option and shall be subject to the requirement that, if at any time the Committee shall determine, in its discretion, that the listing, registration, or qualification of the Option or the shares of Common Stock covered thereby upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the granting of such Option or the exercise thereof, or that action by the Company, its shareholders, or the Optionee should be taken in order to obtain an exemption from any such requirement or to continue any such listing, registration, or qualification, no such Option may be exercised, in whole or in part, unless and until such listing, registration, qualification, consent, approval, or action shall have been effected, obtained, or taken under conditions acceptable to the Committee. Without limiting the generality of the foregoing, each Optionee or his or her legal representative or beneficiary may also be required to give satisfactory assurance that such person is an eligible purchaser under applicable securities laws, and that the shares acquired upon exercise of an Option are being acquired for investment and not with a view to

distribution; certificates representing such shares may be legended accordingly.

(m) Withholding and Use of Shares to Satisfy Tax Obligations. The obligation of the Company to deliver shares of Common Stock upon the exercise of any Option shall be subject to applicable federal, state, and local tax withholding requirements.

If the exercise of any Option is subject to the withholding requirements of applicable federal, state or local tax law, the Committee, in its discretion, may permit or require the Optionee to satisfy the federal, state and/or local withholding tax, in whole or in part, by electing to have the Company withhold shares of Common Stock subject to the exercise (or by returning previously acquired shares of Common Stock to the Company); provided, however, that the Company may limit the number of shares withheld to satisfy the tax withholding requirements to the extent necessary to avoid adverse accounting consequences. Shares of Common Stock shall be valued, for purposes of this subsection, at their Fair Market Value (determined as of the date the amount attributable to the exercise of the Option is includible in income by the Optionee under section 83 of the Code (the "Determination Date"), rather than the date of grant). If shares of Common Stock acquired by the exercise of an ISO are used to satisfy the withholding requirement described above, such shares of Common Stock must have been held by the Optionee for a period of not less than the holding period described in section 422(a)(1) of the Code as of the Determination Date.

The Committee shall adopt such withholding rules as it deems necessary to carry out the provisions of this subsection.

SECTION 8 - OPTION AGREEMENTS-- OTHER PROVISIONS

Options granted under the Plan shall be evidenced by Option Agreements in such form as the Committee shall from time to time approve, and containing such provisions not inconsistent with the provisions of the Plan (and, for ISOs granted pursuant to the Plan, not inconsistent with section 422(b) of the Code), as the Committee shall deem advisable. The Option Agreements shall specify whether the Option is an ISO or NQSO. Each Optionee shall enter into, and be bound by, an Option Agreement as soon as practicable after the grant of an Option.

SECTION 9 - ADJUSTMENT IN CASE OF CHANGES IN COMMON STOCK

The number of shares which may be issued under the Plan, and the maximum number of shares with respect to which Options may be granted to any Key Employee under the Plan, both as stated in Section 4 hereof, and the number of shares issuable upon exercise of outstanding Options under the Plan (as well as the option price per share under such outstanding Options) shall be adjusted, as may be deemed appropriate by the Committee, to reflect any stock dividend, stock split, spin-off, share combination, or similar change in the capitalization of the Company; provided, however, that no such adjustment shall be made to an outstanding ISO if such adjustment would constitute a modification under section 424(h) of the Code, unless the Optionee consents to such adjustment. In the event any such change in capitalization cannot be reflected in a straight mathematical adjustment of the number of shares issuable upon the exercise of outstanding Options (and a straight mathematical adjustment of the exercise price thereof), the Committee shall make such adjustments as are appropriate to reflect most nearly such straight mathematical adjustment. Such adjustments shall be made only as necessary to maintain the proportionate interest of Optionees, and preserve, without exceeding, the value of Options.

SECTION 10 - CERTAIN CORPORATE TRANSACTIONS

In the event of a corporate transaction (such as, for example, a merger, consolidation, acquisition of property or stock, separation, reorganization, or liquidation) in which holders of shares are to receive cash, securities or other property, the Committee may, in its unlimited discretion, (a) terminate all outstanding Options if it determines that such termination is in the best interests of the Company, upon not fewer than seven days' prior notice to each Optionee and, if the Committee deems appropriate, to cause the Company to pay to each Optionee an amount in cash with respect to each share to which a terminated Option pertains equal to the difference between the Option exercise price and the value, as determined by the Committee in its sole discretion, of the consideration to be received by the holders of shares in connection with such transaction, or (b) to provide for the exchange of Options outstanding under the Plan for options to acquire securities or other property to be delivered in connection with the transaction and in connection therewith

to make an equitable adjustment, as determined by the Committee in its sole discretion, in the Option exercise price and number of shares or amount of property subject to the Option and, if deemed appropriate, provide for a cash payment to Optionees in partial consideration for such exchange.

Notwithstanding any other provision of the Plan, Options may be granted hereunder in substitution for options held by officers and employees of other corporations who have become officers or employees of the Company or a subsidiary as a result of a merger, consolidation, share exchange, acquisition of assets or similar transaction by the Company or a subsidiary. The terms, including the option price, of the substitute Options so granted may vary from the terms set forth in this Plan to such extent as the Committee may deem appropriate to conform, in whole or in part, to the provisions of the options in substitution for which they are granted.

SECTION 11 - AMENDMENT OF THE PLAN

(a) In General. The Board, pursuant to a written resolution, from time to time may amend or suspend the Plan, and the Committee may amend any outstanding Options in any respect whatsoever; except that the following amendments shall require the approval of shareholders (given in the manner set forth in subsection (b) below) --

(1) a material modification in the class of employees eligible to participate in the Plan;

(2) except as permitted under Section 9 hereof, an increase in the maximum number of shares of Common Stock with respect to which Options may be granted under the Plan to any one employee or to all employees;

(3) an extension of the date, under Section 12 hereof, as of which no Options shall be granted hereunder;

(4) a modification of the material terms of the "performance goal," within the meaning of Treas. Reg.ss. 1.162-27(e)(4)(vi) or any successor thereto (to the extent compliance with section 162(m) of the Code is desired); and

(5) any amendment for which shareholder approval is required under the rules of the exchange or market on which the Common Stock is listed.

No such amendment or suspension shall alter or impair any outstanding Options or cause the modification (within the meaning of section 424(h) of the Code) of an ISO, without the consent of the Optionee affected thereby.

(b) Manner of Shareholder Approval. The approval of shareholders must comply with all applicable provisions of the corporate charter and bylaws of the Company, and applicable state law prescribing the method and degree of shareholder approval required for the issuance of corporate stock or options. If the applicable state law does not prescribe a method and degree of shareholder approval in such case, the approval of shareholders must be effected by a majority of the votes cast at a duly held shareholders' meeting at which a quorum representing a majority of all outstanding voting stock is, either in person or by proxy, present and voting on the Plan.

SECTION 12 - TERMINATION OF PLAN; CESSATION OF GRANTS

The Board, pursuant to written resolution, may terminate the Plan at any time and for any reason. No Options shall be granted hereunder after February 19, 2011, which date is within 10 years after the date the Plan was adopted by the Board. Nothing contained in this Section, however, shall terminate or affect the continued existence of rights created under Options issued hereunder, and outstanding on the date the Plan is terminated, which by their terms extend beyond such date.

SECTION 13 - SHAREHOLDER APPROVAL

This Plan shall become effective on February 20, 2001 (the date the Plan was adopted by the Board); provided, however, that if the Plan is not approved by the shareholders, in the manner described in Section 11(b) hereof, within 12 months before or after the date the Plan was adopted by the Board, the Plan and all Options granted hereunder shall be null and void and no additional Options shall be granted hereunder.

SECTION 14 - MISCELLANEOUS

(a) Rights. Neither the adoption of the Plan nor any action of the Board or the Committee shall be deemed to give any individual any right to be granted an Option, or any other right hereunder, unless and until the Committee shall have granted such individual an Option, and then his or her rights shall be only such as are provided in the Option Agreement. Notwithstanding any provisions of the Plan or the Option Agreement, the Company and any Related Corporation shall have the right, in its discretion but subject to any employment contract entered into with the Key Employee, to retire the Key Employee at any time pursuant to its retirement rules or otherwise to terminate his or her employment at any time for any reason whatsoever.

(b) Indemnification of Board and Committee. Without limiting any other rights of indemnification which they may have from the Company and any Related Corporation, the members of the Board and the members of the Committee shall be indemnified by the Company against all costs and expenses reasonably incurred by them in connection with any claim, action, suit, or proceeding to which they or any of them may be a party by reason of any action taken or failure to act under, or in connection with, the Plan, or any Option granted thereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved by legal counsel selected by the Company) or paid by them in satisfaction of a judgment in any such action, suit, or proceeding, except a judgment based upon a finding of willful misconduct or recklessness on their part. Upon the making or institution of any such claim, action, suit, or proceeding, the Board or Committee member shall notify the Company in writing, giving the Company an opportunity, at its own expense, to handle and defend the same before such Board or Committee member undertakes to handle it on his or her own behalf. The provisions of this Section shall not give members of the Board or the Committee greater rights than they would have under the Company's by-laws or Pennsylvania law.

(c) Application of Funds. Any cash received in payment for shares upon exercise of an Option shall be added to the general funds of the Company. Any Common Stock received in payment for shares upon exercise of an Option shall become treasury stock.

(d) No Obligation to Exercise Option. The granting of an Option shall impose no obligation upon an Optionee to exercise such Option.

(e) Governing Law. The Plan shall be governed by the applicable Code provisions to the maximum extent possible. Otherwise, the laws of the Commonwealth of Pennsylvania shall govern the operation of, and the rights of Optionees under, the Plan, and Options granted thereunder.

is a diversified firm with international operations and sales that engages in the design, development, engineering and manufacturing of a range of products. The Company, headquartered in Dresher, Pennsylvania with subsidiaries in Minnesota, Ohio, California, England, France, Germany, Italy, Japan, Portugal and Singapore, operates directly or through subsidiaries in three business segments.

Under the Selas™ name, the Heat Technology segment designs and manufactures specialized industrial heat technology systems and equipment for steel, glass and other manufacturers worldwide. The Companys Precision Miniature Medical and Electronic Products segment designs and manufactures microminiature components and molded plastic parts primarily for the hearing instrument manufacturing industry and also for the electronics, telecommunications, computer and medical equipment industries. The Companys Tire Holders, Lifts and Related Products segment manufactures products, primarily based on cable winch designs, for use as original equipment by the pick-up truck and minivan segment of the automotive industry.

Financial Highlights

Years ended December 31	2000	1999
Net sales	\$116,287,000	\$102,753,000
Operating income	\$ 5,554,000	\$ 4,077,000
Net income	\$ 2,936,000	\$ 1,729,000
Earnings per share:		
Basic	\$.57	\$.33
Diluted	\$.57	\$.33
Working capital	\$ 15,687,000	\$ 13,729,000
Total assets	\$ 96,331,000	\$ 85,050,000
Total shareholders equity	\$ 44,434,000	\$ 43,023,000

Market and Dividend Information

Quarter	2000		1999	
	High	Low	High	Low
First	6.750	4.875	8.375	4.875
Second	7.625	5.250	7.000	5.125
Third	7.500	4.625	7.000	4.500
Fourth	5.937	2.750	6.687	4.250

At February 7, 2001 the Company had 432 shareholders of record.

	2000	1999	1998
Dividends per share:			
First Quarter	\$.045	\$.045	\$.045
Second Quarter	.045	.045	.045
Third Quarter	.045	.045	.045
Fourth Quarter	.045	.045	.045

The payment of any future dividends is subject to the discretion of the Board of Directors and is dependent on a number of factors, including the Companys capital requirements, financial condition, financial covenants and cash availability.

Selas is an equal opportunity employer.

THE COMMON STOCK OF SELAS CORPORATION OF AMERICA IS LISTED ON THE AMERICAN STOCK EXCHANGE UNDER THE SYMBOL SLS.

Selas Corporation of America
 Five-Year Summary of Operations
 (In thousands, except for share and per share data)

Years ended December 31	2000 (a)	1999	1998 (b)
Sales, net	\$ 116,287	\$ 102,753	\$ 99,555
Cost of sales	92,686	81,231	76,832
Selling, general and administrative expenses	18,047	17,445	17,864
Interest expense	1,149	1,063	1,139
Interest income	(69)	(78)	(145)
Other (income) expense, net	(289)	400	(85)
Income before income taxes	4,763	2,692	3,950
Income taxes	1,827	963	340
Net income	\$ 2,936	\$ 1,729	\$ 3,610
Earnings per share:			
Basic	\$.57	\$.33	\$.69
Diluted	\$.57	\$.33	\$.68
Comprehensive income	\$ 2,395	\$ 1,059	\$ 3,996
Weighted average number of shares outstanding during year			
Basic	5,121,513	5,196,072	5,233,016
Diluted	5,134,494	5,208,090	5,310,354

Years ended December 31	1997 (c)	1996
Sales, net	\$ 111,165	\$ 103,426
Cost of sales	87,704	80,870
Selling, general and administrative expenses	16,289	15,034
Interest expense	1,040	1,212
Interest income	(237)	(298)
Other (income) expense, net	8	83
Income before income taxes	6,361	6,525
Income taxes	1,974	2,395
Net income	\$ 4,387	\$ 4,130
Earnings per share:		
Basic	\$.84	\$.80
Diluted	\$.82	\$.78
Comprehensive income	\$ 3,520	\$ 3,833
Weighted average number of shares outstanding during year		
Basic	5,213,124	5,190,075
Diluted	5,354,978	5,271,959

(a) On January 12, 2000, a subsidiary of the Company acquired the stock of Ermat S.A., a Lyon, France based company.

On June 6, 2000, the Company acquired the remaining 50.1% interest of Nippon Selas, a Tokyo, Japan based company.

(b) On February 28, 1998, a subsidiary of the Company acquired the stock of CFR.

On May 27, 1998, a subsidiary of the Company acquired the stock of IMB Electronic Products, Inc.

On October 28, 1998, a subsidiary of the Company, RTI Technologies PTE LTD, acquired certain assets and liabilities of Lectret.

(c) On February 21, 1997, a subsidiary of the Company acquired the assets of RTI Electronics, Inc.

Other Financial Highlights

(In thousands, except for share and per share data)

Years ended December 31	2000(a)	1999	1998(b)
Working capital	\$ 15,687	\$ 13,729	\$ 16,490
.....			
Total assets.	\$ 96,331	\$ 85,050	\$ 87,623
.....			
Long-term debt	\$ 3,212	\$ 3,695	\$ 6,266
.....			
Long-term benefit obligations.	\$ 4,059	\$ 4,130	\$ 4,096
Shareholders equity:			
Capital stock and additional paid-in capital	\$ 17,647	\$ 17,647	\$ 17,556
Retained earnings	28,607	26,593	25,798
.....			
Accumulated other comprehensive income (loss)	(555)	(14)	656
Treasury stock	(1,265)	(1,203)	(382)
Total shareholders equity	\$ 44,434	\$ 43,023	\$ 43,628
Depreciation and amortization	\$ 3,984	\$ 3,956	\$ 3,809
Dividends per share	\$.18	\$.18	\$.18

Other Financial Highlights

(In thousands, except for share and per share data)

Years ended December 31	1997(c)	1996
Working capital	\$ 18,642	\$ 19,822
.....		
Total assets.	\$ 81,795	\$ 91,162
.....		
Long-term debt	\$ 7,015	\$ 6,837
Long-term benefit obligations.	\$ 4,081	\$ 4,310
.		

Shareholders equity:

Capital stock and

additional paid-in capital	\$ 17,382	\$ 17,214
Retained earnings	23,130	19,673
Accumulated other comprehensive income (loss)	269	1,136
Treasury stock	(382)	(382)
Total shareholders equity	\$ 40,399	\$ 37,641
Depreciation and amortization	\$ 3,469	\$ 2,826
Dividends per share . .	\$.178	\$.163

Management's Discussion and Analysis
of Financial Condition and Results of Operations

2000 Compared with 1999

Consolidated net sales increased 13.1% to \$116.3 million in 2000 from \$102.8 million in 1999. Net sales for the heat technology segment increased to \$59.1 million in 2000 compared to \$48.9 million in 1999. The increase in sales in 2000 is attributable to several large engineered contracts in backlog at the beginning of the year, higher sales generated by CFR and sales from Ermat S.A., the French furnace manufacturer acquired in January, 2000. Sales and earnings of large custom engineered contracts are recognized on the percentage of completion method and generally require more than twelve months to complete. The Company is not dependent on any one heat technology customer on an ongoing basis. Backlog of the heat technology segment was \$33.2 million as of December 31, 2000 compared to \$46.2 million as of December 31, 1999.

The Company's precision miniature medical and electronic products segment net sales increased to \$39.5 million in 2000 from \$35.3 million in 1999. Revenue increased compared to 1999 due to higher sales to the hearing health, medical infusion and electronic products industries, reflecting the improved conditions in those markets during the current year.

Net sales for the tire holders, lifts and related products segment decreased to \$17.7 million in 2000 compared to \$18.5 million in 1999. The decrease in revenue results from lower unit sales of tire lifts to the automotive industry due to a downturn in that market toward the end of the year, which could affect tire lift sales into 2001.

The Company's gross profit margin as a percentage of sales decreased to 20.2% in 2000 from 20.9% in 1999. Gross profit margins for the heat technology segment decreased to 13.7% for 2000 compared to 14.3% for 1999. Heat technology gross profit margins vary markedly from contract to contract, depending on customer specifications and other conditions related to the contract. The gross profit margins for 2000 were impacted by revenue recognized on several large engineered contracts that had higher than expected costs, partially offset by higher sales of spare and replacement parts, which generally have higher profit margins. Heat technology reserves for guarantee obligations and estimated future costs of services decreased to \$1 million in 2000 from \$1.5 million in 1999 due to the expiration of the warranty period of several contracts during the year. Guarantee obligations and estimated future service costs on these contracts extend for up to one year from completion.

Gross profit margins for the precision miniature medical and electronic products segment decreased to 29.3% in 2000 from 30.2% in 1999. The reduction in margins in 2000 is partially attributable to the mix of product sales between the years as precision miniature systems, medical infusion parts and electronic products have varying profit margins. Partially offsetting the lower margins due to product mix in 2000 were lower costs resulting from the consolidation of the production facilities of RTI Electronics into one location, which was completed in 1999.

Gross profit margins for the tire holders, lifts and related products segment improved to 22.1% in 2000 from 20.9% in 1999. The improvement in 2000 is due to

efficiencies from higher production through most of the period partially offset by the decrease in sales over the last several months of the year.

Selling, general and administrative expenses increased 3.4% to \$18 million in 2000 compared to \$17.4 million in 1999. The increase results mainly from the acquisition of Ermat S.A. in January, 2000.

Research and development costs decreased to \$1.2 million in 2000 compared to \$1.3 million in 1999. Interest expense increased to \$1.2 million in 2000 compared to \$1.1 million in 1999 due to higher average borrowings of notes payable, borrowings of long-term debt to finance the acquisition of a subsidiary and higher interest rates partially offset by repayments of long-term debt. Interest income decreased to \$69,000 in 2000 compared to \$78,000 in 1999, due to lower average funds available for investment in 2000.

Other (income) expense includes losses on foreign exchange of \$56,000 and \$297,000 in 2000 and 1999, respectively.

The effective tax rate in 2000 and 1999 on income before income taxes was 38.4% and 35.8%, respectively. See note 11 to the consolidated financial statements regarding the reconciliation of the statutory income tax rate to the effective tax rate.

Consolidated net income of \$2.9 million in 2000 increased 70.5% from \$1.7 million in 1999. The Company's heat technology segment had income of \$.4 million compared to a loss of \$.3 million in 1999 due to higher sales partially offset by several contracts that had higher than expected costs. The precision miniature medical and electronic products segment's income increased to \$1.8 million in 2000 compared to \$1.3 million in 1999 as a result of higher sales and lower costs due to the consolidation of RTI Electronics production facilities. The Company's tireholders, lifts and related products segment increased its net income to \$1.4 million in 2000 compared to \$1.3 million in 1999 despite lower sales because of increased efficiencies in its tire lift production through most of the year. General corporate expenses, net of tax, increased to \$679,000 in 2000 from \$613,000 in 1999.

In 1999, the Company was informed by an automotive customer that the Company will not supply the tire lift for a 2001 model year vehicle. The Company will continue to supply the tire lift for the current vehicle model on a declining volume basis through 2002. The Company continues to pursue tire lift orders for other vehicles with this customer as well as other customers during the year 2001. Liquidity and Capital Resources

Consolidated net working capital increased to \$15.7 million at December 31, 2000 from \$13.7 million at December 31, 1999. The increase is due primarily to the net income for the year and borrowings to acquire a subsidiary company, offset by purchases of property and equipment, paydown of long-term debt and payment of dividends. The major changes in the components of working capital for 2000 were an increase in cash and cash equivalents of \$2.3 million, higher accounts receivable of \$9.4 million, higher inventories of \$1 million, higher accounts payable of \$8.3 million and higher customer advance payments on contracts of \$2.6 million. The increase in cash and cash equivalents partly results from the acquisitions of Ermat S.A. and the remaining interest in Nippon Selas. At the time of the acquisitions, Ermat and Nippon Selas had combined cash and cash equivalent balances of approximately \$2.1 million, exceeding the purchase price of nearly \$1.8 million. The other changes in working capital relate to the ongoing operations of the Company for the year.

The Company's long-term debt at December 31, 2000 was \$3.2 million. The decrease in long-term debt is due to repayments during the year partially offset by borrowings to finance the acquisition of Ermat S.A. The slight increase in notes payable results from additional borrowings during the year offset by almost the same amount of repayments. Under the terms of Selas' credit facility, there are covenants that may restrict the payment of future dividends. The credit facility required the Company to maintain consolidated tangible capital funds of approximately \$26.6 million through December 31, 2000 consisting of shareholders equity, plus subordinated debt, less intangible assets increased annually by 60% of net income and 60% of the aggregate amount of contributions to capital. At December 31, 2000, the Company exceeded the amount required to satisfy the covenant in the credit facility by \$2 million.

In July, 2000, the Company amended its domestic credit agreement with a commercial bank to increase its revolving credit commitment to \$6,000,000 with interest payable at the London Interbank Offered Rate (LIBOR) plus 1.5%. The agreement is subject to the same financial reporting requirements and

maintenance of certain financial ratios as the Company's other term loan agreements with the commercial bank.

On January 19, 2001 the domestic revolving credit loan of \$6,000,000 was amended to provide for a new term loan facility in the amount of \$2,000,000, a new Singapore dollar denominated term loan facility in the amount of \$979,200 (SD 1,700,000), and a revolving credit facility of \$4,500,000. The borrowings will bear interest at LIBOR plus 1.5% payable monthly. The borrowings from this facility will be used for domestic working capital and acquisitions.

The Company's French subsidiary, Selas (SAS) has an interest rate swap agreement for the purpose of managing interest rate expense. The total notional amount of \$1.2 million will decrease consistent with the terms of the related long-term agreement. The swap agreement requires fixed interest payments based on an effective rate of 8.55% for the remaining term through May, 2006. Additional interest incurred during 2000 and 1999 in connection with the swap arrangement amounted to \$47,648 and \$69,293, respectively.

The Company believes that its present working capital position combined with funds expected to be generated from operations and the available borrowing capacity through its revolving credit loan facilities will be sufficient to meet its anticipated cash requirements for operating needs and capital expenditures.

In January, 2001, the Company acquired the stock of Lectret, a Singapore manufacturer of microphone capsules. The purchase price was approximately \$1.1 million with provision for contingent consideration that could increase the total purchase price to approximately \$1.7 million. The purchase price was funded by additional bank borrowings and notes payable to previous shareholders. The acquisition was accounted for as a purchase. In October, 1998, the Company acquired a product manufacturing line from Lectret which was newly formed as RTI Technologies PTE LTD.

A significant portion of the heat technology segment sales are denominated in foreign currencies, primarily the French franc. Generally, the income statement effect of changes in foreign currencies is partially or wholly offset by the European subsidiaries' ability to make corresponding price changes in the local currency. From time to time the impact of fluctuations in foreign currencies may have a material effect on the financial results of the Company. See note 13 to the consolidated financial statements.

The Company is a defendant along with a number of other parties in approximately 100 lawsuits as of December 31, 2000 (approximately 200 as of December 31, 1999) alleging that plaintiffs have or may have contracted asbestos-related diseases as a result of exposure to asbestos products or equipment containing asbestos sold by one or more named defendants. Due to the noninformative nature of the complaints, the Company does not know whether any of the complaints state valid claims against the Company. The lead insurance carrier has informed the Company that the primary policy for the period July 1, 1972 through July 1, 1975 has been exhausted and that the lead carrier will no longer provide a defense under that policy. The Company has requested that the lead carrier substantiate this situation. The Company has contacted representatives of the Company's excess insurance carrier for some or all of this period. The Company does not believe that the asserted exhaustion of the primary insurance coverage for this period will have a material adverse effect on the financial condition, liquidity, or results of operations of the Company. Management is of the opinion that the number of insurance carriers involved in the defense of the suits, and the significant number of policy years and policy limits to which these insurance carriers are insuring the Company make the ultimate disposition of these lawsuits not material to the Company's consolidated financial position or results of operations.

On January 1, 1999 eleven of fifteen member countries of the European Union established fixed conversion rates between their existing currencies ("legacy currencies") and one common currency -- the Euro. The Euro trades on currency exchanges and may be used in business transactions. The conversion to the Euro will eliminate currency exchange risk between the member countries. Beginning in January 2002, new Euro-denominated bills and coins will be issued, and legacy currencies will be withdrawn from circulation. The Company has recognized this situation and has developed a plan to address any issue being raised by the currency conversion. Possible issues include, but are not limited to, the need to adapt computer and financial systems to recognize Euro-denominated transactions, as well as the impact of one common European currency on pricing. The Company believes that all issues have been resolved during 2000.

During the first quarter of 1999, the Company implemented a program to

repurchase up to 250,000 shares of its common stock, which at the time represented approximately 5% of its total shares outstanding. The shares have been purchased from time to time on the open market during the last two years. As of December 31, 2000, the Company has repurchased a total of 152,190 shares of its common stock at a cost of \$883,141.

In June, 2000, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard (SFAS) No. 138, "Accounting for Derivative Instruments and Certain Hedging Activities (an amendment of SFAS Statement No. 133)." The Company will adopt SFAS Statement 138 in the first quarter of 2001, as required. Management has evaluated the impact of Statement 138 and believes that it will not have a material impact on the results of operations, financial position and liquidity of the Company.

1999 Compared with 1998

Consolidated net sales increased 3.2% to \$102.8 million in 1999 from \$99.5 million in 1998. Net sales from the heat technology segment increased to \$48.9 million in 1999 compared to \$46.4 million in 1998. The increase in sales in 1999 is attributable to several large engineered contracts completed during the year and higher revenues generated by CFR, the French subsidiary acquired in February, 1998, partially offset by decreased spare and replacement part sales. Sales and earnings of large custom engineered contracts are recognized on the percentage-of-completion method and generally require more than twelve months to complete. The Company is not dependent on any one heat technology customer on an ongoing basis. Backlog for the heat technology segment was \$46.2 million as of December 31, 1999 compared to \$24.8 million as of December 31, 1998.

The Company's precision miniature medical and electronic products segment net sales decreased to \$35.3 million in 1999 from \$37 million in 1998. Sales decreased compared to 1998 due to the unfavorable conditions in the hearing health market, offset by increased revenue from RTI Technologies PTE LTD, the Singapore company acquired in October, 1998. Sales of electronic products were also lower in 1999 compared to 1998 due to increased price competition and the Asian economic situation, slightly offset by sales related to IMB Electronic Products, which was acquired in May, 1998 and merged with RTI Electronics as of the beginning of 1999.

Net sales for the tire holders, lifts and related products segment increased to \$18.5 million in 1999 compared to \$16.1 million in 1998. The increase in revenue is due to higher unit sales of tire lifts to the automotive industry.

The Company's gross profit margin as a percentage of sales decreased to 20.9% in 1999 from 22.8% in 1998. Gross profit margins for the heat technology segment decreased to 14.3% for 1999 compared to 18.7% in 1998. Heat technology gross profit margins vary markedly from contract to contract, depending on customer specifications and other conditions related to the contract. The gross profit margins for 1999 were impacted by revenue recognized on several large engineered contracts whose margins were not as profitable as contracts completed in 1998 and by several other contracts that had higher than expected costs. Also affecting the results were reduced sales of spare and replacement parts, which generally have higher profit margins. Heat technology reserves for guarantee obligations and estimated future costs of services decreased to \$1.5 million in 1999 from \$2.3 million in 1998 due to the completion of the warranty period of several contracts during the year. Guarantee obligations and estimated future service costs on these contracts extend for up to one year from completion.

Gross profit margins for the precision miniature medical and electronic products segment increased slightly to 30.2% in 1999 from 29.3% in 1998. The improvement in 1999 results partially from the implementation of cost reduction programs within the segment offset by the decrease in sales in 1999. Also impacting the margins in 1999 are costs relating to the combination of the RTI Electronics and IMB Electronic Products operations into one facility and the mix of sales between 1999 and 1998 as hearing health and electronic products have varying profit margins.

Gross profit margins for the tire holders, lifts and related products segment improved to 20.9% in 1999 from 19.8% in 1998. The improvement in 1999 is due to efficiencies from higher production through the increased sale of tire lifts.

Selling, general and administrative expenses decreased 2.3% to \$17.4 million in

1999 as compared to \$17.9 million in expenses in 1998. The decrease results from cost reductions in various areas of the Company's operations.

Research and development costs decreased to \$1.3 million in 1999 compared to \$1.6 million in 1998. Interest expense, which amounted to \$1.1 million in both 1999 and 1998, was impacted in 1999 by higher average borrowings of notes payable offset by increased repayments of long-term debt and slightly lower average interest rates. Interest income decreased to \$78,000 in 1999 compared to \$145,000 in 1998, due to lower average funds available for investment in 1999.

Other (income) expense includes losses on foreign exchange of \$297,000 in 1999 and gains on foreign exchange of \$176,000 in 1998.

The effective tax rate in 1999 and 1998 on income before income taxes was 35.8% and 8.6%, respectively. The rate of tax in relation to pre-tax income in 1998 is low because the Company reduced the valuation allowance applied against deferred tax benefits associated with domestic postretirement benefit obligations by \$724,512 and against certain domestic employee pension plan obligations by \$33,694. The Company had determined that it is more likely than not that the \$758,206 of deferred tax assets will be realized.

Consolidated net income of \$1.7 million in 1999 decreased 52.1% from \$3.6 million in 1998. The Company's heat technology segment had a loss of \$.3 million in 1999 compared to earnings of \$1.8 million in 1998 due to the lower margins on several contracts completed in 1999 and some contracts with higher than expected costs. The precision miniature medical and electronic products segment's income decreased to \$1.3 million in 1999 from \$1.6 million in 1998 as a result of the lower sales and the change in the product mix of those sales. The Company's tire holders, lifts and related products segment increased its net income in 1999 to \$1.3 million compared to \$.9 million in 1998 as a result of its increased efficiency of tire lift production due to increased sales. General corporate expenses, net of tax, decreased to \$613,000 in 1999 from \$671,000 in 1998.

In 1999, the Company was informed by an automotive customer that the Company will not supply the tire lift for the 2001 model year vehicle. The Company will continue to supply the tire lift for the current vehicle model on a declining volume basis through 2002. The Company continues to pursue tire lift orders for other vehicles with this customer as well as other customers during the year 2000.

Forward-Looking and Cautionary Statements

Certain statements herein that include forward looking terminology such as may, will, should, expect, anticipate, estimate, plan or continue or the negative thereof or other variations thereon are, or could be deemed to be, forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are affected by known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to differ materially from the results, performance and achievements expressed or implied in the Company's forward-looking statements. These risks, uncertainties and factors include competition by competitors with more resources than the Company, foreign currency risks arising from the Company's foreign operations, and the cyclical nature of the market for large heat technology contracts. Reference is made to the Company's 2000 Annual Report on Form 10-K regarding other important factors that could cause the actual results, performance or achievement of the Company to differ materially from those contained in or implied by any forward looking statement made by or on behalf of the Company, including forward-looking statements contained herein.

Selas Corporation of America Consolidated Statements of Operations

Years ended December 31	2000	1999	1998
Sales, net	\$116,287,345	\$102,753,059	\$ 99,554,554
Operating costs and expenses			
Costs of sales	92,686,222	81,231,316	76,832,570

Selling, general and administrative expenses	18,047,470	17,444,755	17,863,587
Operating income	5,553,653	4,076,988	4,858,397
Interest expense	1,149,061	1,062,821	1,139,274
Interest income	(69,264)	(77,899)	(145,047)
Other (income) expense, net . .	(289,308)	399,831	(85,677)
Income before income taxes . . .	4,763,164	2,692,235	3,949,847
Income taxes	1,827,378	963,075	340,325
Net income	\$ 2,935,786	\$ 1,729,160	\$ 3,609,522
Earnings per share			
Basic	\$.57	\$.33	\$.69
Diluted	\$.57	\$.33	\$.68
Comprehensive income	\$ 2,394,961	\$ 1,058,889	\$ 3,996,304

See accompanying notes to the consolidated financial statements.

Consolidated Balance Sheets

Assets

2000 1999

Current assets

Cash, including cash equivalents
of \$428,000 in 2000 and
\$151,000 in 1999

\$ 4,055,224 \$ 1,756,008

Accounts and notes receivable
(including unbilled receivables
of \$13,491,000 in 2000 and \$6,043,000
in 1999), less allowance for doubtful
accounts of \$746,000 in 2000 and \$978,000
in 1999

38,173,397 28,795,466

Inventories

13,808,636 12,769,618

Deferred income taxes

2,811,219 2,428,243

Other current assets

1,465,456 2,181,281

Total current assets

60,313,932 47,930,616

Investment in unconsolidated affiliate

588,965

Property, plant and equipment

Land

975,383 1,005,537

Buildings

11,171,239 11,435,428

Machinery and equipment

31,781,389 28,794,569

43,928,011 41,235,534

Less: Accumulated depreciation.

24,819,267 22,441,750

Net property, plant and equipment

19,108,744 18,793,784

Excess of cost over net assets of acquired subsidiaries, less accumulated amortization of \$3,898,000 and \$3,165,000	15,599,884	16,214,999
Deferred income taxes	451,861	562,243
Other assets, less amortization	856,719	959,093
	\$ 96,331,140	\$ 85,049,700

See accompanying notes to the consolidated financial statements.

December 31, 2000 and 1999

Liabilities and Shareholders Equity	2000	1999
Current liabilities		
Notes payable	\$ 9,153,626	\$ 9,417,666
Current maturities of long-term debt . . .	1,755,495	1,958,951
Accounts payable	21,447,745	13,191,213
Federal, state and foreign income taxes .	1,201,720	679,997
Customers advance payments on contracts	3,783,421	1,221,946
Guarantee obligations and estimated future costs of service	957,740	1,483,624
Other accrued liabilities	6,327,403	6,247,938
Total current liabilities	44,627,150	34,201,335
Long-term debt	3,211,706	3,695,181
Other postretirement benefit obligations . .	4,058,761	4,130,261
Contingencies and commitments		
Shareholders equity		
Common shares, \$1 par; 10,000,000 shares authorized; 5,634,968 shares issued	5,634,968	5,634,968
Additional paid-in capital	12,012,541	12,012,541
Retained earnings	28,606,413	26,592,680
Accumulated other comprehensive loss . .	(555,321)	(14,496)
	45,698,601	44,225,693
Less: 515,754 and 504,854 common shares, respectively, held in treasury, at cost	(1,265,078)	(1,202,770)
Total shareholders equity	44,433,523	43,022,923
	\$ 96,331,140	\$ 85,049,700

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

Years ended December 31	2000
Cash flows from operating activities:	
Net income	\$ 2,935,786

Adjustments to reconcile net income to net cash	
provided by operating activities:	
Depreciation and amortization	3,983,505
Equity in (income) loss of unconsolidated affiliate	9,341
(Gains) losses on sale of property and equipment	(9,230)
Deferred taxes	(327,733)
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	(9,796,036)
(Increase) in inventories	(826,038)
(Increase) decrease in other assets	541,838
Increase in accounts payable	8,983,754
Increase (decrease) in accrued expenses	(227,165)
Increase (decrease) in customer advances	2,600,355
Increase (decrease) in other liabilities	(512,764)
Net cash provided by operating activities	7,355,613
Cash flows from investing activities:	
Purchases of property, plant and equipment	(3,686,546)
Proceeds from sales of property and equipment . .	24,379
Dividend from unconsolidated affiliate .	
Acquisition of subsidiary companies, net of cash acquired	365,357
Net cash (used) by investing activities	(3,296,810)
Cash flows from financing activities:	
Proceeds from short-term borrowings	3,587,419
Repayments of short-term borrowings	(3,419,601)
Proceeds from borrowings used to acquire subsidiaries	1,612,387
Proceeds from long-term debt	
Repayments of long-term debt	(2,095,235)
Proceeds from exercise of stock options	
Purchase of treasury shares	(62,308)
Payment of dividends	(922,053)
Net cash provided (used) by financing activities	(1,299,391)
Effect of exchange rate changes on cash	(460,196)
Increase (decrease) in cash and cash equivalents	2,299,216
Cash and cash equivalents beginning of year	1,756,008
Cash and cash equivalents end of year	\$ 4,055,224

Consolidated Statements of Cash Flows

Years ended December 31	1999
Cash flows from operating activities:	
Net income	\$ 1,729,160
Adjustments to reconcile net income provided by operating activities:	
Depreciation and amortization	3,955,979
Equity in (income) loss of unconsolidated affiliate	2,181

(Gains) losses on sale of property and equipment	22,299
Deferred taxes	234,461
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	(2,254,436)
(Increase) in inventories	(516,097)
(Increase) decrease in other assets	(1,682,801)
Increase in accounts payable . . .	1,186,263
Increase (decrease) in accrued expenses	130,183
Increase (decrease) in customer advances	653,658
Increase (decrease) in other liabilities	(25,661)
Net cash provided by operating activities	3,435,189
Cash flows from investing activities:	
Purchases of property, plant and equipment	(3,894,165)
Proceeds from sales of property and equipment	120,815
Dividend from unconsolidated affiliate	14,476
Acquisition of subsidiary companies, net of cash acquired	(37,895)
Net cash (used) by investing activities	(3,796,769)
Cash flows from financing activities:	
Proceeds from short-term borrowings	4,645,727
Repayments of short-term borrowings.	(1,132)
Proceeds from borrowings used to acquire subsidiaries	
Proceeds from long-term debt	1,014,186
Repayments of long-term debt	(4,354,037)
Proceeds from exercise of stock options	83,540
Purchase of treasury shares	(820,833)
Payment of dividends	(934,303)
Net cash provided (used) by financing activities	(366,852)
Effect of exchange rate changes on cash	(299,844)
Increase (decrease) in cash and cash equivalents	(1,028,276)
Cash and cash equivalents beginning of year	2,784,284
Cash and cash equivalents end of year. . .	\$ 1,756,008

Consolidated Statements of Cash Flows

Years ended December 31	1998
Cash flows from operating activities:	
Net income	\$ 3,609,522
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	3,809,245
Equity in (income) loss of unconsolidated affiliate	(2,924)
(Gains) losses on sale of property and equipment	999
Deferred taxes	(2,013,714)
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	2,036,197

(Increase) in inventories	(609,863)
(Increase) decrease in other assets	47,134
Increase in accounts payable	280,579
Increase (decrease) in accrued expenses	(2,513,121)
Increase (decrease) in customer advances	(1,108,010)
Increase (decrease) in other liabilities	115,049
Net cash provided by operating activities	3,651,093
Cash flows from investing activities:	
Purchases of property, plant and equipment	(3,554,540)
Proceeds from sales of property and equipment	18,837
Dividend from unconsolidated affiliate	
Acquisition of subsidiary companies, net of cash acquired	(2,776,230)
Net cash (used) by investing activities	(6,311,933)
Cash flows from financing activities:	
Proceeds from short-term borrowings	4,095,199
Repayments of short-term borrowings	
Proceeds from borrowings used to acquire subsidiaries	2,542,373
Proceeds from long-term debt	
Repayments of long-term debt	(3,483,296)
Proceeds from exercise of stock options	10,196
Purchase of treasury shares	
Payment of dividends	(941,954)
Net cash provided (used) by financing activities	2,222,518
Effect of exchange rate changes on cash	187,703
Increase (decrease) in cash and cash equivalents	(250,619)
Cash and cash equivalents beginning of year	3,034,903
Cash and cash equivalents end of year.	\$ 2,784,284

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Shareholders Equity
Years ended December 31, 2000, 1999 and 1998

	Common Stock Number of Shares	Amount	Additional Paid-in Capital
Balance January 1, 1998	5,589,324	\$5,589,324	\$11,792,878
Net income			
Translation gain			
Exercise of 2,200 stock options	2,200	2,200	8,505
Issuance of 23,557 shares for acquisition	23,557	23,557	140,115
Cash dividends paid (\$.18 per share)			
Comprehensive income			
Balance December 31,			

1998	5,615,081	5,615,081	11,941,498
Net income			
Translation (loss)			
Exercise of 19,887 stock options	19,887	19,887	71,043
Purchase of 141,290 treasury shares			
Cash dividends paid (\$.18 per share)			
Comprehensive income			
Balance December 31, 1999	5,634,968	5,634,968	12,012,541
Net income			
Translation (loss)			
Purchase of 10,900 treasury shares			
Cash dividends paid (\$.18 per share)			
Comprehensive income			
Balance December 31, 2000	5,634,968	\$5,634,968	\$12,012,541

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Shareholders Equity
Years ended December 31, 2000, 1999 and 1998

	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Comprehensive Income
Balance January 1, 1998	\$23,130,255	\$268,993	
Net income	3,609,522		\$3,609,522
Translation gain		386,782	386,782
Exercise of 2,200 stock options			
Issuance of 23,557 shares for acquisition			
Cash dividends paid (\$.18 per share)	(941,954)		
Comprehensive income			\$3,996,304
Balance December 31, 1998	25,797,823	655,775	
Net income	1,729,160		\$1,729,160
Translation (loss)		(670,271)	(670,271)
Exercise of 19,887 stock options			
Purchase of 141,290 treasury shares			
Cash dividends paid (\$.18 per share)	(934,303)		
Comprehensive income			\$ 1,058,889
Balance December 31, 1999	26,592,680	(14,496)	
Net income	2,935,786		\$ 2,935,786
Translation (loss)		(540,825)	(540,825)
Purchase of 10,900 treasury shares			
Cash dividends paid (\$.18 per share)	(922,053)		

Comprehensive income \$ 2,394,961

Balance December 31, 2000 \$28,606,413 \$ (555,321)

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Shareholders Equity
Years ended December 31, 2000, 1999 and 1998

	Treasury Stock	Total Shareholders Equity
Balance January 1, 1998	\$(381,937)	\$40,399,513
Net income		3,609,522
Translation gain		386,782
Exercise of 2,200 stock options		10,705
Issuance of 23,557 shares for acquisition		163,672
Cash dividends paid (\$.18 per share)		(941,954)
Comprehensive income		
Balance December 31, 1998	(381,937)	43,628,240
Net income		1,729,160
Translation (loss)		(670,271)
Exercise of 19,887 stock options		90,930
Purchase of 141,290 treasury shares	(820,833)	(820,833)
Cash dividends paid (\$.18 per share)		(934,303)
Comprehensive income		
Balance December 31, 1999	(1,202,770)	43,022,923
Net income		2,935,786
Translation (loss)		(540,825)
Purchase of 10,900 treasury shares	(62,308)	(62,308)
Cash dividends paid (\$.18 per share)		(922,053)
Comprehensive income		
Balance December 31, 2000	\$(1,265,078)	\$44,433,523

See accompanying notes to the consolidated financial statements.

Notes to Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Selas Corporation of America is a diversified firm with international operations and sales that engages in the design, development, engineering and manufacturing of a range of products. The Company, headquartered in Dresher, Pennsylvania with subsidiaries in Minnesota, Ohio, California, England, France, Germany, Italy, Japan, Portugal and Singapore, operates directly or through subsidiaries in three business segments.

Under the Selas™ name, the Heat Technology segment designs and manufactures specialized industrial heat technology systems and equipment for steel, glass and other manufacturers worldwide. The Company's Precision Miniature Medical and Electronic Products segment designs and manufactures microminiature components and molded plastic parts primarily for the hearing instrument manufacturing industry and also for the electronics, telecommunications, computer and medical equipment industries. The Company's Tire Holders, Lifts

and Related Products segment manufactures products, primarily based on cable winch designs, for use as original equipment by the pick-up truck and minivan segment of the automotive industry.

Consolidation: The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All material intercompany transactions have been eliminated in consolidation.

Cash equivalents: The Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Inventories: Inventories, other than inventoried costs relating to long-term contracts, are stated at the lower of cost or market. The cost of the inventories was determined by the average cost and first in, first out method. Inventoried costs relating to long-term contracts are stated at the production and engineering cost, including overhead as well as actual costs incurred from sub-contractors, which are not in excess of estimated realizable value.

Revenue Recognition: As long-term contracts progress, the Company records sales and cost of sales based on the percentage-of-completion method, whereby the sales value is determined by multiplying the total contract amount by the percent of costs incurred to estimated total costs. Such contract costs and expenses incurred on a progress basis at the time the sales value is recorded are charged to cost of sales. General and administrative costs are expensed as incurred. The Company provides currently for anticipated and known contract losses. Guarantee obligations and estimated future contract costs of services on large custom-engineered contracts are based on past experience of similar projects. Due to the nature of large custom-engineered contracts, the guarantee obligations and estimated future costs will vary significantly from contract to contract. Revisions in cost estimates during the progress of the work under the contracts have the effect of including in the current accounting period adjustments necessary to reflect the results indicated by the revised estimates of final cost. Sales of manufactured products not sold under long-term contracts are recorded upon shipment to the customer. License fees under agreements not requiring substantial services are recognized at time of effectiveness of the license agreement.

Property, Plant and Equipment: Property, plant and equipment are carried at cost. Depreciation is computed by straight-line and accelerated methods using estimated useful lives of 5 to 50 years for buildings and improvements, and 3 to 12 years for machinery and equipment. Improvements are capitalized and expenditures for maintenance, repairs and minor renewals are charged to expense when incurred. At the time assets are retired or sold, the costs and accumulated depreciation are eliminated and the resulting gain or loss, if any, is reflected in the consolidated statement of operations.

Excess of Cost Over Net Assets of Acquired Subsidiaries: Goodwill represents the excess of purchase price over fair value of net assets acquired and is amortized on a straight-line basis over the expected periods to be benefited, which currently is between fifteen and forty years.

Patents and other intangible assets are valued at the lower of amortized cost or fair market value and are amortized on a straight-line basis over the expected periods to be benefited, which currently is 5 to 20 years. Costs related to start-up activities and organization costs are expensed as incurred.

The Company assesses the recoverability of intangible assets by determining whether the amortization of the balance over its remaining life can be recovered through projected undiscounted future cash flows of the business for which the intangible assets arose. The amount of the impairment, if any, is measured based on projected discounted future operating cash flows using a discount rate reflecting the Company's average cost of funds or fair value of the asset, where appropriate. The assessment of the recoverability of intangible assets will be impacted if estimated future operating cash flows are not achieved.

Income Taxes: Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the

enactment date.

Derivative Financial Instruments: The Company has only limited involvement with derivative financial instruments and does not use them for trading purposes. They are used to manage well-defined interest rate and foreign currency risks. The differential to be paid or received on interest rate swap agreements is accrued as interest rates change and recognized as an adjustment to interest expense. The gains and losses on foreign currency exchange contracts are deferred and recognized when the offsetting gains and losses are recognized on the related hedged items.

Employee Benefit Obligations: The Company provides health care insurance for certain domestic retirees and employees. The Company also provides retirement related benefits for certain foreign employees. The Company measures the costs of its obligation based on its best estimate. The net periodic costs are recognized as employees render the services necessary to earn the postretirement benefit.

Deferred pension costs are actuarially determined and are amortized on a straight-line basis over the expected periods to be benefited, which currently is 15 years.

Research and Development Costs: Research and development costs, including supporting services, amounted to \$1,182,000 in 2000, \$1,260,000 in 1999 and \$1,606,000 in 1998. Such costs are charged to expense when incurred.

Earnings Per Share: Basic earnings per share are computed by dividing net income by the weighted average number of shares of common stock outstanding during the year. Diluted earnings per common share reflects the potential dilution of securities that could share in the earnings.

Reclassifications: Certain prior year balances have been reclassified to be consistent with the current year presentation.

Use of Estimates: Management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities, the recording of reported amounts of revenues and expenses and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

Comprehensive Income: Comprehensive income consists of net income and foreign currency translation adjustments and is presented in the Consolidated Statements of Shareholders Equity.

Segment Disclosures: The Company's reporting segments reflect separately managed, strategic business units that provide different products and services, and for which financial information is separately prepared and monitored. The segment disclosure is consistent with the management decision making process that determines the allocation of resources to a segment and the measuring of their performance.

2. ACQUISITIONS

On January 12, 2000, the Company acquired the stock of Ermat S.A., a French furnace manufacturer. Ermat produces furnaces for heat treating both ferrous and non-ferrous metals. The purchase price was 11.5 million French francs (FF) or approximately \$1.8 million. The total purchase price was funded by additional bank borrowings. This borrowing carries interest at a variable rate which is 5.54% at December 31, 2000. The acquisition was accounted for as a purchase and the excess of the fair value of the assets (goodwill) will be amortized on a straight-line basis over 20 years. The pro forma results of operations as if the acquisition of Ermat S.A. had occurred in the beginning of 2000 have not been presented as the impact is not material.

On June 6, 2000, the Company acquired the remaining 50% equity interest in Nippon Selas, a Japanese sales and engineering firm previously accounted for on the equity method. The purchase price was \$50,000 and the acquisition was accounted for as a purchase.

In January, 2001, the Company acquired the stock of Lectret, a Singapore manufacturer of microphone capsules. The purchase price was approximately \$1.1 million with provision for contingent consideration that could increase the total purchase price to approximately \$1.7 million. The purchase price was funded by additional bank borrowings and notes payable to previous shareholders.

The acquisition was accounted for as a purchase. In October, 1998, the Company acquired a product manufacturing line from Lectret which was newly formed as RTI Technologies PTE LTD.

3. STATEMENTS OF CASH FLOWS

Supplemental disclosures of cash flow information:

	Years ended December 31		
	2000	1999	1998
Interest received	\$ 81,298	\$ 77,732	\$ 156,968
Interest paid	\$1,026,710	\$ 975,572	\$1,078,324
Income taxes paid	\$1,488,805	\$1,235,279	\$2,011,520

During 1998, the Company issued 23,557 shares of the Company's stock with a value of \$163,672 as additional consideration related to the 1997 acquisition of the Rodan Division of Ketema, Inc. The number of shares was tied to the operations earnings for the twelve months ended February 28, 1998.

4. BUSINESS SEGMENT INFORMATION

The Company has three operating segments. The Company is engaged in providing engineered heat technology equipment and services to industries throughout the world, the manufacture of precision miniature medical and electronic products and the manufacture of spare tire holders and lifts for manufacturers of original equipment for light trucks and vans. The results of operations and assets of these segments for the years ended December 31, 2000, 1999 and 1998 are prepared on the same basis as the consolidated financial statements. The accounting policies for each segment are described in the Company's summary of significant accounting policies. See note 1 for further information. Interest expense has been allocated to the segments based on the specific loan balance outstanding during the year. The corporate component of operating income represents corporate, general and administrative expenses.

For the year ended
December 31, 2000

	Segments	
	Heat Technology	Tire Holders, Lifts and Related Products
Sales, net	\$59,091,593	\$17,746,068
Operating costs and expenses	58,071,852	15,585,833
General corporate expenses, net		
Operating income	1,019,741	2,160,235
Interest expense	690,560	
Interest expense corporate		
Interest income	(44,701)	
Losses of affiliate	9,341	
Other (income) expense, net	(295,681)	(9,611)
Income before income taxes (benefits)	660,222	2,169,846
Income taxes	262,571	801,342
Income taxes (benefits) general corporate expenses, net		
Net income	\$ 397,651	\$ 1,368,504
Depreciation and amortization.	\$ 759,216	\$ 210,548
Property, plant and equipment additions	\$ 349,698	\$ 244,486
Total assets	\$50,043,698	\$ 6,160,277

For the year ended
December 31, 2000

	Precision Miniature Medical and Electronic Products	Segments Total
Sales, net	\$39,449,684	\$116,287,345
Operating costs and expenses	36,095,427	109,753,112
General corporate expenses, net		980,580
Operating income	3,354,257	5,553,653
Interest expense	307,080	97,640
Interest expense corporate		151,421
Interest income	(24,563)	(69,264)
Losses of affiliate		9,341
Other (income) expense, net	6,643	(298,649)
Income before income taxes (benefits)	3,065,097	4,763,164
Income taxes	1,216,265	2,280,178
Income taxes (benefits) general corporate expenses, net		(452,800)
Net income	\$ 1,848,832	\$ 2,935,786
Depreciation and amortization	\$ 3,013,741	\$ 3,983,505
Property, plant and equipment additions	\$ 3,092,362	\$ 3,686,546
Total assets	\$40,127,165	\$ 96,331,140

For the year ended
December 31, 1999

	Heat Technology	Segments Tire Holders Lifts and Related Products
Sales, net	\$48,933,698	\$18,527,089
Operating costs and expenses	48,413,387	16,405,974
General corporate expenses, net		
Operating income	520,311	2,121,115
Interest expense	577,172	
Interest expense corporate		
Interest income	(44,336)	
Losses of affiliate	2,181	
Other (income) expense, net	296,340	(1,575)
Income (loss) before income taxes (benefits)	(311,046)	2,122,690
Income taxes (benefits)	(15,174)	774,212
Income taxes (benefits) general corporate expenses, net		
Net income (loss)	\$ (295,872)	\$ 1,348,478
Depreciation and amortization	\$ 708,731	\$ 210,848
Property, plant and equipment additions	\$ 820,601	\$ 147,614
Total assets	\$41,684,756	\$ 6,291,998

For the year ended
December 31, 1999

	Segments	
	Precision Miniature Medical and Electronic Products	Total
Sales, net	\$35,292,272	\$102,753,059
Operating costs and expenses	32,900,251	97,719,612
General corporate expenses, net		956,459
Operating income	2,392,021	4,076,988
Interest expense	419,813	996,985
Interest expense corporate		65,836
Interest income	(33,563)	(77,899)
Losses of affiliate		2,181
Other (income) expense, net	102,885	397,650
Income (loss) before income taxes (benefits)	1,902,886	2,692,235
Income taxes (benefits)	612,955	1,371,993
Income taxes (benefits) general corporate expenses, net		(408,918)
Net income	\$ 1,289,931	\$ 1,729,160
Depreciation and amortization	\$ 3,036,400	\$ 3,955,979
Property, plant and equipment additions	\$ 2,925,950	\$ 3,894,165
Total assets	\$37,072,946	\$ 85,049,700

For the year ended
December 31, 1998

	Segments	
	Heat Technology	Tire Holders, Lifts and Related Products
Sales, net	\$46,404,713	\$16,155,730
Operating costs and expenses	45,001,082	14,782,644
General corporate expenses, net		
Operating income	1,403,631	1,373,086
Interest expense	563,936	313
Interest expense corporate		
Interest income	(122,948)	
(Earnings) of affiliate	(2,924)	
Other (income) expense, net	(69,325)	(27,409)
Income before income taxes (benefits)	1,034,892	1,400,182
Income taxes (benefits)	(790,629)	523,799
Income taxes (benefits) general corporate expenses, net		
Net income	\$ 1,825,521	\$ 876,383
Depreciation and amortization	\$ 636,323	\$ 221,320
Property, plant and equipment additions	\$ 298,274	\$ 157,928
Total assets	\$43,949,158	\$ 6,481,758

For the year ended
December 31, 1998

Segments

	Precision Miniature Medical and Electronic Products	Total
Sales, net	\$36,994,111	\$99,554,554
Operating costs and expenses . . .	33,858,895	93,642,621
General corporate expenses, net . .		1,053,536
Operating income	3,135,216	4,858,397
Interest expense	510,599	1,074,848
Interest expense corporate		64,426
Interest income	(22,099)	(145,047)
(Earnings) of affiliate		(2,924)
Other (income) expense, net	13,981	(82,753)
Income before income taxes (benefits)	2,632,735	3,949,847
Income taxes (benefits)	1,054,340	787,510
Income taxes (benefits) general corporate expenses, net		(447,185)
Net income	\$ 1,578,395	\$ 3,609,522
Depreciation and amortization . . .	\$ 2,951,602	\$ 3,809,245
Property, plant and equipment additions	\$ 3,098,338	\$ 3,554,540
Total assets	\$37,192,072	\$87,622,988

The geographical distribution of identifiable assets and net sales to geographical areas for the years ended December 31, 2000, 1999 and 1998 are set forth below:

Identifiable Assets	2000	1999	1998
United States	\$ 59,822,183	\$ 54,083,677	\$ 58,806,813
France	36,576,620	30,588,181	31,066,873
Other	6,868,277	5,880,803	2,815,754
Eliminations	(6,935,940)	(5,502,961)	(5,066,452)
Consolidated	\$ 96,331,140	\$ 85,049,700	\$ 87,622,988

Net Sales to Geographical
Areas

United States	\$ 55,145,248	\$ 47,338,457	\$ 46,037,182
Italy	11,062,316	3,577,381	1,249,900
France	9,780,746	9,830,126	9,911,425
Germany	13,731,264	14,787,167	8,660,921
All other countries	26,567,771	27,219,928	33,695,126
Consolidated	\$116,287,345	\$102,753,059	\$ 99,554,554

Due to the nature of the Companys heat technology products, one contract may account for a large percentage of sales in a particular period; however, the Company is not dependent on any one heat technology customer on an ongoing basis.

Geographic net sales are allocated based on the location of the customer. All other countries include net sales primarily to the United Kingdom, Holland and South America.

Consolidated net sales in 2000 do not result from sales to any one individual customer in excess of 10% of total sales. Approximately \$25,930,000 of consolidated net sales were attributable to customers in the steel industry.

Consolidated net sales in 1999 include approximately \$11,211,000 or 10.9% from a

contract with one customer executed by the Companys heat technology group. Approximately \$22,412,000 of consolidated net sales were attributable to customers in the steel industry.

Consolidated net sales in 1998 do not result from sales to any one individual customer in excess of 10% of total sales. Consolidated net sales in 1998 include approximately \$21,176,000 attributable to customers in the steel industry.

5. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table presents the carrying amounts and estimated fair values of the Companys financial instruments at December 31, 2000 and 1999. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties.

	2000	
	Carrying Amount	Fair Value
Financial assets		
Cash, including cash equivalents.	\$ 4,055,224	\$ 4,055,224
Accounts and notes receivables.	38,173,397	38,173,397
Financial liabilities		
Notes payable	9,153,626	9,153,626
Trade accounts payables . .	21,447,745	21,447,745
Customers advance payments		
on contracts	3,783,421	3,783,421
Other accrued liabilities .	6,327,403	6,327,403
Long-term debt	3,211,706	3,139,761
	1999	
	Carrying Amount	Fair Value
Financial assets		
Cash, including cash equivalents.	\$ 1,756,008	\$ 1,756,008
Accounts and notes receivables.	28,795,466	28,795,466
Financial liabilities		
Notes payable	9,417,666	9,417,666
Trade accounts payables . . .	13,191,213	13,191,213
Customers advance payments		
on contracts	1,221,946	1,221,946
Other accrued liabilities . .	6,247,938	6,247,938
Long-term debt	5,654,132	5,612,851

The carrying amounts shown in the table are included in the statement of financial position under the indicated captions.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash, including cash equivalents, short-term accounts and notes receivables, other current assets, notes payable to banks, trade accounts payables, and other accrued expenses: The carrying amounts approximate fair value because of the short maturity of those instruments.

Long-term debt: The fair value of the Companys long-term debt is estimated by discounting the future cash flows of each instrument at rates currently offered to the Company for similar debt instruments of comparable maturities by the Companys bankers.

See note 9 regarding the fair value of derivative financial instruments.

The estimated fair value of financial instruments has been determined based on available market information and appropriate valuation methodologies. However, considerable judgment is necessarily required in interpreting market data to

develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Company might realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value.

6. INVENTORIES

Inventories consist of the following:

December 31	Raw materials	Work-in process	Finished products and components	Total
2000				
Domestic . . .	\$3,282,829	\$2,461,074	\$4,444,169	\$10,188,072
Foreign . .	455,365	2,753,464	411,735	3,620,564
Total .	\$3,738,194	\$5,214,538	\$4,855,904	\$13,808,636
1999				
Domestic . . .	\$2,516,829	\$2,501,805	\$3,904,974	\$ 8,923,608
Foreign . .	341,367	3,018,902	485,741	3,846,010
Total .	\$2,858,196	\$5,520,707	\$4,390,715	\$12,769,618

7. LONG-TERM CONTRACTS AND RECEIVABLES

Accounts and notes receivable at December 31, 2000 and 1999 include the following elements from long-term contracts:

	2000	1999
Amounts billed	\$ 5,436,438	\$ 5,093,792
Retainage, due upon completion	375,881	788,155
Unbilled receivables	10,453,691	6,043,273
Total	\$16,266,010	\$11,925,220

The balances billed but not paid by customers, pursuant to retainage provisions included in long-term contracts, will be due upon completion of the contracts and acceptance by the customer. The retainage balances at December 31, 2000 are anticipated to be collected in 2001.

The unbilled receivables are comprised principally of amounts of revenue recognized on contracts (on the percentage-of-completion method) for which billings had not been presented to the customers because the amounts were not billable under the contract terms at the balance sheet date. In accordance with the contract terms the unbilled receivables at December 31, 2000 will be billed in 2001.

Inventories include \$94,850 relating to long-term sales contracts at December 31, 2000. No costs relating to long-term contracts were included in inventory at December 31, 1999.

At December 31, 2000 and 1999, the Company had \$1,457,509 and \$1,947,307, respectively, of trade accounts receivable due from major U.S. automotive manufacturers. At December 31, 2000 and 1999, the Company had \$5,315,136 and \$3,577,992, respectively, of trade accounts receivable due from hearing aid manufacturers. The Company also had \$14,419,742 and \$9,006,413 at December 31, 2000 and 1999, respectively, in currently billed and unbilled receivables from long-term contracts for customers in the steel industry in North America and Europe.

8. NOTES PAYABLE AND LONG-TERM DEBT

Notes Payable

Notes payable at December 31, 2000 and 1999 are summarized below:

2000 1999

Notes payable:

Short term borrowings, European banks	\$ 3,771,626	\$ 5,424,666
Short-term borrowings, domestic banks	5,382,000	3,993,000
 Total notes payable	 \$ 9,153,626	 \$ 9,417,666

Consolidated European subsidiaries have working capital credit arrangements with European banks aggregating \$23,243,000. Of this amount, \$6,427,000 may be used to borrow funds for working capital or guarantee customer advance payments on contracts. The remaining \$16,816,000 may be used only for guaranteeing customer advance payments, of which \$13,390,000 was utilized at December 31, 2000 at interest rates ranging from .6% to .75%. At December 31, 2000 the Company's European subsidiaries had borrowings of \$3,772,000, which bear interest at annual rates ranging from 5.5% to 9.5%. These credit arrangements have no expiration dates and are guaranteed by the Company.

The maximum amounts of short-term borrowings and bank guarantees at any month end were \$20,503,000 in 2000, \$12,141,000 in 1999, and \$7,447,000 in 1998. The average short-term borrowings and bank guarantees outstanding during 2000, 1999 and 1998 amounted to \$16,060,452, \$7,281,000 and \$4,865,000, respectively. The average short-term interest rates in 2000, 1999 and 1998 for outstanding borrowings were 7%, 5.5% and 6%, respectively.

The Company and its domestic subsidiaries, entered into revolving credit loan facilities under which borrowings or letters of credit aggregating \$6,000,000 could be outstanding at any one time. Borrowings of \$5,382,000 as of December 31, 2000 under the facility bear interest at a rate of 1.5% above LIBOR (8.0613% at December 31, 2000) and a commitment fee of .1875% per annum is payable on the unborrowed portion of the line. The credit facility expires in January, 2001.

On January 19, 2001, the domestic revolving credit loan of \$6,000,000 was amended to provide for a new term loan facility in the amount of \$2,000,000, a new Singapore dollar denominated term loan in the amount of \$979,200 (SD1,700,000) and a revolving credit facility of \$4,500,000. The borrowings will bear interest at LIBOR plus 1.5% payable monthly. The borrowings from this facility will be used for domestic working capital and acquisitions.

The maximum amounts of short-term borrowings at any month end 2000 were \$5,382,000. The average short-term borrowings outstanding during 2000 were \$4,562,000. The average short-term interest rate in 2000 was 7.7%.

Long-Term Debt

Long-term debt at December 31, 2000 and 1999 is summarized below:

	2000	1999
Long-term debt:		
Term loans, domestic banks	\$ 816,667	\$ 1,943,600
Term loans, European banks.	3,366,743	2,817,114
Mortgage notes	772,500	862,500
Other borrowings	11,291	30,918
	4,967,201	5,654,132
Less: current maturities	1,755,495	1,958,951
	\$ 3,211,706	\$ 3,695,181

The terms of the domestic loan agreement require monthly principal payments of approximately \$58,000 through February, 2002. Additional payments of principal are required depending upon the annual earnings of the Company's domestic operations and as a result of this requirement, the Company will have an additional principal payment of approximately \$433,000 in 2001. At December 31, 2000, the borrowings under the credit agreement bore interest, payable monthly, at an interest rate of 1.5% above LIBOR (8.0613% at December 31, 2000). The credit agreement is subject to a prepayment penalty of 3%, to the extent the loan is paid off with additional borrowings.

The domestic loan and the revolving credit loan facilities are secured by the

Companys domestic assets, and the Companys domestic subsidiaries stock. The agreements contain restrictive covenants regarding the payment of cash dividends, maintenance of working capital, net worth, and shareholders equity, along with the maintenance of certain financial ratios. The Company and its domestic subsidiaries are required to maintain consolidated tangible capital funds of approximately \$26.6 million through December 31, 2000 consisting of shareholders' equity, plus subordinated debt, less intangible assets increased annually by 60% of net income and 60% of the aggregate amount of contributions to capital. At December 31, 2000, the Company exceeded the amount required to satisfy the covenant in the credit facility by \$2 million.

The Companys French subsidiary, Selas S.A., financed its premises outside of Paris with bank borrowings maturing August 31, 2006 with required quarterly installments of principal of \$43,101 (FF 300,000). The loan carries interest payable quarterly at the Euro Interbank Offered Rate (EURIBOR) plus .7% (5.449% at December 31, 2000). The loan balances as of December 31, 2000 and 1999 were \$948,221 (FF 6,600,000) and \$1,200,998 (FF 7,800,000), respectively. This loan can be prepaid, subject to a premium of 3% of the amount prepaid. The debt is secured by the land and building of Selas S.A.

The mortgage notes are payable monthly at \$7,500 per month and carries a variable interest rate of LIBOR plus 1.25%. At December 31, 2000 the principal balance was \$772,500 and the interest rate was 7.8113%. The aggregate maturities of long-term debt for the five years ending December 31, 2005 and thereafter are as follows:

Years ending December 31	Aggregate Maturity
2001	\$ 1,755,495
2002	1,146,655
2003	707,235
2004	1,010,883
2005	258,664
2006 and thereafter	88,269
	\$ 4,967,201

9. DERIVATIVE FINANCIAL INSTRUMENTS

Interest rate swap agreements are used to reduce the potential impact of increases in interest rates on floating rate long-term debt. At December 31, 2000, the Company's French subsidiary was a party to one interest rate swap agreement. The interest rate swap agreement is with major European financial institutions and has a total notional amount of \$1.2 million at December 31, 2000. The notional amount will decrease consistent with the terms of the related long-term debt agreement. The swap agreement requires fixed interest payments based on an effective rate of 8.55% for the remaining term through May, 2006. The subsidiary continually monitors its position and the credit ratings of its counterparties and does not anticipate nonperformance by the counterparties. Additional interest incurred during 2000, 1999 and 1998 in connection with the swap agreement amounted to \$47,648, \$69,293 and \$81,512, respectively.

The fair value of the interest rate swap agreement was \$1.1 million at December 31, 2000. The fair value of this financial instrument (used for hedging purposes) represents the aggregate replacement cost based on financial institution quotes. The Company is exposed to market risks from changes in interest rates and fluctuations in foreign exchange rates.

10. OTHER ACCRUED LIABILITIES:

Other accrued liabilities at December 31, 2000 and 1999 are as follows:

	2000	1999
Salaries, wages and commissions	\$2,184,174	\$ 2,025,608
Taxes, including payroll withholdings and VAT, excluding income taxes	1,197,886	1,722,761
Accrued pension costs	964,958	829,238
Accrued professional fees	367,236	436,015
Accrued insurance	524,802	324,943
Other	1,088,347	909,373

\$6,327,403 \$ 6,247,938

11. DOMESTIC AND FOREIGN INCOME TAXES

Domestic and foreign income taxes (benefits) are comprised as follows:

	Years ended December 31		
	2000	1999	1998
Current			
Federal	\$1,596,045	\$ 501,519	\$ 1,296,209
State	322,603	7,194	246,035
Foreign	236,463	219,901	811,795
	2,155,111	728,614	2,354,039
Deferred			
Federal	(67,999)	496,490	(476,590)
State	(5,942)	125,358	(220,237)
Foreign	(253,792)	(387,387)	(1,316,887)
	(327,733)	234,461	(2,013,714)
Income taxes	\$1,827,378	\$ 963,075	\$ 340,325
Income (loss) before income taxes is as follows:			
Foreign	\$ 60,646	\$ (194,731)	\$ (758,980)
Domestic	4,702,518	2,886,966	4,708,827
	\$4,763,164	\$2,692,235	\$ 3,949,847

The following is a reconciliation of the statutory federal income tax rate to the effective tax rate based on income (loss):

	Years ended December 31		
	2000	1999	1998
Tax provision at statutory rate	34.0%	34.0%	34.0%
Net foreign operating loss carryforwards	1.2	2.6	(1.3)
Effect of foreign tax rates	(.9)	(6.4)	(5.0)
Change in domestic valuation allowance			(19.2)
Goodwill amortization	1.9	5.2	3.2
State taxes net of federal benefit	4.4	3.2	.4
Tax benefits related to export sales	(2.8)	(5.0)	(3.6)
Other	0.6	2.2	0.1
Domestic and foreign income tax rate	38.4%	35.8%	8.6%

The significant components of deferred income taxes (benefits) for the years ended December 31, 2000, 1999 and 1998 are as follows:

	Years ended December 31		
	2000	1999	1998
Deferred income tax (benefit)	\$ (156,747)	\$ 610,893	\$ (1,894,475)
(Decrease) in beginning-of-the year balance of the valuation allowance for deferred tax assets	(69,146)	(155,255)	(76,664)
Currency translation adjustment	(101,840)	(221,177)	(42,575)
	\$ (327,733)	\$ 234,461	\$ (2,013,714)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2000 and 1999 are presented below:

2000 1999

Deferred tax assets:		
Postretirement benefit obligations	\$1,303,865	\$1,339,778
Net operating loss carryforwards	3,171,875	2,648,520
State income taxes	356,371	353,014
Guarantee obligations and estimated future costs of service accruals	249,845	504,872
Employee pension plan obligations	328,086	325,337
Compensated absences, principally due to accrual for financial reporting purposes	262,405	270,787
Other	406,670	527,022
Total gross deferred tax assets	6,079,117	5,969,330
Less: valuation allowance	1,395,761	1,464,907
Net deferred tax assets	4,683,356	4,504,423
Deferred tax liabilities:		
Plant and equipment, principally due to differences in depreciation and capitalized interest	1,271,670	1,338,333
Other	148,606	175,604
Total gross deferred tax liabilities	1,420,276	1,513,937
Net deferred tax assets	\$3,263,080	\$2,990,486

Domestic and foreign deferred taxes are comprised as follows:

December 31, 2000	Federal	State	Foreign	Total
Current deferred asset	\$1,131,409	\$ 7,050	\$1,672,760	\$2,811,219
Non-current deferred asset	89,874	271,679	90,308	451,861
Net deferred tax asset	\$1,221,283	\$ 278,729	\$1,763,068	\$3,263,080

December 31, 1999	Federal	State	Foreign	Total
Current deferred asset (liability)	\$ 983,825	\$ (8,535)	\$1,452,953	\$2,428,243
Non-current deferred asset	117,641	283,343	161,259	562,243
Net deferred tax asset	\$1,101,466	\$ 274,808	\$1,614,212	\$2,990,486

At December 31, 2000, the Company had \$516,891 of income tax receivable included in accounts and notes receivable.

The valuation allowance for deferred tax assets as of January 1, 2000 was \$1,464,907. The net change in the total valuation allowance for the year ended December 31, 2000 was a decrease of \$69,146. The remaining valuation allowance of \$1,395,761 is maintained against deferred tax assets which the Company has determined are not more than likely to be realized. Subsequently recognized tax benefits, if any, relating to the valuation allowance for deferred tax assets will be reported in the consolidated statements of operations.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities and projected future taxable income in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods which the deferred tax assets are deductible, along with reasonable and prudent tax planning strategies and the expiration dates of carryforwards, management believes it is more likely than not the Company will realize the benefits of these deductible differences, net of the existing valuation allowances, at December 31, 2000.

At December 31, 2000 the Company has net operating loss carryforwards for foreign income tax purposes of \$8,198,917 of which \$183,780 expire in 2001, \$370,302 expire in 2002, \$1,557,322 expire in 2003, \$871,806 expire in 2004, \$1,470,773 expire in 2005 and \$3,744,934 have no expiration date and are available to offset future foreign taxable income. The Company has recognized a valuation allowance for certain net operating loss carryforwards at foreign operations where utilization will not be realized.

No provision has been made for United States income tax which may be payable on undistributed income of the Companys foreign subsidiaries since it is the Companys intention to reinvest the unremitted earnings. Furthermore, based on current federal income tax laws, the federal income tax on future dividends will be offset by foreign tax credits in certain instances. At December 31, 2000 the Company has not recognized a deferred tax liability of approximately \$1,640,000 on undistributed retained earnings of such subsidiaries of \$4,822,000.

12. EMPLOYEE BENEFIT PLANS

The Company has two defined benefit pension plans. One covers salaried employees and the other plan covers union employees. The following table sets forth the plans funded status and amounts recognized in the Companys statements of financial position at December 31, 2000 and 1999:

	December 31	
	2000	1999
Change in Projected Benefit Obligation		
Projected benefit obligation at January 1	\$ 4,996,028	\$ 5,298,307
Service cost (excluding administrative expenses)	188,700	205,780
Interest cost	347,668	330,527
Actuarial (gain)	(19,148)	(492,895)
Benefits paid	(327,376)	(345,691)
Projected benefit obligation at December 31	5,185,872	4,996,028
Change in Fair Value of Plan Assets		
Fair value of plan assets at January 1	5,450,575	4,864,437
Actual return on plan assets	262,929	917,772
Employer contributions		40,000
Expenses	(41,000)	(25,942)
Benefits paid	(327,376)	(345,692)
Fair value of plan assets at December 31	5,345,128	5,450,575
Funded status	159,256	454,547
Unrecognized net actuarial (gain)	(1,127,997)	(1,344,839)
Unrecognized net obligation		55,124
Unrecognized prior service cost	3,783	5,930
(Accrued) pension cost at December 31.	\$ (964,958)	\$ (829,238)

Net periodic pension cost for these plans for the years 2000, 1999 and 1998 included the following components:

	Years ended December 31		
	2000	1999	1998
Service cost - benefits earned during the period	\$ 217,458	\$ 240,928	\$ 220,141
Interest cost on projected benefit obligation	347,668	330,527	327,160
Expected return on assets	(421,230)	(376,931)	(323,648)
Amortization of net obligation	55,124	55,121	55,121
Amortization of prior service cost	2,146	10,427	10,427
Recognized net actuarial (gain)	(65,446)	(2,628)	
Net periodic pension cost	\$ 135,720	\$ 257,444	\$ 289,201

The discount rate used to determine the projected benefit obligation for both the salaried and union plans was 7.25% for 2000 and 1999 and 6.5% for 1998.

The projected benefit obligation was determined by using an assumed rate of increase in compensation levels of 5% for 2000, 1999 and 1998 for the salaried plan. The expected long-term rate of return on assets for both plans was 8%.

The Companys French subsidiaries, Selas (SAS) and CFR, are obligated to contribute to an employee profit sharing plan under which annual contributions are determined on the basis of a prescribed formula using capitalization,

salaries and certain revenues. There was no contribution to profit sharing in 2000 or 1998, however, 1999 had expense of \$110,337.

The Company has defined contribution plans for most of its domestic employees not covered by collective bargaining agreements. Under these plans, eligible employees may contribute amounts through payroll deductions supplemented by employer contributions for investment in various investments specified in the plans. The Company contribution to these plans for 2000, 1999 and 1998 was \$328,452, \$383,015 and \$377,447, respectively.

The Company provides postretirement medical benefits to certain domestic full-time employees who meet minimum age and service requirements. In 1999 a plan amendment was instituted which limits the liability for postretirement benefits beginning January 1, 2000. This plan amendment resulted in a \$1.1 million unrecognized prior service cost reduction which will be recognized as employees render the services necessary to earn the postretirement benefit. The Company's policy is to pay the cost of these postretirement benefits when required on a cash basis. The Company also has provided certain foreign employees with retirement related benefits.

The following table presents the amounts recognized in the Company's consolidated balance sheet at December 31, 2000 and 1999 for postretirement medical benefits:

Accumulated postretirement medical benefit obligation:

	December 31	
	2000	1999
Change in Projected Benefit Obligation		
Projected benefit obligation at January 1	\$ 1,476,501	\$ 2,867,101
Service cost (excluding administrative expenses)	33,382	34,920
Interest cost	98,656	170,180
Plan amendment		(1,135,426)
Actuarial (gain)	(92,154)	(228,820)
Benefits paid	(139,300)	(231,454)
Projected benefit obligation at December 31	1,377,085	1,476,501
Change in Fair Value of Plan Assets		
Employer contribution	139,300	231,454
Benefits paid	(139,300)	(231,454)
Fair value of plan assets at December 31	0	0
Funded status	1,377,085	1,476,501
Unrecognized net actuarial gain	676,156	615,170
Unrecognized prior service cost	1,059,731	1,135,426
Accrued postretirement benefit cost	\$ 3,112,972	\$ 3,227,097

Accrued postretirement medical benefit costs are classified as other postretirement benefit obligations as of December 31, 2000 and 1999.

Net periodic postretirement medical benefit costs for 2000, 1999 and 1998 include the following components:

	Years ended December 31		
	2000	1999	1998
Service cost	\$ 33,382	\$ 34,920	\$ 30,611
Interest cost	98,656	170,180	187,324
Amortization of unrecognized prior service cost	(75,695)		
Amortization of unrecognized gain	(31,168)	(16,979)	(14,970)
Net periodic postretirement medical benefit cost	\$ 25,175	\$ 188,121	\$ 202,965

For measurement purposes, a 9.0% annual rate of increase in the per capita cost of covered benefits (i.e., health care cost trend rate) was assumed for 2000; the rate was assumed to decrease gradually to 5% by the year 2009 and remain at that level thereafter. The health care cost trend rate assumption may have a significant effect on the amounts reported. For example, increasing the assumed health care cost trend rates by one percentage point in each year would increase

the accumulated postretirement medical benefit obligation as of December 31, 2000 by \$4,077 and the aggregate of the service and interest cost components of net periodic postretirement medical benefit cost for the year ended December 31, 2000 by \$2,018.

The weighted-average discount rate used in determining the accumulated postretirement medical benefit obligation at December 31, 2000 and 1999 was 7.25% and 1998 was 6.5%.

The Company provides retirement related benefits to a former employee, and to certain foreign subsidiary employees in accordance with industry-wide collective labor agreements. The liabilities established for these benefits at December 31, 2000 and 1999 were \$945,789 and \$903,164, respectively, and are classified as other postretirement benefit obligations as of December 31, 2000 and 1999.

13. CURRENCY TRANSLATION ADJUSTMENTS

All assets and liabilities of foreign operations are translated into U.S. dollars at prevailing rates of exchange in effect at the balance sheet date. Revenues and expenses are translated using average rates of exchange for the year. The functional currency of the Company's foreign operations is the currency of the country in which the entity resides; such currencies are the French franc, German mark, Italian lira, British pound, Singapore dollar, Portugal escudo and Japanese yen. Adjustments resulting from the process of translating the financial statements of foreign subsidiaries into U.S. dollars are reported as a separate component of shareholders' equity, net of tax where appropriate. Gains and losses arising from foreign currency transactions are reflected in the consolidated statements of operations as incurred. Foreign currency transaction gains (losses) included in the statements of operations for 2000, 1999 and 1998 were (\$56,378), (\$296,583) and \$175,609, respectively.

14. COMMON STOCK AND STOCK OPTIONS

Under the Company's 1985 and 1994 Stock Option Plans, options to an aggregate of 900,000 shares of common stock may be granted to certain officers and key employees. In 1998 the Board of Directors established a 1998 Stock Option Plan to issue up to 75,000 shares to certain non-employee Directors, both at no less than 100% of the fair market value at the date of grant. All options are exercisable until the earlier of termination pursuant to the plans or ten years from date of grant.

At December 31, 2000, there were 50,000 additional shares available for grant under the 1998 plan. The per share fair value of stock options granted during 2000 was \$1.31 on the date of grant using the Black Scholes option-pricing model with the following weighted-average assumptions: 2000 - expected dividend yield 2.1%; risk free interest rates of 5.21%; expected life of 6 years and expected volatility of the stock over the life of the options which is based on the past 10 years of the stock's activity.

The Company applies APB Opinion No. 25 in accounting for its Plans, and, accordingly, no compensation cost has been recognized for its stock options in the financial statements. Had the Company determined compensation cost based on the fair value at the grant date of its stock options under SFAS No. 123, the Company's net income would have been reduced to the pro forma amount indicated below:

	2000	1999	1998
Net income as reported	\$ 2,935,786	\$ 1,729,160	\$ 3,609,522
Net income pro forma	\$ 2,740,476	\$ 1,510,137	\$ 3,297,704
Basic earnings per share as reported	\$.57	\$.33	\$.69
Basic earnings per share pro forma .	\$.54	\$.29	\$.63

Options of 131,700 were granted in 2000. No options were granted in 1999. 225,000 options were granted in 1998. Pro forma net income reflects options granted in 2000 and 1998. Therefore, the full impact of calculating compensation cost for stock options under SFAS No. 123 is not reflected in the pro forma net income amounts presented above because compensation cost is reflected over the options vesting periods of 3 to 5 years and compensation cost for options granted prior to January 1, 1998 is not considered.

Stock option activity during the periods indicated is as follows:

Number of	Weighted-average
-----------	------------------

	Shares	Exercise Price
Outstanding at January 1, 1998	383,288	\$7.24
Options granted	225,000	9.61
Options exercised	(2,200)	4.63
Options forfeited	(2,200)	6.10
Outstanding at December 31, 1998	603,888	\$8.14
Options exercised	(19,888)	4.20
Options forfeited	(13,600)	8.40
Outstanding at December 31, 1999	570,400	\$8.27
Options forfeited	(26,400)	9.35
Options expired	(3,750)	11.42
Options granted	131,700	3.13
Outstanding at December 31, 2000	671,950	\$7.20

The following summarizes information about the Companys stock options outstanding at December 31, 2000:

Options Outstanding

Range of Exercise Prices	Number Outstanding at 12/31/00	Weighted Average Remaining Contractual Life
\$5.35-7.75	227,800	4.30
9.06-10.50	312,450	4.86
3.13	131,700	

Options Exercisable

Weighted-Average Exercise Price	Number Exercisable at 12/31/00	Weighted-Average Exercise Price
\$6.35	212,800	\$ 6.13
9.52	251,350	9.69
3.13		

15. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The following is a tabulation of unaudited quarterly results of operations.

2000	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net sales	\$30,523,000	\$31,996,000	\$28,394,000	\$25,374,000
Gross Profit	\$ 7,085,000	\$ 6,232,000	\$ 5,053,000	\$ 5,228,000
Net income	\$ 1,201,000	\$ 1,019,000	\$ 402,000	\$ 314,000
Earnings per share				
Basic	\$.23	\$.20	\$.08	\$.06
Diluted	\$.23	\$.20	\$.08	\$.06
1999	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net sales	\$24,053,000	\$25,391,000	\$26,166,000	\$27,143,000
Gross Profit	\$ 4,521,000	\$ 4,963,000	\$ 6,001,000	\$ 6,036,000
Net income (loss)	\$ (354,000)	\$ 32,000	\$ 1,142,000	\$ 910,000
Earnings (loss) per share				

Basic	(\$.07)	\$.01	\$.22	\$.18
Diluted	(\$.07)	\$.01	\$.22	\$.18

16. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share:

	2000		Per Share Amount
	Income Numerator	Shares Denominator	
Basic Earnings Per Share			
Income available to common shareholders	\$2,935,786	5,121,513	\$0.57
Effect of Dilutive Securities			
Stock options		12,981	
Diluted Earnings Per Share	\$2,935,786	5,134,494	\$0.57

	1999		Per Share Amount
	Income Numerator	Shares Denominator	
Basic Earnings Per Share			
Income available to common shareholders	\$1,729,160	5,196,072	\$0.33
Effect of Dilutive Securities			
Stock options		12,018	
Diluted Earnings Per Share	\$1,729,160	5,208,090	\$0.33

	1998		Per Share Amount
	Income Numerator	Shares Denominator	
Basic Earnings Per Share			
Income available to common shareholders	\$3,609,522	5,233,016	\$0.69
Effect of Dilutive Securities			

Stock options		77,338	
Diluted Earnings			
Per Share	\$3,609,522	5,310,354	\$0.68

For additional disclosures regarding the stock options, see notes 14.

17. CONTINGENCIES AND COMMITMENTS

The Company is a defendant along with a number of other parties in approximately 100 lawsuits as of December 31, 2000 (approximately 200 as of December 31, 1999) alleging that plaintiffs have or may have contracted asbestos-related diseases as a result of exposure to asbestos products or equipment containing asbestos sold by one or more named defendants. Due to the noninformative nature of the complaints, the Company does not know whether any of the complaints state valid claims against the Company. The lead insurance carrier has informed the Company that the primary policy for the period July 1, 1972 through July 1, 1975 has been exhausted and that the lead carrier will no longer provide a defense under that policy. The Company has requested that the lead carrier substantiate this situation. The Company has contacted representatives of the Company's excess insurance carrier for some or all of this period. The Company does not believe that the asserted exhaustion of the primary insurance coverage for this period will have a material adverse effect on the financial condition, liquidity, or results of operations of the Company. Management is of the opinion that the number of insurance carriers involved in the defense of the suits and the significant number of policy years and policy limits to which these insurance carriers are insuring the Company make the ultimate disposition of these lawsuits not material to the Company's consolidated financial position or results of operations.

The Company is also involved in other lawsuits arising in the normal course of business. While it is not possible to predict with certainty the outcome of these matters, management is of the opinion that the disposition of these lawsuits and claims will not materially affect the Company's consolidated financial position, liquidity, or results of operations.

Total rent expense for 2000, 1999, and 1998 under leases pertaining primarily to engineering, manufacturing, sales and administrative facilities, with an initial term of one year or more, aggregated \$1,358,000, \$1,384,000 and \$1,020,000, respectively. Remaining rentals payable under such leases are as follows: 2001 - \$1,405,000; 2002 - \$1,322,000; 2003 - \$1,171,000; 2004 - \$ 699,000; 2005 and thereafter - \$1,775,000.

18. RELATED-PARTY TRANSACTIONS

One of the Company's subsidiaries leases office and factory space from a partnership consisting of three present or former officers of the subsidiary. The subsidiary is required to pay all real estate taxes and operating expenses. In the opinion of management, the terms of the lease agreement are comparable to those which could be obtained from unaffiliated third parties. The total rent expense incurred under the lease was approximately \$330,000 for 2000, 1999 and 1998. Annual lease commitments approximate \$330,000 through December, 2001.

EXHIBIT 21

Significant Subsidiaries
of Selas
Corporation of America

Subsidiary	Place of Incorporation
CFR-CECF Forumi-Ripoche	France
CFR Portugal	Portugal
Deuer Manufacturing, Inc.	Ohio
Nippon Selas	Japan
Resistance Technology GmbH Vertrieb von Elecktronikteilen	Germany
Resistance Technology, Inc.	Minnesota
Lectret Precision PTE LTD	Singapore
RTI Electronics, Inc.	Delaware
RTI Technologies PTE LTD	Singapore
SEER	France
Selas (SAS)	France
Selas Italiana, S.A.	Italy
Selas Engineering UK Ltd.	England
Selas Waermetechnik, GmbH	Germany

EXHIBIT 23

CONSENT OF INDEPENDENT AUDITORS

The Board of Directors
Selas Corporation of America:

We consent to the incorporation by reference in the Registration Statements No. 33-33712 on Form S-3, No. 333-16377 on Form S-8, and No. 333-66433 on Form S-8 of Selas Corporation of America and subsidiaries of our reports dated February 19, 2001, relating to the consolidated balance sheets of Selas Corporation of America and subsidiaries as of December 31, 2000 and 1999 and the related consolidated statements of operations, shareholders' equity, and cash flows and related financial statement schedules for each of the years in the three-year period ended December 31, 2000, which reports are included in the December 31, 2000 annual report on Form 10-K of Selas Corporation of America.

/s/KPMG LLP
Philadelphia, Pennsylvania
March 30, 2001

EXHIBIT 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned does hereby consent and appoint Stephen F. Ryan and Francis A. Toczylowski, or either of them, his attorney to do any and all acts, including the execution of documents, which said attorneys, or either of them, may deem necessary or advisable to enable Selas Corporation of America (the "Company") to comply with the Securities Exchange Act of 1934, as amended, and the rules, regulations and requirements of the Securities and Exchange Commission, in connection with the filing under said Act of an annual report of the Company on Form 10-K for the year ended December 31, 2000, including the power and authority to sign in the name and on behalf of the undersigned, in any and all capacities in which the signature of the undersigned would be appropriate, such annual report and any and all amendments thereto and generally to do and perform all things necessary to be done in the premises as fully and effectually in all respects as the undersigned could do if personally present.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand and seal this 30th day of March, 2001.

/s/Mark S. Gorder

/s/John H. Austin, Jr.

/s/Frederick L. Bissinger

/s/Nicholas A. Giordano

/s/Michael J. McKenna