

SECURITIES AND STOCK EXCHANGE COMMITTEE

00-950 Warszawa Plac Powstańców Warszawy 1

SA-QS III /2004

(for the issuers of securities of manufacturing, construction, commercial and service activity)

According to § 57 passage 2 of the Decree of the Cabinet of 16.10.2001 - Journal of Law No 139, item 1569 and of 2002 No 31, tem 280

08.11.2004

(data przekazania)

SELECTED FINANCIAL DATA	in thousand zlotys		in EUR	
	3 quarters 2004	3 quarters 2003	3 quarters 2004	3 quarters 2003
	01.01.2004 30.09.2004	01.01.2003 30.09.2003	01.01.2004 30.09.2004	01.01.2003 30.09.2003
I. Net sales revenues	832 415	867 206	180 122	198 937
II. Operating profit (loss)	138 055	88 343	29 873	20 266
III. Gross profit (loss)	57 147	77 915	12 366	17 874
IV. Net profit (loss)	45 906	68 603	9 933	15 738
V. Net cash flows from operating activities	8 939	89 978	2 039	19 377
VI. Net cash flows from investing activities	12 487	-5 982	2 849	-1 288
VII. Net cash flows from financing activities	-41 570	-72 714	-9 484	-15 659
VIII. Total net cash flows	-20 144	11 282	-4 596	2 430
IX.. Total assets	619 591	866 000	141 356	186 497
X. Liabilities and reserves for liabilities	540 236	766 283	123 252	165 023
XI. Long-term liabilities	260 675	293 916	59 471	63 296
XII. Short-term liabilities	142 537	247 101	32 519	53 214
XIII. Shareholders' equity	74 193	74 107	16 927	15 959
XIV. Share capital	215 524	215 524	49 170	46 414
XV. Number of shares	107 762 023	107 762 023	107 762 023	107 762 023
XVI. Earnings (loss) per ordinary share (in zlotys / EUR)	0,56	0,03	0,12	0,01
XVII. Diluted earnings (loss) per ordinary share (in zlotys / EUR)				
XVIII. Book value per share (in zlotys/ EUR)	0,69	0,69	0,16	0,15
XIX. Diluted book value per share (in zlotys / EUR)				
XX. Declared or paid-out dividend per ordinary share (in zlotys / EUR)				

Balance sheet

	30.09.2004	30.06.2004	30.09.2003	30.06.2003
ASSETS				
I. Fixed assets	350 726	344 406	536 183	547 618
1. Intangible assets	1 288	1 429	4 879	5 405
of which goodwill	0	0	0	0
2. Goodwill of the subordinated entities	37	41	49	52
3. Tangible fixed assets	274 776	267 299	456 806	461 054
4. Long-term receivables	10 430	10 081	1 984	2 844
4.1. from subsidiary and associated companies	352	0	0	0
4.2. from other companies	10 078	10 081	1 984	2 844
5. Long-term investments	58 565	59 077	63 178	69 052
5.1. Real estate	36 658	36 658	20 644	20 533
5.2. Intangible assets	0	0	0	0
5.3. Long-term financial assets	21 907	22 419	42 534	48 519
a) in subsidiary and associated companies	20 141	20 653	27 123	27 142
- of which shares in companies valued under the equity method	4 078	4 590	359	348
- shares in subsidiaries and correlated entities not covered by consolidation	183	16 063	26 764	26 794
b) in other companies	1 766	1 766	15 411	21 377
5.4. Other long-term investments	0	0	0	0
6. Long-term deferred expenses	5 630	6 479	9 287	9 211
6.1. Deferred income tax	5 630	6 479	8 173	8 141
6.2. Other deferred expenses	0	0	1 114	1 070
II. Current assets	268 865	392 525	329 817	331 275
1. Inventories	61 278	87 943	62 744	70 661
2. Current receivables	159 009	249 732	204 150	217 315
2.1. from subsidiary and associated companies	3 222	6 440	0	3 121
2.2. from other companies	155 787	243 292	204 150	214 194
3. Short-term investments	45 980	53 144	56 118	35 769
3.1. Short-term financial assets	45 980	53 144	56 118	35 769
a) in subsidiary and associated companies	0	0	9 292	4 640
b) in other companies	11 442	13 551	524	481
c) cash and cash equivalents	34 538	39 593	46 302	30 648
3.2. Other short-term investments	0	0	0	0
4. Short-term deferred expenses	2 598	1 706	6 805	7 530
Total Assets	619 591	736 931	866 000	878 893
Shareholders' Equity and Liabilities				
I. Shareholders' Equity	74 193	56 160	74 107	57 636
1. Share capital	215 524	215 524	215 524	215 524
2. Not paid-up share capital (negative value)	0	0	0	0
3. Own shares in treasury (negative value)	-44	-44	-10 568	-10 575
4. Reserve capital	113 121	113 121	16 001	15 814
5. Revaluation capital	12 411	12 411	13 119	13 101
6. Other reserve capitals	92 430	88 709	75 567	75 567
7. Differences in rates from re-counting of the subordinated entities	0	0	0	0
a) positive differences in rates	0	0	0	0
b) negative differences in rates	0	0	0	0
8. Prior years' profit (loss)	-405 155	-400 133	-304 139	-311 371
9. Net profit (loss)	45 906	26 572	68 603	59 576
10. Net profit write-downs during the financial year (negative value)	0	0	0	0
II. Minority capitals	5 131	8 594	25 057	24 386
III. Negative goodwill of the subordinated entities	31	35	553	807
Liabilities and reserves for liabilities	540 236	672 142	766 283	796 064
1. Reserves for liabilities	27 752	32 037	94 183	95 125
1.1. Reserve for deferred income tax	3 330	3 380	8 307	8 239
1.2. Provisions for pension and similar benefits	2 738	3 076	5 149	5 838
a) long-term provisions	1 913	2 005	4 855	5 544
b) short-term provisions	825	1 071	294	294
1.3. Other provisions	21 684	25 581	80 727	81 048
a) long-term provisions	10 282	14 004	79 477	79 848
b) short-term provisions	11 402	11 577	1 250	1 200

2. Long-term liabilities	260 675	210 275	293 916	291 070
2.1. To subsidiary and associated companies	26	0	0	0
2.2. To other companies	260 649	210 275	293 916	291 070
3. Current liabilities	142 537	317 341	247 101	277 429
3.1. To subsidiary and associated companies	4 943	5 071	0	1 267
3.2. To other companies	137 121	311 553	245 479	274 216
3.3. Special funds	473	717	1 622	1 946
4. Accrued expenses and deferred income	109 272	112 489	131 083	132 440
4.1. Negative goodwill	0	0	0	0
4.2. Other accrued expenses and deferred income	109 272	112 489	131 083	132 440
a) long-term accruals	68 890	89 350	130 746	131 369
b) short-term accruals	40 382	23 139	337	1 071
Total Shareholders' Equity and Liabilities	619 591	736 931	866 000	878 893

Book value	74 193	56 160	74 107	57 636
Number of shares	107 762 023	107 762 023	107 762 023	107 762 023
Book value per share (in zlotys) - basic	0,69	0,52	0,69	0,53
Diluted number of shares				
Book value per share (in zlotys) - diluted				

Off-balance sheet liabilities

	30.09.2004	30.06.2004	30.09.2003	30.06.2003
1. Contingent receivables	500	500	1 400	900
1.1. From subsidiary and associated companies (due to)	500	500	1 400	900
- guarantees received	500	500	1 400	900
1.2. From other companies (due to)	0	0	0	0
- guarantees received	0	0	0	0
2. Contingent liabilities	299 359	307 927	367 833	375 507
2.1. In favour of subsidiary and associated companies (due to)	250	250	2 313	2 358
- guarantees extended	250	250	1 591	1 636
		0		
other	0	0	722	722
2.1. In favour of other entities (due to)	299 109	307 677	365 520	373 149
guarantees extended	299 109	306 070	351 743	359 346
letter of credit opening	0	1 607	8 857	8 883
other	0	0	4 920	4 920
3. Other (due to)	24 093	23 206	39 030	19 595
mortgage	13 995	13 495	14 150	14 150
bills of exchange	0	0	18 460	2 910
	0			
other	10 098	9 711	6 420	2 535
Total off-balance-sheet items	323 952	331 633	408 263	396 002

Profit and loss account

	3 quarter 2004 01.07.2004 30.09.2004	3 quarters 2004 01.01.2004 30.09.2004	3 quarter 2003 01.07.2003 30.09.2003	3 quarters 2003 01.01.2003 30.09.2003
I. Net sales revenues	226 914	832 415	290 488	867 206
- of which sales to subsidiary and associated companies	1 891	11 431	-791	1 128
1. Net sales of products	31 297	149 230	71 103	205 714
2. Net sales of merchandise and raw materials	195 617	683 185	219 385	661 492
II. Cost of products, merchandise and raw materials sold	190 691	720 592	248 669	752 239
- of which sold to subsidiary and associated companies	0	47	0	0
1. Cost of products sold	11 293	103 080	74 218	222 051
2. Cost of merchandise and raw materials sold	179 398	617 512	174 451	530 188
III. Gross profit (loss) on sales (I-II)	36 223	111 823	41 819	114 967
IV. Distribution expenses	6 419	23 432	7 997	38 011
V. General administrative expenses	11 366	32 390	10 852	33 418
VI. Profit (loss) on sales (III-IV-V)	18 438	56 001	22 970	43 538
VII. Other operating income	9 965	97 553	2 098	81 257
1. Profit on disposal of non-financial fixed assets	46	470	2 354	2 437
2. Revaluation of non-financial fixed assets	0	0	0	0
3. Other operating costs	9 919	97 083	-256	78 820
VIII. Other operating expenses	6 428	15 499	-2 968	36 452
1. Loss on disposal of non-financial fixed assets	16	1 902	36	6 973
2. Revaluation of non-financial fixed assets	2 509	5 197	-3 042	16 543
3. Other operating costs	3 903	8 400	38	12 936
IX. Profit (loss) on operational activity (VI + VII - VIII)	21 975	138 055	28 036	88 343
X. Financial income	19 140	195 883	-4 207	28 899
1. Equity income – dividends	6	6	0	0
- of which from subsidiary and associated companies	0	0	0	0
2. Interest receivable	3 921	8 154	1 575	5 483
- of which from subsidiary and associated companies		58	97	216
3. Gain on disposal of investments	0	0	-351	0
4. Revaluation of investments	15 606	172 752	-4 955	2 450
5. Other financial income	-393	14 971	-476	20 966
XI. Financial expenses	9 041	120 463	10 615	32 748
1. Interest payable	8 378	24 075	9 779	19 064
- of which to subsidiary and associated companies	0	170		
2. Loss on disposal of investments	370	16 898	313	313
3. Revaluation of investments	1	15	-43	4 488
4. Other financial expenses	292	79 475	566	8 883
XII. Profit (loss) on sales of total or part of shares in subordinated entities	1 803	-32 782	0	-11 891
XIII. Profit (loss) on ordinary activity (IX + X - XI +/- XII)	33 877	180 693	13 214	72 603
XIV. Results of extraordinary events (XIV.1 - XIV.2)	-10 247	-123 547	-1	5 152
1. Extraordinary gains	71	74	2	5 205
2. Extraordinary losses	10 318	123 621	3	53
XV. Write-downs of goodwill of the subordinated entities	4	9	3	9
XVI. Write-downs of goodwill of the subordinated entities	3	10	56	169
XVII. Profit (loss) before taxation (XIII +/- XIV - XV + XVI)	23 629	57 147	13 266	77 915
XVIII. Corporate income tax	3 360	7 624	3 654	9 041
a) current portion	2 561	7 126	3 619	9 781
b) deferred portion	799	498	35	-740
XIX. Other obligatory profit decreases (loss increases)	0	0	3	3
XX. Share in net profits (losses) of companies valued under the equity method	-368	-364	11	-41
XXI. Profits (losses) of minority	-567	-3 253	-593	-227
XXII. Net profit (loss) (XVII-XVIII-XIX+/-XX+/- XXI)	19 334	45 906	9 027	68 603
Net profit (loss) (on annual basis)	60 581		3 765	
Weighted average number of ordinary shares	107 762 023		107 762 023	
Earning (loss) per ordinary share (in PLN) - basic	0,56		0,03	
Diluted weighted average number of ordinary shares				
Earning (loss) per ordinary share (in PLN) - diluted				

Consolidated cash flow statement

	3 quarter 2004 01.07.2004 30.09.2004	3 quarters 2004 01.01.2004 30.09.2004	3 quarter 2003 01.07.2003 30.09.2003	3 quarters 2003 01.01.2003 30.09.2003
A. Cash flows from operating activities - indirect method				
I. Net profit (loss)	19 334	45 906	9 027	68 603
II. Total adjustments	-2 421	-36 967	34 488	21 375
1. Profits (losses) of minority	567	3 253	593	227
2. Share in net (profits) losses of companies valued under the equity method	368	364	-11	41
3. Depreciation and amortisation	2 546	11 701	9 135	27 639
write-downs of goodwill of the subordinated or negative goodwill of the subordinated entities	1	-1	-53	-160
4. (Gain) loss on foreign exchange differences	36	265	39	-310
5. Interest and dividends	2 421	10 283	2 492	11 229
6. (Gain) loss on investing activities	7 734	164 943	669	18 311
7. Change in provisions	90	-146	-682	-3 612
8. Change in inventories	26 075	-9 370	7 911	2 445
9. Change in receivables	46 497	79 975	27 261	12 062
10. Change in current liabilities (excluding loans and bank credits)	-71 796	-81 493	-18 138	19 167
11. Change in deferred and accrued expenses	-5 896	-54 668	-1 857	-121 616
12. Other adjustments	-11 063	-162 074	7 076	55 792
III. Net cash flows from operating activities (I+/-II)	16 913	8 939	43 515	89 978
B. Cash flows from investing activities				
I. Cash provided by investing activities	11 573	45 661	-4 998	29 039
1. Disposal of intangible assets and tangible fixed assets	626	4 587	1 576	6 620
2. Disposal of investments in real-estate and intangible assets	0	0	0	0
3. Disposal of from financial assets, of which:	10 947	41 074	-6 574	22 359
a) in subsidiary and associated companies	8 988	11 246	-3 891	19 715
- disposal of securities	8 550	9 050	-6 373	14 734
- dividends and shares in profits	419	1 632	897	1 832
- long-term loans collected	0	512	600	600
- interest received	19	52	942	2 506
- other income from financial assets	0	0	43	43
b) in other companies	1 959	29 828	-2 683	2 640
- disposal of securities	1	10 935	-2 443	2 605
- dividends and shares in profits	5	5	0	0
- long-term loans collected	1 937	16 937	0	0
- interest received	0	751	-240	35
- other income from financial assets	16	1 200	0	0
4. Other investing income	0	0	0	64
II. Cash used in investing activities	15 580	33 174	6 579	35 021
1. Purchases of intangible assets and tangible fixed assets	15 580	32 846	6 310	10 057
2. Purchases of investments in real-estate and intangible assets	0	0	111	20 644
3. For financial assets, of which:	0	218	0	4 162
a) in subsidiary and associated companies	0	203	0	4 162
- acquisition of securities	0	203	0	4 102
- long-term loans granted	0	0	0	60
b) in other companies	0	15	0	0
- acquisition of securities	0	15	0	0
- long-term loans granted	0	0	0	0
4. Dividends and other share in profits paid to minority	0	0	0	0
5. Other investing expenses	0	110	158	158
III. Net cash flows from investing activities (I-II)	-4 007	12 487	-11 577	-5 982
C. Cash flows from financing activities				
I. Cash provided by financing activities	4 086	26 765	-2 319	-207
1. Issuance of shares and other capital securities and additional paid-in capital	0	0	0	0
2. Bank credits and loans contracted	4 297	26 729	-303	168
3. Issuance of debt securities	0	0	0	0
4. Other financial income	-211	36	-2 016	-375
II. Cash used in financing activities	22 047	68 335	13 965	72 507
1. Acquisition of own shares	0	0	-2 188	0
2. Dividends and other payments to shareholders	-871	1 335	1 676	3 401
3. Profit distribution expenses other than payments to shareholders	0	0	0	0
4. Payments of bank credits and loans	14 364	37 083	8 774	49 630

5. Redemption of debt securities	0	0	0	1 000
6. Payments of other financial liabilities	0	0	0	0
7. Finance lease commitments paid	438	1 340	273	858
8. Interest paid	3 041	12 692	4 497	16 663
9. Other financial expenses	5 075	15 885	933	955
III. Net cash flows from financing activities (I-II)	-17 961	-41 570	-16 284	-72 714
D. Total net cash flows (A.III+/-B.III+/-C.III)	-5 055	-20 144	15 654	11 282
E. Change in balance-sheet cash and cash equivalents	-5 055	-20 144	15 654	11 282
- of which change in cash and cash equivalents due to foreign exchange differences	11	11	0	0
F. Cash and cash equivalents - beginning of period	39 593	54 682	30 648	35 020
G. Cash and cash equivalents - end of period (F+/-D)	34 538	34 538	46 302	46 302
- of which those with restricted availability				

Changes in consolidated shareholders' equity

	3 kwartał 2004 od 01.07.2004 do 30.09.2004	3 kwartały 2004 narastająco od 01.01.2004 do 30.09.2004	3 kwartał 2003 od 01.07.2003 do 30.09.2003	3 kwartały 2003 narastająco od 01.01.2003 do 30.09.2003
I. Shareholders' Equity at the beginning of period (opening balance)	56 160	140 275	57 636	-246 070
a) changes in accepted accounting principles (policies)	0	0	0	0
b) corrections of material faults	0	0	0	0
I. Shareholders' Equity at the beginning of period (opening balance), after restatement to comparative data	56 160	140 275	57 636	-246 070
1. Share capital at the beginning of period	215 524	215 524	215 524	25 668
1.1. Changes in share capital	0	0	0	189 856
a) additions, of which:	0	0	0	189 856
- issuance of shares	0	0	0	189 856
consolidation adjustments	0	0	0	0
b) reductions, of which:	0	0	0	0
- retirement of shares	0	0	0	0
	0	0	0	0
1.2. Share capital at the end of period	215 524	215 524	215 524	215 524
2. Not paid-up share capital at the beginning of period	0	0	0	0
2.1. Changes in not paid-up share capital	0	0	0	0
a) additions, of which:	-376	6 013	0	0
consolidation adjustments re SAD	-376	6 013	0	0
	0	0	0	0
b) reductions, of which:	-376	6 013	0	0
arrangement receivables	-376	-1 128	0	0
consolidation adjustments re SAD	0	7 141	0	0
2.2. Not paid-up share capital at the end of period	0	0	0	0
3. Own shares in treasury at the beginning of period	-44	-3 449	-10 575	-44
3.1. Changes in own shares in treasury	0	3 405	7	-10 524
a) additions, of which:	0	3 405	0	0
	0	0	0	0
consolidation adjustments re SAD	0	3 405	0	0
b) reductions, of which:	0	0	-7	10 524
	0	0	0	0
	0	0	-7	10 524
3.2. Own shares in treasury at the end of period	-44	-44	-10 568	-10 568
4. Reserve capital at the beginning of period	113 121	18 200	15 814	14 411
4.1. Changes in reserve capital	0	94 921	187	1 590
a) additions, of which:	4 012	103 121	2 886	8 169
shares issue above nominal value	0	0	0	0
- distribution of profit (by law)	23	99 128	0	1 132
	0	0	0	0
consolidation adjustments, including adjustments connected with excluding from consolidation the companies: Ferostal, Stalexport Wielkopolska and Złomhut	3 989	3 993	0	0
	0	0	2 880	4 386
other	0	0	6	2 651
b) reductions, of which:	4 012	8 200	2 699	6 579
- coverage of loss	0	32	480	2 821
elimination of the additional payments	0	200	0	0
consolidation adjustments, including adjustments connected with excluding from consolidation the companies: Ferostal, Stalexport Wielkopolska and Złomhut	4 012	7 968	2 219	3 758
4.2. Reserve capital at the end of period	113 121	113 121	16 001	16 001
5. Revaluation capital at the beginning of period	12 411	13 323	13 101	15 599
5.1. Changes in revaluation capital	0	-912	18	-2 480
a) additions, of which:	0	0	38	171
	0	0	38	171
consolidation adjustments (re-classification of equity capital	0	0	0	0
b) reductions, of which:	0	912	20	2 651
- sale or disposal of tangible fixed assets	0	0	20	2 651
	0	0	0	0
consolidation adjustments, including adjustments connected with excluding from consolidation the companies: Ferostal, Stalexport Wielkopolska and Złomhut	0	912	0	0
5.2. Revaluation capital at the end of period	12 411	12 411	13 119	13 119
6. Other reserve capital at the beginning of period	88 709	82 560	75 567	4 255

6.1. Changes in other reserve capital	3 721	9 870	0	71 312
a) additions, of which:	3 721	9 870	0	74 245
profit distribution	0	0	0	0
execution of the arrangement liabilities of Stalexport S.A. Instalment payments	3 721	9 870	0	74 099
consolidation adjustments (re-classification of equity capital	0	0	0	146
b) reductions, of which:	0	0	0	2 933
transferring to reserve capital	0	0	0	0
loss coverage	0	0	0	2 500
	0	0	0	0
consolidation adjustments (re-classification of equity capital	0	0	0	433
6.2. Other reserve capital at the end of period	92 430	92 430	75 567	75 567
7. Differences of rates from re-calculation of the subordinated entities	0	0	0	0
8. Prior years' profit (loss)at the beginning of period	-400 133	-285 229	-311 371	-44 037
8.1. Prior years' profit at the beginning of period	42 063	310 845	280 379	21 430
a) changes in accepted accounting principles (policies)	0	0	0	0
b) corrections of material faults	0	0	0	0
8.2 Prior years' profit at the beginning of period, after restatement to comparative data	42 063	310 845	280 379	21 430
a) additions, of which:	10 096	30 099	11 322	281 640
prior years' profit distribution	25 343	3 913	-1 304	3 237
	0	0	12 626	278 403
consolidation adjustments (re-classification of equity capital	-15 247	26 186	0	0
b) reductions, of which:	46	315 403	3 866	15 235
transition to reserve capital	0	39 731	0	27
social funds	0	0	0	0
staff bonuses	0	0	0	0
coverage of the prior years' loss	0	0	710	710
dividend	0	3 184	0	2 500
other	0	12	80	790
consolidation adjustments (re-classification of equity capital)	46	272 476	3 076	11 208
8.3 Prior years' profit at the end of period	52 113	25 541	287 835	287 835
8.4 Prior years' loss at the beginning of period	442 196	596 074	591 750	65 467
a) changes in accepted accounting principles (policies)	0	0	0	0
b) corrections of material faults	0	0	0	0
8.5 Prior years' loss at the beginning of the period after restatement to comparative data	442 196	596 074	591 750	65 467
a) additions, of which:	1 492	3 222	1 062	532 915
transition of prior years' loss to be covered	1 920	3 082	3 283	347 743
consolidation adjustments (re-classification of equity capital)	-428	140	2 440	185 172
b) reductions, of which:	12 992	168 600	60 414	6 408
loss coverage	-197	47	60 235	4 548
	0	0	0	0
consolidation adjustments, including adjustments connected with excluding from consolidation the companies: Ferostal, Stalexport Wielkopolska and Zlomhut	13 189	168 553	179	1 860
8.6. Prior years' loss at the end of period	430 696	430 696	532 398	591 974
8.7. Prior years' profit (loss) at the end of period	-378 583	-405 155	-244 563	-304 139
9. Net profit (loss)	19 334	45 906	9 027	68 603
a) net profit	19 334	45 906	9 027	68 603
b) net loss	0	0	0	0
c) charges on the profit	0	0	0	0
II. Shareholders' Equity at the end of period (closing balance)	74 193	74 193	74 107	74 107
III. Shareholders' Equity adjusted by the proposed distribution of profit (coverage of loss)	74 193	74 193	23 413	23 413

Commentary to the consolidated quarterly report of Capital Group Stalexport SA for the 3rd quarter of the year 2004

I. Applied accounting principles, including methods of assets and liabilities valuation, measuring the financial result and preparing financial statements.

Valuation of assets and liabilities and determining the financial result was carried out in accordance with the principles binding in the Accounting Act of 29.09.1994 (Dz. U. No 121 item 591 with amendments) called hereinafter the Act and the regulations of Council of Ministers dated 16.10.2001 on current and periodic information provided by issuers of securities (Dz. U. No 139 item 1569 and of 2002 No 31, item 280 of 2003 No 220, item 2169) and the resolution of Minister of Finance dated 12 December 2001 on detailed rules of preparing financial statements of related companies by entities other than banks and insurance companies (Dz. U. z 2001 r. No 152, item 1729).

Full consolidation in the dominant company Stalexport S.A. included the following subsidiaries (in brackets - share of Stalexport S.A. in share capital at the end of the 3rd quarter of 2004):

- Stalexport Serwis Centrum S.A. Katowice (97,78%)
- Stalexport Centrostal Warszawa S.A.(88,72%)
- Stalexport Centrostal S.A. Lublin (66%)
- Stalexport Autostrada Małopolska S.A. Mysłowice (100%)
- Stalexport Transroute Autostrada S.A. Mysłowice (55%)
- Stalexport Autostrada Dolnośląska S.A. Katowice (100%)

In the IIrd qtr 2004 the company PPIOZ Złomhut with seat in Bodzechów was also covered by the full consolidation, Stalexport S.A. subsidiary in 65,45%, the shares of which were sold in the IIIrd qtr 2004. The sale of shares was shown in the submitted consolidated financial report for III qtrs 2004.

Consolidation with property right in the dominant entity Stalexport S.A. included 1 related company: Biuro Centrum Sp. z o.o. Katowice (Stalexport S.A. has got 40.63%).

Detailed information on the Capital Group, individual companies it comprises and principles of consolidation shall be published in the consolidated half-year report SA-PS 2004, which was sent to Securities Commission on 29.10.2004.

II. Average exchange rates in the period covered by the financial statement according to EURO fixed by NBP.

Items of assets and liabilities of the balance sheet were converted into EURO according to the average exchange rate of 4.3832 in force on the balance sheet date and published by the National Polish Bank [NBP].

Individual items of profit and loss account concerning the three quarters of the current year were converted in EURO acc. to the exchange rate 4.6214, which constitutes the arithmetic mean of

average exchange rates published by NBP and binding on the last day of each month, from January till September 2004 including.

Average exchange rates for EURO used for converting:

31.01.2004	-	4, 7614 zł
29.02.2004	-	4, 8746 zł
31.03.2004	-	4, 7455 zł
30.04.2004	-	4, 8122 zł
31.05.2004	-	4, 6509 zł
30.06.2004	-	4, 5422 zł
31.07.2004	-	4, 3759 zł
31.08.2004	-	4, 4465 zł
30.09.2004	-	4, 3832 zł
Razem:		41,5924 : 9 = 4, 6214 zł

III. Comparability of data

Data included in the consolidated financial statement SA-QS 2/2004 are comparable with analogical data of the previous year.

In the third quarter of 2004 the Capital Group Stalexport SA recorded net profit amounting to 19,334 thousand zlotys that included:

- profit from sale of goods and services	18,438 thousand zlotys
- profit from other operating activities	3,537 thousand zlotys
- result on financial activities	10,099 thousand zlotys
- other charges (result of extraordinary events, income tax)	-14,543 thousand zloty
- profit from sale of shares of subsidiaries	1,803 thousand zlotys

Positive financial results of companies belonging to the capital group in the amount of 19,020 thousand zlotys had decisive effect on the consolidated financial result for the 3rd quarter of the year 2004. This included:

- Stalexport S.A.	8.177 thousand zlotys
- Stalexport Serwis Centrum S.A. Katowice	70 thousand zlotys
- Stalexport Centrostal Warszawa S.A.	241 thousand zlotys
- Stalexport Centrostal S.A. Lublin	80 thousand zlotys
- Stalexport Autostrada Małopolska S.A. Mysłowice	9.657 thousand zlotys
- Stalexport Transroute Autostrada S.A. Mysłowice	1.143 thousand zlotys
- Stalexport Autostrada Dolnośląska S.A. Katowice	- 348 thousand zlotys

IV. List of shareholders having at least 5 % of total number of votes at General Meeting of Shareholders as an 08.11.2004.

The shareholders holding more than 5 % of total number of votes authorized to take part in General Meeting of Shareholders of Stalexport SA are:

	Number of shares	Percent
Narodowy Fundusz Ochrony Środowiska i Gospodarki Wodnej <i>[National Fund for Environmental Protection and Water Management]</i>	18,022,835	16.72 %
Powszechna Kasa Oszczędności Bank Polski S.A.	7,654,779	7.10 %
Bank Zachodni WBK S.A.	5,900,325	5.47 %

V. List of shares in the possession of group of people managing and supervising the dominant company as on 08.11.2004.

Managing persons - 82.430 shares
Supervising persons - 4.075 shares

VI. List of actions pending before the court as on 30.06.2004.

In Stalexport S.A. total value of actions pending before the court amounts to 26,033 thousand zlotys, of which 11,995 thousand zlotys in the court enforcement for shares of Huta Szczecin SA., which was suspended by the decision of the District Court in Katowice dated 23.03.2004 in connection with the bankruptcy petition with the possibility to make an arrangement.

Stalexport S.A. was sued by Inkasso Reform for the amount of 1,111 thousand PLN. The petitioner demands compensation from the dominant company in connection with actions undertaken by court enforcement officer acting on petition of Stalexport SA. The case is pending.

The detailed list of the pending actions before court, regarding the dominant company was described in the Commentary to the individual financial report for III quarter 2004.

In 2002 Stalexport Transroute Autostrada S.A. due to the instituted legal anti-monopoly proceedings received a decision of the Chairman of the Antimonopoly Office which inflicted a penalty in the amount of 678 thousand zlotys for application of the practices limiting competition. The company established reserves for the a/m sum burdening the other operating costs of 2002. On 24.03.2004 before District Court in Warsaw a trial was held by the complaint of Stalexport Transroute Autostrada S.A. against the Chairman of the Antimonopoly Office regarding an appeal of STA S.A. against a decision of the Chairman of Antimonopoly Office, no RKT 6/2003 given on 21.03.2003. The Court passed a judgement according to which the appeal lodged by the company was wholly dismissed. The company lodged a cassation in this matter to the Supreme Court.

In other companies constituting the Capital Group the value of actions pending before the court does not exceed the amount of 10% of their share capitals.

VII. Description of important events in the Capital Group Stalexport SA in the period from 01.07.2004 to 30.09.2004.

- On 21 July 2004 Stalexport S.A. signed an agreement with Celsa Huta Ostrowiec Sp. z o.o with the registered office in Ostrowiec Świętokrzyski for sale of 17 426 shares in Przedsiębiorstwo Przerobu i obrotu Żłomem „Żłomhut” Sp. z o.o. with the registered office in Bodzechów (Stalexport SA subsidiary in 65,45 %). Total selling price of shares amounted to 9 500 thousand zlotys. The contract was finalized on 30.07.2004 after fulfilling the suspensive condition, i.e. in exchange for striking off a registration pledge by Bank PKO BP. Celsa on behalf of Stalexport S.A. paid to the bank the amount of 5 700 thousand PLN of the selling price as repayment of a part of credits granted Stalexport SA.
- On 28 July 2004 the concession for the first toll section of the motorway was transferred from Stalexport S.A. to Stalexport Autostrada Małopolska S.A. The decision about transfer of duties and rights resulting from the concession was made by Minister of Infrastructure on the grounds of art. 60a of the Act dated 27 October 1994 about toll motorways and national Road Fund. The transfer of the concession makes it easier to obtain long-term credit on the basis of project financing, as it makes it possible to separate the risk related to the motorway project from the risk connected with the remaining business activities of Stalexport S.A. Transfer of the concession makes it possible for Stalexport S.A. to request repayment by Stalexport Autostrada Małopolska S.A. of investment expenditures made by Stalexport S.A. and connected with motorway business activity. The condition for Stalexport S.A. to receive repayment of its investment expenditures is obtaining financial closing by SAM, which should take place not later than in the first half of the year 2005.
- On 7.07.2004 the company Stalexport Centrostal Warszawa S.A. (subsidiary of Stalexport S.A.) signed with the company Hochtief Polska Sp. z o.o. an agreement for the prefabrication of reinforcement with total value of 14.000 thousand zlotys. The agreement was concluded for one year.
- In the IIIrd quarter 2004 the company Stalexport Autostrada Małopolska S.A. (subsidiary of Stalexport S.A.) completed the investment connected with the repair of the bridge no 13 on the A4 motorway Katowice – Kraków. Simultaneously the contract for re-construction and repair of the bridge objects, for construction of the emergency crossing and meteo station were continued. The works connected with the installation of the variable message signs. The costs of the investment for IIIrd qtr 2004 amounted to 15 m zlotys. .
- There were changes in the composition of the Management Board of the Company Stalexport Serwis Centrum S.A. Katowice (subsidiary of Stalexport S.A.) as from 01.09.2004:
 - Józef Blokisz was recalled from the post of the Chairman of the Management Board according to the resolution of the Supervisory Board No 23/2004 dated 06.08.2004,
 - Henryk Orczykowski was recalled from the post of the Vice-Chairman of the Management Board according to the resolution of the Supervisory Board no 24/2004 dated 06.08.2004,
 - Henryk Orczykowski was appointed the Chairman of the Management Board according to the resolution of the Supervisory Board No 25/2004 dated 06.08.2004,
 - Waldemar Lisoń was appointed the Vice-Chairman of the Management Board according to the resolution of the Supervisory Board No 26/2004 dated 06.08.2004.

The composition of the Supervisory Board of Stalexport Serwis Centrum S.A. Katowice was also changed as from 03.09.2004. The Management Board of Stalexport S.A. in its Resolution No 64/2004 dated 03.09.2004 recalled Jerzy Kocharński and appointed Józef Blokisz to be the new member of the Supervisory Board.

- On 01.09.2004 Stalexport S.A. signed with Treasury represented by the Finance Minister, an agreement regarding the repayment of the debt of 72.592 thousand zlotys. The amount concerns the bill surety granted by Stalexport S.A. in favour of credit raised by Huta Ostrowiec. According to the agreement the receivables will be paid in 72 monthly instalments, starting from August 2008, i.e. when the instalments of the arrangement liabilities are paid by Stalexport S.A.
- On 01.09.2004 Stalexport S.A. signed, with the French company VINCI Concesions S.A. an intention letter, concerning the strategic cooperation as far as the motorway projects are concerned. The cooperation is to refer to the following concession projects:
 - A-4 motorway except the section between Gdańsk and Toruń,
 - east part of the A2 motorway, i.e. from Stryków to the eastern border,
 - A4 motorway except section Kraków- Katowice and Wrocław-Katowice.The range of the planned cooperation will comprise an assistance in the execution of projects of the concession motorway, promoting modern techniques of the projects financing, exchange of the information regarding legal, financial and institutional changes as well as the partners participation in the construction process and later execution of the motorways.
- On 03.09.2004 with binding force as from 01.09.2004 Stalexport S.A. signed with the company Centrostal S.A. Rzeszów, a tenancy agreement of the real estate of 16.756 sq. m. located in Rzeszów. A trade depot has been set up on the hired premises, and it makes possible to store and sell the steel products . It is the tenth trade depot of Stalexport S.A., the biggest in this part of Poland.
- On 14.09.2004 Stalexport S.A. received from Centralna Dyrekcja Dróg Krajowych i Autostrad (GDDKiA) a letter, informing that after got acquainted with the results of the tender for concluding an agreement for management and operation of A4 motorway, section Katowice – Wrocław, the negotiations to conclude an agreement will be held with the company Stalexport Autostrada Śląska S.A. in Katowice. .

VIII. Description of other factors and events having an effect on achieved financial results of Capital Group Stalexport SA.

1. In the 3rd quarter 2004 income from sale of goods and products of Capital Group of Stalexport SA amounted to 226.914 thousand zlotys and were by 63.574 thousand zlotys lower in comparison with the 3rd qtr of the previous year. The decline in turnover was caused by:
 - The loss of sales volume in the amount of ca 42 m zlotys of the companies Ferrostal Łabędy and Żłomhut (sale of shares) as well as Stalexport Wielkopolska (loss of control because of bankructcy) ,

- Change of the supply policy by ISPAT, which resulted in considerable limitation of supplies of iron ores for Huta Katowice and Huty Sendzimira by Stalexport S.A., causing the decrease in sale by virtue of imports by 17 m zlotys.

2. The achieved gross profit margin on sales decreased by 5.596 thousand zlotys. The loss of gross margin was the main cause of its decrease, which resulted from the changes in the Capital Group described above. Additionally the decrease in gross margin resulted from the increase in zlotys value, what was reflected in the decrease in export margin. Simultaneously the decrease in import sales, because of the limited iron ores supplies, did not allow to compensate the decrease in export margin by virtue of strong zloty. The volume of the margin was also influenced by the lack of the external financing sources, and the limited working capital did not allow to fully execute the higher possible turnover.

In the 3rd quarter 2004 there was also a slight increase in general costs caused by establishing in dominant entity, a new trade depot in Rzeszów and an increase in these costs in the company Stalexport Autostrada Śląska S.A. competing for concluding an agreement for managing and operating the A4 motorway section Katowice – Wrocław.

3. A significant event affecting individual items of the consolidated profit and loss account for the three quarters of 2004 was the sale of the shares of Złomhut Sp. Z o.o. with a seat in Bodzechów.

The consolidated loss on sale of the subsidiary (difference between sale value and percent share in the equity capital as at the date of the disposal), amounts to 1,873 thousand zlotys (item XII of Consolidated Profit and Loss Account: loss on sale of all or a part of shares in subsidiary), while the loss from previous years in the amount of 9,798 thousand zlotys was recorded as extraordinary loss (item XIV: extraordinary losses).

At the same time the dominant entity Stalexport S.A. dissolved provisions created in previous reporting periods for the shares of the sold Company in the amount of 15.207 thousand zlotys, which was shown in financial income (item X.4: revaluation of investments).

IX. Events occurring after the date of the consolidated balance sheet.

- Stalexport S.A. within the framework the arrangement proceedings paid on 05.10.2004 the fifth quarterly instalment for the main creditors in the amount of 11,093 thousand zlotys.
- Stalexport S.A. on 22.10.2004 passed a resolution which regarded commencing the works aimed at merger of Stalexport SA with its subsidiary Stalexport Centrostal Warszawa S.A.