

SECURITIES AND STOCK EXCHANGE COMMITTEE

00-950 Warszawa Plac Powstańców Warszawy 1

SA-QRs I /2005

(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, item 280

The Management Board of the Company STALEXPORT Joint Stock Company publishes the quarterly report SA-Q for 1st qtr /2005

16.05.2005 r.

(date publishing)

SELECTED FINANCIAL DATA	in thousand zlotys		In EUR	
	1 quarter 2005 from 01.01.2005 till 31.03.2005	1 quarter 2004 from 01.01.2004 till 31.03.2004	1 quarter 2005 from 01.01.2005 till 31.03.2005	1 quarter 2004 from 01.01.2004 till 31.03.2004
I. Net sales revenues	130 488	181 057	32 498	45 092
II. Operating profit (loss)	2 162	11 716	538	2 918
III. Gross profit (loss)	230	7 927	57	1 974
IV. Net profit (loss)	355	7 789	88	1 940
V. Net cash flow from operating activities	4 443	3 074	1 088	753
VI. Net cash flow from investing activities	3 807	14 616	932	3 579
VII. Net cash flow from financing activities	-8 836	-12 473	-2 164	-3 054
VIII. Total net cash flows	-586	5 217	-143	1 278
IX. Total assets	596 843	592 929	146 153	145 194
X. Liabilities and reserves for liabilities	623 024	639 440	152 564	156 583
XI. Long-term liabilities	227 712	209 643	55 761	51 337
XII. Short-term liabilities	285 999	216 155	70 034	52 931
XIII. Shareholders' equity	-26 181	-46 511	-6 411	-11 389
XIV. Share capital	215 524	215 524	52 777	52 777
XV. Numer of shares	107 762 023	107 762 023	107 762 023	107 762 023
XVI. Earning (loss) per ordinary share (in zloty/EUR)	0,05	0,33	0,01	0,08
XVII. Diluted earnings (loss) per ordinary share (in zloty/EUR)				
XVIII. Book value per share (in zloty/ EUR)	-0,24	-0,43	-0,06	-0,11
XIX. Diluted book value per one share (in zloty /EUR)				
XX. Declared or paid-out dividend per share (in zloty /EUR)				

Balance sheet

	as at 31.03.2005	as at 31.12.2004	as at 31.03.2004	as at 31.12.2003
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ASSETS

I. Fixed assets	218 774	340 916	348 262	375 636
1. Intangible assets	248	1 013	1 446	1 739
- of which goodwill				
2. Tangible fixed assets	52 068	155 648	162 726	164 848
3. Long-term receivables	946	55 800	54 673	55 144
3.1. From related companies	878	50 735	51 280	53 057
3.2. From other companies	68	5 065	3 393	2 087
4. Long-term investments	161 411	128 455	129 417	153 905
4.1. Real estate	83 603	36 658	36 658	36 658
4.2. Intangible assets				
4.3. Long-term financial assets	77 589	91 597	92 559	117 047
a) in related companies	75 781	89 789	90 855	110 857
- of which shares in subordinated companies valued under the equity method	32	32		
- shares in subsidiaries				
b) in other companies	1 808	1 808	1 704	6 190
4.4. Other long-term investments	219	200	200	200
5. Long-term deferred expenses	4 101	0	0	0
5.1. Deferred income tax	4 101			
5.2. Other deferred expenses				
II. Current assets	378 069	176 435	244 667	183 716
1. Inventories	70 315	59 864	56 257	31 192
2. Current receivables	170 139	108 838	164 334	132 413
2.1. From related companies	6 173	12 930	21 020	32 822
2.2. From other companies	163 966	95 908	143 314	99 591
3. Short-term investments	6 110	6 688	22 319	19 591
3.1. Short-term financial assets	6 110	6 688	22 319	19 591
a) in related companies				7 000
b) in other companies	18	18	5 026	515
c) cash and cash equivalents	6 092	6 670	17 293	12 076
3.2. Other short-term investments				
4. Short-term deferred expenses	131 505	1 045	1 757	520
Total Assets	596 843	517 351	592 929	559 352

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	as at 31.03.2005	as at 31.12.2004	as at 31.03.2004	as at 31.12.2003
Liabilities				
I. Shareholders' Equity	-26 181	-28 970	-46 511	-56 725
1. Share capital	215 524	215 524	215 524	215 524
2. Not paid-up share capital (negative value)				
3. Own shares in treasury (negative value)				
4. Reserve capital	42 343	42 343	2 634	2 634
5. Revaluation capital	8 457	8 457	8 488	8 488
6. Other reserve capitals	98 406	95 979	83 517	81 093
7. Differences in rates from re-counting of the subordinated entities	0	0	0	0
a) positive differences in rates				
b) negative differences in rates				
8. Prior years' profit (loss)	-391 266	-404 142	-364 463	-404 142
9. Net profit (loss)	355	12 869	7 789	39 678
10. Net profit write-downs during the financial year (negative value)				
II. Liabilities and reserves for liabilities	623 024	546 321	639 440	616 077
1. Reserves for liabilities	32 146	23 289	64 788	65 842
1.1. Reserve for deferred income tax	9 953	725	887	749
1.2. Provisions for pension and similar benefits	2 655	2 186	2 609	2 561
a) long-term provisions	1 468	1 442	1 788	1 788
b) short-term provisions	1 187	744	821	773
1.3. Other provisions	19 538	20 378	61 292	62 532
a) long-term provisions	8 982	10 115	55 569	56 809
b) short-term provisions	10 556	10 263	5 723	5 723
2. Long-term liabilities	227 712	234 830	209 643	222 438
2.1. To related companies	4 465	4 912	6 581	6 731
2.2. To other companies	223 247	229 918	203 062	215 707
3. Current liabilities	285 999	207 976	216 155	174 751
3.1. To related companies	91 205	83 299	15 748	27 582
3.2. To other companies	194 589	124 601	199 825	146 629
3.3. Special funds	205	76	582	540
4. Accrued expenses and deferred income	77 167	80 226	148 854	153 046
4.1. Negative goodwill	1 046			
4.2. Other accrued expenses and deferred income	76 121	80 226	148 854	153 046
a) long-term accruals	54 405	58 477	126 026	130 218
b) short-term accruals	21 716	21 749	22 828	22 828
Total Liabilities	596 843	517 351	592 929	559 352

Book value	-26 181	-28 970	-46 511	-56 725
Number of shares	107 762 023	107 762 023	107 762 023	107 762 023
Book value per share (in zlotys)	-0,24	-0,27	-0,43	-0,53
Diluted number of shares				
Book value per share (in zlotys) - diluted				

Off balance-sheet liabilities

	as at 31.03.2005	as at 31.12.2004	as at 31.03.2004	as at 31.12.2003
1. Contingent receivables	0	0	0	0
1.1. From subsidiary and associated companies (due to)	0	0	0	0
- guarantees and warranties received				
-				
1.2. From other companies (due to)	0	0	0	0
- guarantees and warranties received				
-				
2. Contingent liabilities	288 057	288 125	353 657	354 273
2.1. In favour of subsidiary and associated companies	0	0	1 401	1 393
- guarantees extended			1 401	1 393
- other				
2.2. In favour of other companies (due to)	288 057	288 125	352 256	352 880
- guarantees extended	285 757	285 825	352 256	351 349
- letters of credit	2 300	2 300		1 531
-				
- other				
3. Other (due to)	0	0	15 150	15 150
- customs guarantees			15 150	15 150
-				
- other				
Total off-balance-sheet liabilities	288 057	288 125	368 807	369 423

PROFIT AND LOSS ACCOUNT

	I quarter 2005 from 01.01.2005 till 31.03.2005	I quarter 01.01.2005 till 31.03.2005	I quarter 2004 from 01.01.2004 till 31.03.2004	I quarter 2004 from 01.01.2004 till 31.03.2004
I. Net sales revenues	130 488	130 488	181 057	181 057
- of which from related companies	10 788	10 788	29 445	29 445
1. Net sales of products	8 023	8 023	25 351	25 351
2. Net sales of merchandise and raw materials	122 465	122 465	155 706	155 706
II. Cost of products, merchandise and raw materials sold	122 516	122 516	168 664	168 664
- of which from related	34	34	240	240
1. Cost of products sold	6 720	6 720	24 211	24 211
2. Value of merchandise and raw materials sold	115 796	115 796	144 453	144 453
III. Gross profit (loss) on sales (I-II)	7 972	7 972	12 393	12 393
IV. Distribution expenses	3 031	3 031	3 750	3 750
V. General administrative expenses	6 479	6 479	4 764	4 764
VI. Profit (loss) on sales (III-IV-V)	-1 538	-1 538	3 879	3 879
VII. Other operating income	5 052	5 052	8 816	8 816
1. Gain on disposal of non-financial fixed assets	19	19	1	1
2. Subsidies				
3. Other operating income	5 033	5 033	8 815	8 815
VIII. Other operating expenses	1 352	1 352	979	979
1. Loss on disposal of non-financial fixed assets				
2. Revaluation of non-financial fixed assets				
3. Other operating costs	1 352	1 352	979	979
IX. Operating profit (loss) (VI+VII-VIII)	2 162	2 162	11 716	11 716
X. Financial income	4 856	4 856	144 163	144 163
1. Equity income – dividends	1 192	1 192		
- of which from related companies	1 192	1 192		
2. Interest receivable	3 626	3 626	2 296	2 296
- of which from related companies	22	22	185	185
3. Gain on disposal of investments				
4. Revaluation of investments			141 479	141 479
5. Other financial income	38	38	388	388
XI. Financial expenses	6 788	6 788	147 952	147 952
1. Interest payable	5 816	5 816	5 123	5 123
- of which to subsidiary and associated companies	298	298	138	138
2. Loss on disposal of investments			141 754	141 754
3. Revaluation of investments				
4. Other financial expenses	972	972	1 075	1 075
XII. Profit (loss) on ordinary activities (IX+X-XI)	230	230	7 927	7 927
XIII. Result of extraordinary items (XIII.1. - XIII.2.)	0	0	0	0
1. Extraordinary gains				
2. Extraordinary losses				
XIV. Gross profit (loss) (XII+/-XIII)	230	230	7 927	7 927
XV. Corporate income tax	-125	-125	138	138
a) current portion				
b) deferred portion	-125	-125	138	138
XVI. Other obligatory profit decreases (loss increases)				
XVII. Share in net profits (losses) of subordinated companies valued under the equity method				
XIX. Net profit (loss) (XIV-XV-XVI+/-XVII)	355	355	7 789	7 789
Net profit (loss) (on annual basis)	5 434		35 843	
Weighted average number of ordinary shares	107 762 023		107 762 023	
Earning (loss) per ordinary share (in zlotys)	0,05		0,33	
Diluted weighted average number of ordinary shares				
Earning (loss) per ordinary share (in zlotys) - diluted				

Changes in shareholders' equity

	I quarter 2005 from 01.01.2005 till 31.03.2005	I quarter 2005 from 01.01.2005 till 01.03.2005	I quarter 2004 from 01.01.2004 till 31.03.2004	I quarter 2004 from 01.01.2004 till 31.03.2004
I. Shareholders' Equity at the beginning of period (opening balance)	-28 970	-28 970	-56 412	-56 412
a) changes in accepted accounting principles (policies)				
b) corrections of material faults				
I.a Shareholders' Equity at the beginning of period (opening balance), after restatement to comparative data	-28 970	-28 970	-56 412	-56 412
1. Share capital at the beginning of period	215 524	215 524	215 524	215 524
1.1. Changes in share capital	0	0	0	0
a) additions, of which:	0	0	0	0
- issuance of shares				
-				
b) reductions, of which:	0	0	0	0
- retirement of shares				
-				
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				
2.1. Changes in not paid-up share capital	0	0	0	0
a) additions, of which:	0	0	0	0
-				
-				
b) reductions, of which:	0	0	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				
3.1. Changes in own shares in treasury	0	0	0	0
a) additions, of which:	0	0	0	0
-				
-				
b) reductions, of which:	0	0	0	0
-				
-				
3.2. Own shares in treasury at the end of period	0	0	0	0
4. Reserve capital at the beginning of period	42 343	42 343	2 634	2 634
4.1. Changes in reserve capital	0	0	0	0
a) additions, of which:	0	0	0	0
- issuance of shares over the nominal value				
- distribution of profit (by law)				
- distribution of profit (in excess of value required by law)				
- re-classification of equity				
- sale of fixed assets				
- other				
b) reductions, of which:	0	0	0	0
- coverage of loss				
-				
- re-classification of equity				
4.2. Reserve capital at the end of period	42 343	42 343	2 634	2 634
5. Revaluation capital at the beginning of period	8 457	8 457	8 488	8 488
5.1. Changes in revaluation capital	0	0	0	0
a) additions, of which:	0	0	0	0
-				
- re-classification of equity				
b) reductions, of which:	0	0	0	0
- sale or disposal of tangible fixed assets				
-				
- re-classification of equity				
5.2. Revaluation capital at the end of period	8 457	8 457	8 488	8 488

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	I quarter 2005 from 01.01.2005 till 31.03.2005	I quarter 2005 from 01.01.2005 till 31.03.2005	I quarter 2004 from 01.01.2004 till 31.03.2004	I quarter 2004 from 01.01.2004 till 31.03.2004
6. Other reserve capital at the beginning of period	95 979	95 979	81 093	81 093
6.1. Changes in other reserve capital	2 427	2 427	2 424	2 424
a) additions, of which:	2 427	2 427	2 424	2 424
- distribution of profit				
- partly execution of contingent liabilities payments	2 427	2 427	2 424	2 424
- re-classification of equity				
b) reductions, of which:	0	0	0	0
transition to reserve capital				
- loss coverage				
-				
- re-classification of equity				
6.2. Other reserve capital at the end of period	98 406	98 406	83 517	83 517
7. Prior years' profit (loss) at the beginning of period	-391 273	-391 273	-364 151	-364 151
7.1. Prior years' profit at the beginning of period	12 869	12 869		
a) changes in accepted accounting principles (policies)				
b) corrections of material faults				
7.2. Prior years' profit at the beginning of period, after restatement to comparative data	12 869	12 869	0	0
a) additions, of which:	7	7	0	0
- prior years' profit distribution				
corrections after the examination of the auditor	7	7		
- re-classification of equity				
b) reductions, of which:	0	0	0	0
- transition to reserve capital				
social funds				
staff bonuses				
coverage of the prior years' loss				
- dividend				
-				
- re-classification of equity				
7.3. Prior years' profit at the end of period	12 876	12 876	0	0
7.4. Prior years' loss at the beginning of period	404 142	404 142	364 151	364 151
a) changes in accepted accounting principles (policies)				
b) corrections of material faults				
7.5. Prior years' loss at the beginning of period, after restatement to comparative data	404 142	404 142	364 151	364 151
a) additions, of which:	0	0	312	312
- transition of prior years' loss to be covered			312	312
-				
-				
- re-classification of equity				
b) reductions, of which:	0	0	0	0
-				
-				
- re-classification of equity				
7.6. Prior years' loss at the end of period	404 142	404 142	364 463	364 463
7.7. Prior years' profit (loss) at the end of period	-391 266	-391 266	-364 463	-364 463
8. Net profit (loss)	355	355	7 789	7 789
a) net profit	355	355	7 789	7 789
b) net loss				
c) charges on the profit				
II. Shareholders' Equity at the end of period (closing balance)	-26 181	-26 181	-46 511	-46 511
III. Shareholders' Equity adjusted by the proposed distribution of profit (coverage of loss)				

Cash flow statement (indirect method)

	I quarter 2005 from 01.01.2005 till 31.03.2005	I quarter 2005 from 01.01.2005 till 31.03.2005	I quarter 2004 from 01.01.2004 till 31.03.2004	I quarter 2004 from 01.01.2004 till 31.03.2004
A. Cash flows from operating activities - indirect method				
I. Net profit (loss)	355	355	7 789	7 789
II. Total adjustments	4 088	4 088	-4 715	-4 715
1. Share in net (profits) losses of companies valued under the equity method				
2. Amortisation	438	438	2 405	2 405
3. (Gain) loss on foreign exchange differences				
4. Interest and dividends	-1 621	-1 621	2 567	2 567
5. (Gain) loss on investing activities	-22	-22	141 793	141 793
6. Change in provisions	9 228	9 228	138	138
7. Change in inventories	-10 484	-10 484	-25 057	-25 057
8. Change in receivables	-6 446	-6 446	-31 458	-31 458
9. Change in current liabilities (excluding loans and bank credits)	60 856	60 856	38 514	38 514
10. Change in deferred and accrued expenses	-10 050	-10 050	-6 621	-6 621
11. Other adjustments	-37 811	-37 811	-126 996	-126 996
III. Net cash flows from operating activities (I+/-II)	4 443	4 443	3 074	3 074

	I quarter 2005 from 01.01.2005 till 31.03.2005	I quarter 2005 from 01.01.2005 till 31.03.2005	I quarter 2004 from 01.01.2004 till 31.03.2004	I quarter 2004 from 01.01.2004 till 31.03.2004
B. Cash flows from investing activities				
I. Cash provided by investing activities	3 912	3 912	14 657	14 657
1. Disposal of intangible assets and tangible fixed assets	48	48	1	1
2. Disposal of investments in real-estate and intangible assets				
3. Disposal of financial assets, of which:	3 864	3 864	14 656	14 656
a) in related companies	1 192	1 192	500	500
- disposal of securities			500	500
- dividends and shares in profits	1 192	1 192		
- long-term loans collected				
- interest received				
- other income from financial assets				
b) in other companies	2 672	2 672	14 156	14 156
- disposal of securities			5 500	5 500
- dividends and shares in profits				
- long-term loans collected	131	131	7 512	7 512
- interest received	2 541	2 541		
- other income from financial assets			1 144	1 144
4. Other investing income				
II. Cash used in investing activities	105	105	41	41
1. Purchases of intangible assets and tangible fixed assets	105	105	41	41
2. Purchases of investments in real-estate and intangible assets				
3. For financial assets, of which:	0	0	0	0
a) in related companies	0	0	0	0
- acquisition of securities				
- long-term loans granted				
b) in other companies	0	0	0	0
- acquisition of securities				
- long-term loans granted				
4. Other investing expenses				
III. Net cash flows from investing activities (I-II)	3 807	3 807	14 616	14 616

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	I quarter 2005 from 01.01.2005 till 31.03.2005	I quarter 2005 from 01.01.2005 till 31.03.2005	I quarter 2004 from 01.01.2004 till 31.03.2004	1 quarter 2004 from 01.01.2004 till 31.03.2004
C. Cash flows from financing activities				
I. Cash provided by financing activities	0	0	0	0
1. Issuance of shares and other capital securities and additional paid-in capital				
2. Bank credits and loans contracted				
3. Issuance of debt securities				
4. Other financial income				
II. Cash used in financing activities	8 836	8 836	12 473	12 473
1. Acquisition of own shares				
2. Dividends and other payments to shareholders				
3. Profit distribution expenses other than payments to shareholders				
4. Payments of bank credits and loans	6 724	6 724	9 906	9 906
5. Redemption of debt securities				
6. Payments of other financial liabilities				
7. Finance lease commitments paid				
8. Interest paid	2 112	2 112	2 567	2 567
9. Other financial expenses				
III. Net cash flows from financing activities (I-II)	-8 836	-8 836	-12 473	-12 473
D. Total net cash flows (A.III+/-B.III+/-C.III)	-586	-586	5 217	5 217
E. Change in balance-sheet cash and cash equivalents	-586	-586	5 217	5 217
- of which change in cash and cash equivalents due to foreign exchange differences				
F. Cash and cash equivalents - beginning of period	6 678	6 678	12 076	12 076
G. Cash and cash equivalents - end of period (F+/-D)	6 092	6 092	17 293	17 293
- of which those with restricted availability				

<u>16.05.2005</u> Date	Emil Wąsacz Chairman of the Management Board General Director	_____ Podpis
<u>16.05.2005</u> Date	Mieczysław Skołożyński Vice-Chairman of the Management Board Financial Director	_____ Podpis
<u>16.05.2005</u> Date	Małgorzata Michalunio-Kęps Chief Accountant	_____ Signature
_____ Data	_____	_____ Podpis

SECURITIES AND STOCK EXCHANGE COMMITTEE

00-950 Warszawa Plac Powstańców Warszawy 1

SA-QSr 1/2005

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

According to § 94 passage 1 of the Decree of the Cabinet of 21st March 2005 - Journal of Law No 49, item 463

**The Management Board of STALEXPORT Joint Stock Company publishes the quarterly report for 1st qtr
2005**

16.05.2005

(date of publishing)

SELECTED FINANCIAL DATA	in thousand zlotys		in thousand EUR	
	1 quarter 01.01.2005 31.03.2005	1 quarter 01.01.2004 31.03.2004	1 quarter 01.01.2005 31.03.2005	1 quarter 01.01.2004 31.03.2004
I. Net sales revenues	184 440	297 019	45 934	61 959
II. Operating profit (loss)	15 048	25 146	3 748	5 246
III. Gross profit (loss)	12 447	22 442	3 100	4 681
IV. Net profit (loss)	9 937	18 677	2 475	3 896
V. Net cash flows from operating activities	4 972	-35 452	1 218	-7 471
VI. Net cash flows from investing activities	2 228	48 169	546	10 150
VII. Net cash flows from financing activities	-12 948	-16 827	-3 171	-3 546
VIII. Total net cash flows	-5 748	-4 110	-1 408	-866
IX.. Total assets	672 323	765 883	164 636	161 391
X. Liabilities and reserves for liabilities	588 595	698 308	144 133	147 152
XI. Long-term liabilities	230 648	211 304	56 480	44 527
XII. Short-term liabilities	227 314	263 625	55 664	55 553
XIII. Shareholders' equity	83 728	67 547	20 503	14 234
XIV. Share capital	215 524	215 524	52 777	45 416
XV. Numer of shares	107 762 023	107 762 023	107 762 023	107 762 023
XVI. Earnings (loss) per ordinary share (in zlotys / EUR)	0,31	0,82	0,08	0,17
XVII. Diluted earnings (loss) per ordinary share (in zlotys / EUR)				
XVIII. Book value per share (in zlotys / EUR)	0,78	0,63	0,19	0,13
XIX. Diluted book value per share (in zlotys / EUR)				
XX. Declared or paid-out dividend per ordinary share (in zlotys / EUR)				

Consolidated balance-sheet

	as at 31.03.2005	as at 31.12.2004	as at 31.03.2004	as at 31.12.2003
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ASSETS

I. Fixed assets	262 836	364 309	382 007	534 645
1. Intangible assets	508	1 298	1 684	4 356
of which goodwill	-	-	-	-
2. Goodwill of the subordinated entities	33	33	43	46
3. Tangible fixed assets	161 891	289 295	273 462	450 251
4. Long-term receivables	947	5 660	3 202	2 087
4.1. from related companies	879	595		
4.2. from other companies	68	5 065	3 202	2 087
5. Long-term investments	89 863	58 516	66 583	71 043
5.1. Real estates	83 603	36 658	36 658	36 658
5.2. Intangible assets	-	-		
5.3. Long-term financial assets	6 241	21 858	29 925	34 385
a) in related companies	4 346	20 030	28 119	28 092
- of which shares in subordinated companies valued under the equity method	3 548	3 941	352	317
- shares in subsidiaries and correlated entities not covered by consolidation	830	14 706	28 147	27 775
b) in other companies	1 895	1 828	1 806	6 293
5.4. Other long-term investments	19			
6. Long-term deferred expenses	9 594	9 507	37 033	6 862
6.1. Deferred income tax	9 594	9 507	6 404	6 247
6.2. Other deferred expenses	-	-	30 629	615
II. Current assets	409 487	279 421	383 876	304 515
1. Inventories	80 390	90 866	83 951	68 300
2. Current receivables	180 222	164 522	232 410	166 923
2.1. from related companies	2 005	1 155	2 422	1 596
2.2. from other companies	178 217	163 367	229 988	165 327
3. Short-term investments	16 489	22 237	61 770	62 016
3.1. Short-term financial assets	16 489	22 237	61 770	61 013
a) in related companies	-	-	5 186	4 824
b) in other companies	19	19	5 020	515
c) cash and cash equivalents	16 470	22 218	51 564	55 674
3.2. Other short-term investments	-	-	-	1 003
4. Short-term deferred expenses	132 386	1 796	5 745	7 276
Total Assets	672 323	643 730	765 883	839 160

	as at 31.03.2005	as at 31.12.2004	as at 31.03.2004	as at 31.12.2003
LIABILITIES				
I. Shareholders' Equity	83 728	80 979	67 547	150 194
I.1 Shareholders' equity falling to the shareholders of the Company	82 000	75 726	53 294	124 207
1. Share capital	215 524	215 524	215 524	215 524
2. Not paid-up share capital (negative value)	-	-	-	-
3. Own shares in treasury (negative value)	-	(44)	(44)	(3 449)
4. Reserve capital	112 747	113 153	20 572	18 200
5. Revaluation capital	8 699	12 380	13 323	13 323
6. Other reserve capitals	98 406	97 446	84 984	82 560
7. Differences in rates from re-counting of the subordinated entities	-	-	-	-
a) positive differences in rates	-	-	-	-
b) negative differences in rates	-	-	-	-
8. Prior years' profit (loss)	(363 233)	(405 188)	(299 742)	(285 229)
9. Net profit (loss) falling to the shareholders of the company	9 937	42 455	18 677	83 278
10. Net profit write-downs during the financial year (negative value)	-	-	-	-
I.2. Minority capitals	1 648	5 253	14 253	25 987
II. Negative goodwill of the subordinated entities	-	28	28	498
III. Liabilities and reserves for liabilities	588 595	562 723	698 308	688 468
1. Reserves for liabilities	34 853	26 936	69 739	74 396
1.1. Reserve for deferred income tax	11 848	3 444	3 603	3 553
1.2. Provisions for pension and similar benefits	2 788	2 393	3 146	4 939
a) long-term provisions	1 567	1 566	2 204	4 045
b) short-term provisions	1 221	827	942	894
1.3. Other provisions	20 217	21 099	62 990	65 904
a) long-term provisions	8 982	10 115	55 569	56 809
b) short-term provisions	11 235	10 984	7 421	9 095
2. Long-term liabilities	230 648	243 548	211 304	278 624
2.1. To related companies	-	-	8	-
2.2. To other companies	230 648	243 548	211 296	278 624
3. Current liabilities	227 314	192 138	263 625	213 574
3.1. To related companies	11 728	6 954	2 353	763
3.2. To other companies	215 129	184 958	259 818	211 624
3.3. Special funds	457	226	1 454	1 187
4. Accrued expenses and deferred income	95 780	100 101	153 640	121 874
4.1. Negative goodwill	1 045	-	-	-
4.2. Other accrued expenses and deferred income	94 735	100 101	153 640	121 874
a) long-term accruals	72 856	77 730	127 009	100 635
b) short-term accruals	21 879	22 371	26 631	21 239
Total Liabilities	672 323	643 730	765 883	839 160
Book value	83 728	80 979	67 547	150 194
Number of shares	107 762 023	107 762 023	107 762 023	107 762 023
Book value per share (in zlotys) - basic	0,78	0,75	0,63	1,39
Diluted number of shares				
Book value per share (in zlotys) - diluted				

Off balance-sheet liabilities

	as at 31.03.2005	as at 31.12.2004	as at 31.03.2004	as at 31.12.2003
1. Contingent receivables	500	500	500	500
1.1. From subsidiary and associated companies (due to)	500	500	500	500
- guarantees received	500	500	500	500
-	-	-	-	-
-	-	-	-	-
1.2. From other companies (due to)	-	-	-	-
- guarantees received	-	-	-	-
-	-	-	-	-
-	-	-	-	-
2. Contingent liabilities	290 183	290 250	369 107	355 973
2.1. In favour of subsidiary and associated companies (due to)	2 125	2 125	1 701	1 693
- guarantees extended	2 125	2 125	1 701	1 693
-	-	-	-	-
- other	-	-	-	-
2.2. In favour of other entities (due to)	288 058	288 125	367 406	354 280
guarantees extended	285 758	285 825	352 256	351 350
letter of credit opening	2 300	2 300	-	2 930
- other	-	-	15 150	-
3. Other (due to)	27 948	25 593	16 695	31 050
mortgage	14 250	13 995	12 795	12 000
- goods taken over	8 298	4 900	2 500	16 550
- bill of exchange	5 400	6 698	1 400	2 500
Total off-balance-sheet items	318 631	316 343	386 302	387 523

Consolidated profit and loss account

	1 quarter 2005 01.01.2005 31.03.2005	1 quarter 2004 01.01.2004 31.03.2004
I. Net sales revenues	184 440	297 019
- of which from related companies	251	45
1. Net sales of products	29 207	108 999
2. Net sales of merchandise and raw materials	155 233	188 020
II. Cost of products, merchandise and raw materials sold	156 349	258 600
- of which from related companies	44	-
1. Cost of products sold	10 969	80 330
2. Cost of merchandise and raw materials sold	145 380	178 270
III. Gross profit (loss) on sales (I-II)	28 091	38 419
IV. Distribution expenses	6 046	9 156
V. General administrative expenses	10 648	10 896
VI. Profit (loss) on sales (III-IV-V)	11 397	18 367
VII. Other operating income	5 457	9 521
1. Profit on disposal of non-financial fixed assets	21	7
2. Subsidies	-	-
3. Other operating income	5 436	9 514
VIII. Other operating expenses	1 806	2 742
1. Loss on disposal of non-financial fixed assets	1	-
2. Revaluation of non-financial assets	-	33
3. Other operating costs	1 805	2 709
IX. Profit (loss) on operational activity (VI + VII - VIII)	15 048	25 146
X. Financial income	3 821	156 016
1. Dividends and shares in profits:	-	-
- of which from related companies	-	-
2. Interest receivable	3 769	1 643
- of which from related companies	-	6
3. Gain on disposal of investments	-	-
4. Revaluation of investments	-	141 878
5. Other financial income	52	12 495
XI. Financial expenses	7 605	10 132
1. Interest payable	6 479	5 395
- for related companies	-	-
2. Loss on disposal of investments	-	3 212
3. Revaluation of investments	-	-
4. Other financial expenses	1 126	1 525
XII. Profit (loss) on sales of total or part of shares in subordinated entities	-	(34 585)
XIII. Profit (loss) on ordinary activity (IX + X - XI +/- XII)	11 264	136 445
XIV. Results of extraordinary events (XIV.1 - XIV.2)	1 309	(114 003)
1. Extraordinary gains	1 309	-
2. Extraordinary losses	-	114 003
XV. Share in profits (losses) in subordinated entities evaluated by property right method	(126)	34
XVI. Gross profit (loss) (XIII +/- XIV - XV + XVI)	12 447	22 476
XVII. Corporate income tax	2 296	2 130
a) current portion	2 539	2 235
b) deferred portion	(243)	(105)
XVIII. Other obligatory profit decreases (loss increases)	-	-
XIX. Net profit (loss) (XVI-XVII-XVIII), including:	10 151	20 346
XIX.1. Profits (losses) of minority	214	1 669
XIX. 2. profit (loss) falling to the shareholders of the company (XIX - XIX.1.)	9 937	18 677
Net profit (loss) (on annual basis)	33 715	88 545
Weighted average number of ordinary shares	107 762 023	107 762 023
Earning (loss) per ordinary share (in zlotys) - basic	0,31	0,82
Diluted weighted average number of ordinary shares		
Earning (loss) per ordinary share (in zlotys) - diluted		

Changes in consolidated equity

	1 quarter - 2005 01.01.2005 31.03.2005	1 quarter 2004 01.01.2004 31.03.2004
I. Shareholders' Equity at the beginning of period (opening balance)	139 009	124 207
a) changes in accepted accounting principles (policy)	-	-
b) corrections of material faults	-	-
I. Shareholders' Equity at the beginning of period (opening balance), after restatement to comparative data	139 009	124 207
1. Share capital at the beginning of period	215 524	215 524
1.1. Changes in share capital	-	-
a) additions, of which:	-	-
- issuance of shares	-	-
-	-	-
b) reductions, of which:	-	-
- retirement of shares	-	-
-	-	-
1.2. Share capital at the end of period	215 524	215 524
2. Not paid-up share capital at the beginning of period	-	-
2.1. Changes in not paid-up share capital	-	-
a) additions, of which:	5 638	6 765
consolidation adjustments re SAD	5 638	6 765
b) reductions, of which:	5 638	6 765
- arrangement receivables	-	(376)
consolidation adjustments re SAD	5 638	7 141
2.2. Not paid-up share capital at the end of period	-	-
3. Own shares in treasury at the beginning of period	(44)	(3 449)
3.1. Changes in own shares in treasury	44	3 405
a) additions, of which:	-	3 405
-	-	-
consolidation adjustments (re-classification of equity capital)	-	3 405
b) reductions, of which:	(44)	-
-consolidation adjustments re merger with Centrostal Warszawa	(44)	-
3.2. Own shares in treasury at the end of period	-	(44)
4. Reserve capital at the beginning of period	113 153	18 200
4.1. Changes in reserve capital	(406)	2 372
a) additions, of which:	559	21 791
- shares issue above nominal value	-	-
- consolidation adjustments	559	21 791
- other	-	-
b) reductions, of which:	965	19 419
- coverage of loss	551	254
-	-	-
- consolidation adjustments	414	19 165
4.2. Reserve capital at the end of period	112 747	20 572
5. Revaluation capital at the beginning of period	12 380	13 323
5.1. Changes in revaluation capital	(3 681)	-
a) additions, of which:	573	1
-	-	-
consolidation adjustments (re-classification of equity capital)	573	1
b) reductions, of which:	4 254	1
- disposal of fixed assets	-	-
-	-	-
consolidation adjustments (re-classification of equity capital)	4 254	1
5.2. Revaluation capital at the end of period	8 699	13 323

	1 quarter 2005 01.01.2005 31.03.2005	1 quarter 2004 01.01.2004 31.03.2004
6. Other reserve capital at the beginning of period	97 446	82 560
6.1. Changes in other reserve capital	960	2 424
a) additions, of which:	2 427	2 424
profit distribution	-	-
partial execution of the arrangement liabilities of Stalexport S.A. instalment payments	2 427	2 424
- other	-	-
b) reductions, of which:	1 467	-
consolidation adjustments (re-classification of equity capital)	1 467	-
6.2. Other reserve capital at the end of period	98 406	84 984
7. Rates differences from re-calculation of subordinated entities	-	-
8. Prior years' profit (loss) at the beginning of period	(405 188)	(285 229)
8.1. Prior years' profit at the beginning of period	25 541	310 845
a) changes in accepted accounting principles (policies)	-	-
b) corrections of material faults	-	-
8.2 Prior years' profit at the beginning of period, after restatement to comparative data	25 541	310 845
a) additions, of which:	54 801	136 742
prior years' profit distribution	47 472	62 634
-	-	-
consolidation adjustments (re-classification of equity capital)	7 329	74 108
b) reductions, of which:	28 200	310 547
- dividends payment	2 245	-
- other	-	-
consolidation adjustments (re-classification of equity capital)	25 955	310 547
8.3 Prior years' profit at the end of period	52 142	137 040
8.4 Prior years' loss at the beginning of period	430 729	596 074
a) changes in accepted accounting principles (policies)	-	-
b) corrections of material faults	-	-
8.5 Prior years' loss at the beginning of the period after restatement to comparative data	430 729	596 074
a) additions, of which:	5 097	21 734
transition of prior years' loss to be covered	1 278	20 994
- adjustments after examining of the auditor	-	312
consolidation adjustments (re-classification of equity capital)	3 819	428
b) reductions, of which:	20 451	181 026
- loss coverage	1 428	277
consolidation adjustments (re-classification of equity capital)	19 023	180 749
8.6. Prior years' loss at the end of period	415 375	436 782
8.7. Prior years' profit (loss) at the end of period	(363 233)	(299 742)
9. Net profit (loss)	9 937	18 677
a) net profit falling to the shareholders of the company	9 937	18 677
b) net loss falling to the shareholders of the company	-	-
c) charges on the profit	-	-
10.1. Minority capital at the beginning of period	5 253	25 987
a) increases	-	-
b) decreases	3 605	11 734
10.2 Minority capital at the end of period	1 648	14 253
II. Shareholders' Equity at the end of period (closing balance)	83 728	67 547
III. Shareholders' Equity adjusted by the proposed distribution of profit (coverage of loss)	83 728	67 547

Consolidated cash flow account (indirect method)

	1 quarter 2005 01.01.2005 31.03.2005	1 quarter 2004 01.01.2004 31.03.2004
A. Cash flows from operating activities - indirect method		
I. Net profit (loss) falling to the shareholders of the Company	9 937	18 677
II. Total adjustments	(4 965)	(54 129)
1. Profits (losses) of minority	214	1 669
2. Share in net (profits) losses of companies valued under the equity method	126	(34)
3. Depreciation and amortisation	1 923	4 771
4. (Gain) loss on foreign exchange differences	-	154
5. Interests and shares in profits (dividends)	(1 638)	2 873
6. (Gain) loss on investing activities	(31)	142 116
7. Change in provisions	9 111	22
8. Change in inventories	(7 721)	(31 209)
9. Change in receivables	(7 402)	86 736
10. Change in current liabilities (excluding loans and bank credits)	49 591	(94 805)
11. Change in deferred and accrued expenses	(11 261)	(3 964)
12. Other adjustments	(37 877)	(162 458)
III. Net cash flows from operating activities (I+/-II)	4 972	(35 452)

	1 quarter 2005 01.01.2005 31.03.2005	1 quarter 2004 01.01.2004 31.03.2004
B. Cash flows from investing activities		
I. Cash provided by investing activities	3 939	52 807
1. Disposal of intangible assets and tangible fixed assets	58	70
2. Disposal of investments in real-estate and intangible assets	-	-
3. Disposal of financial assets, of which:	3 881	52 737
a) in related companies	1 209	35 101
- disposal of securities	-	35 085
- dividends and shares in profits	1 192	-
- payment of long-term loans granted	-	-
- interest received	17	16
- other income from financial assets	-	-
b) in other companies	2 672	17 636
- disposal of securities	-	8 921
- dividends and shares in profits	-	-
- spłata udzielonych pożyczek długoterminowych	131	7 512
- interest received	2 541	59
- other income from financial assets	-	1 144
4. Other investing income	-	-
II. Expenditure	1 711	4 638
1. Purchases of intangible assets and tangible fixed assets	1 711	4 637
2. Purchases of investments in real-estate and intangible assets	-	-
3. For financial assets, of which:	-	1
a) in related companies	-	1
- acquisition of securities	-	1
- long-term loans granted	-	-
b) in other companies	-	-
- acquisition of securities	-	-
- long-term loans granted	-	-
4. Dividends and other shares in profits paid to minority	-	-
5. Other investing expenses	-	-
III. Net cash flows from investing activities (I-II)	2 228	48 169

	1 quarter 2005 01.01.2005 31.03.2005	1 quarter 2004 01.01.2004 31.03.2004
C. Cash flows from financing activities		
I. Cash provided by financing activities	569	958
1. Issuance of shares and other capital securities and additional paid-in capital	-	-
2. Bank credits and loans contracted	59	798
3. Issuance of debt securities	-	-
4. Other financial income	510	160
II. Cash used in financing activities	13 517	17 785
1. Acquisition of own shares	-	-
2. Dividends and other payments to shareholders	1 483	-
3. Other than payments in favour of owners, expenses by virtue of profit distribution	-	-
4. Payments of bank credits and loans	7 809	11 609
5. Redemption of debt securities	-	-
6. Payments of other financial liabilities	-	-
7. Finance lease commitments paid	345	504
8. Interest paid	2 396	3 105
9. Other financial expenses	1 484	2 567
III. Net cash flows from financing activities (I-II)	(12 948)	(16 827)
D. Total net cash flows (A.III+/-B.III+/-C.III)	(5 748)	(4 110)
E. Change in balance-sheet cash and cash equivalents	(5 748)	(4 109)
- of which change in cash and cash equivalents due to foreign exchange differences		
F. Cash and cash equivalents - beginning of period	22 218	55 674
G. Cash and cash equivalents - end of period (F+/-D)	16 470	51 564
- of which those with restricted availability		

The Management Board:

The Chairman of the Management Board

16.05.2005

Date

General Director

Emil Wąsacz

Signature

The Vice-Chairman of the Management Board

16.05.2005

Date

Financial Director

Mieczysław Skołożyński

Signature

Person responsible for accounting :

Proxy, Chief Accountant

16.05.2005

Date

Małgorzata Michalunio-Kępyś

Signature

Commentary to the consolidated quarterly report of Capital Group of Stalexport SA for the 1st quarter of the year 2005

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

Stalexport S.A. for the first time draws up the financial statement according to international accounting standards.

Valuation of assets and liabilities and determining the financial result was carried out in accordance with the international accounting standards, according to the principles binding in the Accounting Act of 29.09.1994 (Dz. U. No 121 item 591 with successive amendments) and according to the Decree of the Cabinet dated 21.03.2005 on current and periodic information provided by issuers of securities (Dz. U. No 49 item 463) and also 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 1st quarter of 2005):

- Stalexport Autostrada Małopolska S.A. Mysłowice (100,00%)
- Stalexport Autostrada Dolnośląska S.A. Katowice (100,00%)
- Stalexport Metalzbyt Sp. z o.o. Białystok (98,76%)
- Stalexport Serwis Centrum S.A. Katowice (97,78%)
- Stalexport Serwis Centrum Bełchatów S.A. Rogowiec (95,14%)
- Stalexport Centrostal S.A. Lublin (66,00%)
- Stalexport Transroute Autostrada S.A. Mysłowice (55,00%)

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%).

As from 01.03.2005 there was the merger of Stalexport S.A. with the dominant entity of lower grade - Stalexport Centrostal Warszawa S.A. In connection with the above the companies which were consolidated so far via full consolidation method by Stalexport Centrostal Warszawa S.A., i.e. Stalexport Serwis Centrum Bełchatów S.A. and Stalexport Metalzbyt Sp. z o.o. were covered by full consolidation by the dominant entity - Stalexport S.A.

The models of the consolidated financial report was adapted to the principles of the international accounting standards (i. a. s.).

In the consolidated balance-sheet the changes concern:

- presented so far as separate item of liabilities: „Capital of minority” was included in the items of equity capital.
- the name of the existing item of equity capital „Net profit (loss)” was changed into “Net profit (loss) falling to the shareholders of the Company”.

In profit and loss account concerns:

- „The share in net profits (losses) of the subordinated evaluated by method of property right” being at present the item increasing (decreasing) gross profit (loss).
- presented so far separate items: „Write-off of goodwill of subordinated entities” and „Write-off of the negative goodwill of the subordinated entities” were included in other operating costs and other operating incomes respectively.
- Existing definition „Net profit (loss)” comprises both net profit (loss) falling to the shareholders of the Company and also „Profits (losses) of minority”

In list of changes of equity the changes concern:

- In item 9 „Net result” sub-points a) net profit and b) net loss was changed into a) net profit falling to the shareholders of the Company and b) net loss falling to the shareholders of the company.
- New point 10 “Minority capital” was added.

In the consolidated cash flow statement the changes concern:

- in part A „ Net cash flow from operating activity” point I „Net profit (loss)” is replaced by the following item: „Net profit (loss) falling to the shareholders of the Company”.

Data included in the consolidated financial report SA-QSr 1/2005 are comparable with the analogical periods of the previous year.

The Capital Group of Stalexport SA for the 1st qtr 2005 achieved gross profit in the amount of 12.447 thousand zlotys, including:

- profit from sale of goods and services	11.397 thousand zlotys
- positive result from other operating activities	3.651 thousand zlotys
- negative result on financial activity	- 3.784 thousand zlotys
- result of extraordinary events	1.309 thousand zlotys
gross profit for 1 st qtr 2005	12.447 thousand zlotys
net profit falling to the shareholders of the Company for 1st qtr 2005	9.937 thousand zlotys

The positive financial results of the companies of the capital group affected for the most part the consolidated financial result of 1st qtr 2005, including:

- Stalexport S.A.	355 thousand zlotys
- Stalexport Serwis Centrum S.A. Katowice	12 thousand zlotys
- Stalexport Centrostal S.A. Lublin	- 107 thousand zlotys
- Stalexport Serwis Centrum Bełchatów S.A. Rogowiec	- 47 thousand zlotys

- | | |
|---|------------------------|
| - Stalexport Metalzbyt Sp. z o.o. Białystok | 11 thousand zlotys |
| - Stalexport Autostrada Małopolska S.A. Mysłowice | 10.110 thousand zlotys |
| - Stalexport Transroute Autostrada S.A. Mysłowice | 934 thousand zlotys |
| - Stalexport Autostrada Dolnośląska S.A. Katowice | 36 thousand zlotys |

Reserves in the Capital Group of Stalexport S.A.

The Capital Group of Stalexport S.A. establishes reserves for leaves and termination pays. The state of reserves in the group as at 31.03.2005 amounts to 2.787 thousand zlotys, out of which:

- long-term one - 1.566 thousand zloty
- short-term one - 1.221 thousand zloty

In comparison with the 4th quarter 2004 the state of reserves increased by 394 thousand zlotys.

The state of the other reserves in the capital group as at 31.03.2005 amounts to 20.216 thousand zlotys, out of which:

- long-term one - 8.981 thousand zloty
- short-term one - 11.235 thousand zloty

In comparison with the 4th quarter 2004 the state of other reserves decreased by 883 thousand zloty.

Financial results of the dominant entity - Stalexport SA

Data included in the consolidated financial report SA-QS^r for the 1st quarter 2005 are comparable with the analogical periods of the previous year.

The financial results of Stalexport SA

Stalexport S. A. for 1st quarter 2005 achieved gross profit in the amount of 230 thousand zlotys, which comprised:

- | | |
|---|-------------------------|
| - loss from sale of goods and merchandise | - 1 538 thousand zlotys |
| - positive result on other operating activity | 3 700 thousand zlotys |
| - negative result on financial activity | - 1 932 thousand zlotys |

Gross profit for 1 st quarter 2005 .	230 thousand zlotys
Obligatory burdening of financial result	- 125 thousand zlotys

Net profit for 1 st quarter 2005 .	355 thousand zlotys
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Established and dissolved revaluating allocations and reserves had a considerable impact on the financial result in the 1st quarter.

In the 1st quarter of this year the Company increased its financial result with the sum of 3 222 thousand zlotys on account of dissolving:

- | | |
|---|-----------------------|
| - revaluating allocation for receivables | 2 388 thousand zlotys |
| - reserves for leaves | 384 thousand zlotys |
| - reserves for contingent liabilities (Huta Szczecin) | 450 thousand zlotys |

Dissolved revaluating allocation and reserves increased the other operating income by the amount of 3 222 thousand zlotys.

The company Stalexport S. A. in the 1st quarter 2005 reduced its financial result by the sum of 1 377 thousand zlotys on account of establishing:

- revaluating allocation for interest arrears	610 thousand zlotys
- reserves for leaves	767 thousand zlotys

The established revaluating allocations and reserves increased the other operating costs by the sum of 767 thousand zlotys and financial costs by the sum of 610 thousand zlotys.

Differences in income tax for the current year and previous years

Taxable income given in the CIT-2 statement for 3 months of current year as specified below:

Gross profit	230 thousand zlotys
- permanent differences – balance	- 2.257 thousand zlotys
- temporary differences – balance	- 747 thousand zlotys
<hr/>	
Basis of taxation	- 2.774 thousand zlotys

Temporary differences concerning the reporting period.

	Basis In thousand zlotys	Tax in thousand zlotys
Surplus – accounting tax	140	27
Balance of temporary differences	140	27

The Company is not establishing any activated tax during the current balance sheet year due to continuing tax loss.

Deferred tax from legal entities

At the end of the turnover period the reserves for temporary differences in virtue of the income tax from legal entities, resulting from difference of the moment of recognising the revenues as achieved according to the Act on accounting and tax rules, upon assumption that this difference will be settled in future. The positive difference is shown as an increase of burden by virtue of income tax from legal entities in profit and loss account, negative difference – as a decrease. The amounts concerning the deferred income tax resulting from establishing assets revaluating allocations, not being the costs of obtaining revenues to the moment of dissolving or using the write-off are shown as a decrease in income tax from legal entities, the same result in increasing net profit.

The dominant Company - Stalexport S.A. due to continuing tax loss does not establish „activated tax”, while assets by virtue of deferred income tax in the capital group of Stalexport S.A. amounts to 9.594 thousand zlotys, reserve by virtue of deferred income tax - 11.848 thousand zlotys.

II. Average EUR rates of exchange during the period covered by the Financial report established by the National Polish Bank

Items of balance sheet assets and liabilities have been converted into EUR according to the National Polish Bank average rate of exchange that amounted to 4,0837 zloty binding on the balance sheet date.

Specific items in the Profit and Loss Account pertaining to 1 quarter of this year have been converted into EUR according to the rate 4,0153 zloty, being the arithmetic mean of average exchange rates published by the National Polish Bank, binding on the last day of each month of the 1st qtr 2005.

III. List of Shareholders having more than 5% of the total number of votes at the General Meeting of Shareholders on 16th May 2005.

Shareholders having more than 5% of the total number of votes authorizing them to participate in the General Meeting of Shareholders of Stalexport S.A. are as follows:

	Number of shares	percent
Narodowy Fundusz Ochrony Środowiska i Gospodarki Wodnej	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 %

IV. List of share held by the group of persons managing and supervising the dominant company as at 16.05.2005

Managing persons - 82.430 shares
Supervising persons - 7.075 shares

In the period of publishing the previous report for 4th qtr 2004 no changes in structure of shareholding as well as in the sate of share held by managing and supervising persons occurred.

V. Specification of judicial proceedings pending in court as at 31.03.2005.

Legal proceedings of considerable value pending before the court and regarding Stalexport S.A.: :

Item	Case no	Amount in zloty	Adverse Party	Legal Status
1.	93/00	4 135 410,85	Bike-sport Spółka z o.o. Gliwice Defendant	Adjudging judgement of 19.07.2001 Enforcement in course
2.	60/03	1 366 061,00	SEBA Spółka z o.o. Defendant	Payment order of 10.12.2003 with a clause
	73/03	1 366 061,00		Payment order of 27.01.2003 with a clause directed to court executive officer, Enforcement in course

3.	5/04 30/03	1 366 061,00 11 995 000,00	Centrozap S. A. Katowice Defendant	Payment order of 31.03.2004 with a clause Payment order of 13.06.2003 enforcement proceedings suspended by virtue of Decision of the District Court in Katowice of 23.03.2004 Liability submitted to arrangement
4.	25/03	123 977,16	Partnerzy Spółka z o.o. i Chemko Partnerzy Spółka z o.o. Defendant	Adjudging Judgement of 17.05.2004 Enforcement clause of 09.07.2004 ineffective enforcement, public prosecutor's office notified
5.	25/04	2 006 500,00	Mimex Firma Usługowo- Produkcyjna Mielec Defendant	Payment order of 11.10.2004 Objection to payment order Proceedings in course
6.	9/05/BA	504130,32	Rinol Polska Spółka z o.o. Defendant	Payment order of 07.04.2005

Stalexport S.A. has been sued by Inkasso Reform for the sum of 1,111 thousand zlotys. The Plaintiff is claiming damages from Stalexport in connection with actions taken by the court executive officer acting on motion of Stalexport S.A. Proceedings in course.

In 2002 Stalexport Transroute Autostrada S.A. due to the instituted anti-monopoly proceedings received the decision of the President of Anti-monopoly Office inflicting a penalty in the amount of 678 thousand zlotys, for applying practices limiting competition. For the a/m amount the company established a reserve debiting other operating costs of 2002.

On 24.03.2004 before District Court in Warsaw a trial was held, by action of Stalexport Transroute Autostrada S.A. against President of the Anti-monopoly Office, for appeal of STA S.A. against the decisions of President of Anti-monopoly Office no RKT 6/2003 issued on 21.03.2003. The Court passed a judgement, according to which the appeal lodged by the company was totally dismissed. The Company lodged a cassation to the Supreme Court in this matter.

In other entities constituting the Capital Group the value of proceedings running before the court does not exceed the amount of 10% pf the equity.

VI. Description of essential events in the Capital Group of Stalexport SA in the period from 01.01.2005 till 31.03.2005.

- On 05.01.2005 the dominant company, in the framework of the executing of the arrangement proceedings, repaid 6th quarterly instalment for the main creditors, in the total amount of 11.167 thousand zlotys.
- On 13.01.2005 the supervising person purchased 3 000 shares of Stalexport S.A. on stock market, what had already been included in the presented financial report for 4th qtr 2004.

- On 20.01.2005 the Extraordinary General Meeting of Shareholders of Stalexport S.A. passed a resolution about the merger of the dominant company Stalexport S.A. with the subsidiary company Stalexport Centrostal Warszawa S.A.
- On 01.03.2005 the merger of Stalexport S.A (the taking over company) with the company Stalexport Centrostal Warszawa S.A (the company being taken over) took place according to the decision of the District Court in Katowice, on the basis of art.492 § 1 point 1 of the Commercial Companies Code. The merger was carried out without the increase in capital pursuant to art.515 § 1 of the Commercial Companies Code, i.e. by transferring the whole assets of the company Stalexport Centrostal Warszawa S.A to Stalexport S.A. in exchange for shares of Stalexport S.A., which will be granted to the shareholders of Stalexport Centrostal Warszawa S.A.

As a result of the merger of the dominant entity Stalexport S.A. with the subsidiary entity Stalexport Centrostal Warszawa S.A. the business activity of Stalexport S.A. will be still focus on efficient commercial activity, further organisational restructuring, costs reduction in the dominant company and the capital group as well as on the development of the motorway activity.

In the opinion of the Management Board of Stalexport S.A. the merger of the dominant company with the subsidiary entity should favourably affect:

- An increase in share of Stalexport S.A. in the steel market in Poland, what will enable to apply more efficiently for significant contracts on domestic and world markets,
- Achieving the improvement of management effectiveness of the working capital,
- Obtaining the essential savings as a result of costs reduction connected with the management and restructuring of the organisational base.

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

1. In the 1st quarter 2005 the income from sale of goods and products of Capital Group of Stalexport SA amounted to 184.440 thousand and were 112.579 thousand zlotys lower in comparison with the 1st quarter of the previous year. The decline in turnover was caused by:
 - the loss of sales volume in the amount of ca 63 m zlotys of the companies: Ferrostal Łabędy and Złomhut (sale of shares) and Stalexport Wielkopolska (loss of control because of the bankruptcy),
 - reduction of revenues by 21 m zlotys in connection with transfer of concession for toll motorway section from Stalexport S.A. to Stalexport Autostrada Małopolska S.A.
2. The worked out gross profit on sales decreased by nearly 15 m zlotys. The main reason for gross margin decline was its loss caused by changes in Capital Group described above. Additionally the decrease in the gross margin was caused by the increase in zlotys value, what was reflected in margin decline in export. Simultaneously the diminishing sales from import because of limited supplies of iron ores did not enable to compensate the margin decline in export due to strong zloty. The lack of external sources of financing also affected the volume

of margin, and the limited working capital did not enable to fully realise higher turnover possible to be achieved.

3. On 01.03.2005 the District Court in Katowice gave the decision about merger of Stalexport S.A. with the subsidiary company Stalexport Centrostal S.A. in Warsaw.

The settlement of merger of the companies by the method of purchasing was included in the individual financial report of Stalexport S.A.

The evaluation of the company, which was taken over, was made up on the basis of the balance-sheet evaluation on the day of taking-over, which will be corrected by the market price and its effects will be shown in the balance sheet for the period of the 1st half of 2005.

The market valuation was carried out by the company BRE Corporate Finance S.A at order of Stalexport.

The balance sheet evaluation on the day of taking over amounted to 20.811 thousand zlotys and the negative goodwill in the amount of 1.046 thousand zlotys occurred.

In connection with the merger Stalexport SA noted:

- increase in assets and liabilities by the amount of 57.168 thousand zlotys
- increase in revenues from sales by the amount of 8.288 thousand zlotys
- increase in sales costs by the amount of 8.289 thousand zlotys.

The taking over of the subsidiary company Stalexport Centrostal Warszawa constitutes the execution of the successive point of the recovery programme of the Capital Group of Stalexport S.A., what in further perspective will enable to rationalize costs and increase the margin – access to the direct customer.

VIII. Events occurring after the date of the consolidated balance-sheet.

- On 05.04.2005 within the framework of the executed arrangement proceedings according to the schedule the seventh quarterly instalment for the main creditors in the total amount of 10.846 m zloty was paid.