

SECURITIES AND STOCK EXCHANGE COMMITTEE

00-950 Warszawa Plac Powstańców Warszawy 1

SA-QRs II/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 and of 2003 no 220, item 2169,

**The Management Board of the Company STALEXPORT Joint Stock Company publishes the quarterly report
SA-Q for 2nd qtr /2005**

16.08.2005

SELECTED FINANCIAL DATA	in thousand zloty		in thousand EUR	
	2 quarter 2005 from 01.01.2005 till 30.06.2005	2 quarter 2004 from 01.01.2004 till 30.06.2004	2 quarter 2005 from 01.01.2005 till 30.06.2005	2 quarter 2004 from 01.01.2004 till 30.06.2004
I. Net incomes from sale of products, goods and materials	242 707	438 916	59 480	107 564
II. Operating profit (loss)	7 632	92 909	1 870	22 769
III. Gross profit (loss)	570	11 463	140	2 809
IV. Net profit (loss)	1 175	11 455	288	2 807
V. Net cash flow from operating activities	6 985	-3 919	1 729	-970
VI. Net cash flow from investing activities	5 104	25 960	1 263	6 426
VII. Net cash flow from financing activities	-12 471	-21 014	-3 087	-5 201
VIII. Total net cash flows	-382	1 027	-95	254
IX. Total assets	517 132	619 014	128 000	153 217
X. Liabilities and reserves for liabilities	538 772	658 135	133 356	162 901
XI. Long-term liabilities	208 530	197 793	51 615	48 957
XII. Short-term liabilities	227 146	289 394	56 223	71 630
XIII. Shareholders' equity	-21 640	-39 121	-5 356	-9 683
XIV. Share capital	215 524	215 524	53 346	53 346
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)	0,01	0,11	0,01	0,03
XVII. Diluted earnings (loss) per ordinary share (in zloty/EUR)			0	0
XVIII. Book value per share (in zloty/ EUR)	-0,20	-0,36	-0,05	-0,09
XIX. Diluted book value per one share (in zloty /EUR)			0	0
XX. Declared or paid-out dividend per share (in zloty /EUR)				

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Balance sheet

	as at 30.06.2005	as at 31.03.2005	as at 30.06.2004	as at 31.12.2004
ASSETS				
I. Fixed assets	215 962	216 575	347 221	205 705
1. Intangible assets	217	248	1 150	210
- of which goodwill				
2. Goodwill of sunordinated entities				
3. Tangible fixed assets	49 283	49 869	154 684	26 240
4. Long-term receivables	950	946	60 817	50 800
4.1. From related companies	878	878	50 735	50 736
4.2. From other companies	72	68	10 082	64
5. Long-term investments	161 411	161 411	130 570	128 455
5.1. Real estate	83 603	83 603	36 658	36 658
5.2. Intangible assets				
5.3. Long-term financial assets	77 589	77 589	93 712	91 597
a) in related companies	75 781	75 781	92 008	89 789
- of which shares in subordinated companies valued under the equity method	32	32	32	32
- shares in subsidiary and correlated entities not covered by consolidation				
b) in other entities	1 808	1 808	1 704	1 808
5.4. Other long-term investments	219	219	200	200
6. Long-term deferred expenses	4 101	4 101	0	0
6.1. Deferred income tax	4 101	4 101		
6.2. Other deferred expenses				
II. Current assets	301 170	380 268	271 793	311 812
1. Inventories	48 189	70 315	50 939	59 864
2. Current receivables	113 884	170 139	190 474	113 981
2.1. From related companies	7 333	6 173	38 107	12 930
2.2. From other companies	106 551	163 966	152 367	101 051
3. Short-term investments	9 335	8 309	28 852	8 896
3.1. Short-term financial assets	7 136	6 110	26 653	6 697
a) in related companies				
b) in other companies	840	18	13 550	19
c) cash and cash equivalents	6 296	6 092	13 103	6 678
3.2. Other short-term investments	2 199	2 199	2 199	2 199
4. Short-term deferred expenses	129 762	131 505	1 528	129 071
Total Assets	517 132	596 843	619 014	517 517

	as at 30.06.2005	as at 31.03.2005	as at 30.06.2004	as at 31.12.2004
LIABILITIES				
I. Shareholders' Equity	-21 640	-26 181	-39 121	-28 963
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	42 312	42 343
5. Revaluation capital	8 457	8 457	8 488	8 457
6. Other reserve capitals	6 147	98 406	87 242	95 979
7. Differences in rates from re-counting of the subordinated entities	0	0	0	
a) positive differences in rates				
b) negative differences in rates				
8. Prior years' profit (loss)	-252 943	-391 266	-404 142	-404 142
9. Net profit (loss)	1 175	355	11 455	12 876
10. Net profit write-downs during the financial year (negative value)				
II. Minority capitals				
III. Negative goodwill of the subordinated entities				
IV. Liabilities and reserves for liabilities	538 772	623 024	658 135	546 480
1. Reserves for liabilities	31 191	32 146	28 309	23 289
1.1. Reserve for deferred income tax	9 472	9 953	758	725
1.2. Provisions for pension and similar benefits	2 672	2 655	2 737	2 186
a) long-term provisions	1 504	1 468	1 788	1 442
b) short-term provisions	1 168	1 187	949	744
1.3. Other provisions	19 047	19 538	24 814	20 378
a) long-term provisions	9 611	8 982	14 003	10 115
b) short-term provisions	9 436	10 556	10 811	10 263
2. Long-term liabilities	208 530	227 712	197 793	234 830
2.1. To related companies	4 019	4 465	5 833	4 911
2.2. To other companies	204 511	223 247	191 960	229 919
3. Current liabilities	227 146	285 999	289 394	208 135
3.1. To related companies	86 860	91 205	21 266	83 337
3.2. To other companies	140 184	194 589	267 765	124 722
3.3. Special funds	102	205	363	76
4. Accrued expenses and deferred income	71 905	77 167	142 639	80 226
4.1. Negative goodwill	1 113	1 046		
4.2. Other accrued expenses and deferred income	70 792	76 121	142 639	80 226
a) long-term accruals	49 042	54 405	118 360	58 477
b) short-term accruals	21 750	21 716	24 279	21 749
Total Liabilities	517 132	596 843	619 014	517 517
Book value	-21 640	-26 181	-39 121	-28 963
Number of shares	107 762 023	107 762 023	107 762 023	107 762 023
Book value per share (in zlotys)	-0,20	-0,24	-0,36	-0,27
Diluted number of shares				
Book value per share (in zlotys) - diluted				

Off balance sheet items

	as at 30.06.2005	as at 31.03.2005	as at 30.06.2004	as at 31.12.2004
1. Contingent receivables	0	0	0	0
1.1. From related entities (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	283 922	288 057	307 676	288 125
2.1. In favour of related entities (due to)	111	0	0	0
- guarantees and warranties extended	111			
-				
2.2. In favour of other entities (due to)	283 811	288 057	307 676	288 125
- guarantees and warranties extended	283 811	285 757	306 070	285 825
- letter of credit opening		2 300	1 606	2 300
-				
3. Other (due to)	4 000	0	0	0
- mortgage				
- bills of exchange	4 000			
- other				
Total off-balance-sheet liabilities	287 922	288 057	307 676	288 125

Profit and loss account

	2nd quarter 2005 01.04.2005 30.06.2005	2 quarters 2005 01.01.2005 30.06.2005	2nd quarter 2004 01.04.2004 30.06.2004	2 quarters 2004 01.01.2004 30.06.2004
I. Net incomes from sale of products, goods and merchandise	112 219	242 707	257 859	438 916
- of which from related companies	2 502	13 290	56 876	86 321
1. Net sales of products	13 424	21 447	29 087	54 438
2. Net sales of goods and merchandise	98 795	221 260	228 772	384 478
II. Cost of products, goods and merchandise sold	103 564	226 080	240 098	408 762
- of which from related entities	701	735	36 514	36 754
1. Cost of products sold	12 916	19 636	27 804	52 015
2. Value of merchandise and goods sold	90 648	206 444	212 294	356 747
III. Gross profit (loss) on sales (I-II)	8 655	16 627	17 761	30 154
IV. Distribution expenses	2 282	5 313	3 379	7 129
V. General administrative expenses	8 542	15 021	4 882	9 646
VI. Profit (loss) on sales (III-IV-V)	-2 169	-3 707	9 500	13 379
VII. Other operating income	11 525	16 577	76 079	84 895
1. Gain on disposal of non-financial fixed assets	12	31	-1	
2. Subsidies				
3. Other operating income	11 513	16 546	76 080	84 895
VIII. Other operating expenses	3 886	5 238	4 386	5 365
1. Loss on disposal of non-financial fixed assets			1 886	1 886
2. Revaluation of non-financial fixed assets	2 459	2 459	2 114	2 114
3. Other operating costs	1 427	2 779	386	1 365
IX. Operating profit (loss) (VI+VII-VIII)	5 470	7 632	81 193	92 909
X. Financial income	6 942	11 798	22 263	166 426
1. Equity income – dividends	279	1 471	1 213	1 213
- of which from related companies	279	1 471	1 213	1 213
2. Interest receivable	2 819	6 445	2 153	4 449
- of which from related companies	17	39	152	337
3. Gain on disposal of investments	324	324		
4. Revaluation of investments	65	65	16 667	158 146
5. Other financial income	3 455	3 493	2 230	2 618
XI. Financial expenses	12 072	18 860	99 920	247 872
1. Interest payable	11 474	17 290	10 297	15 420
- of which for related entities	2 324	2 622	644	782
2. Loss on disposal of investments			13 699	155 453
3. Revaluation of investments			15	15
4. Other financial expenses	598	1 570	75 909	76 984
XII. Profit (los) on sale of all or part of shares of subordinated entities				
XIII. Profit (loss) on ordinary activity (IX + X - XI +/- XII)	340	570	3 536	11 463
XIV. Result of extraordinary events (XIV.1. - XIV.2.)	0	0	0	0
1. Extraordinary gains				
2. Extraordinary losses				
XV. Write-off of goodwill of the subordinated entities				
XVI. Write-off of negative goodwill of the subordinated entities				
XVII. Gross profit (loss) (XIII +/- XIV - XV + XVI)	340	570	3 536	11 463
XVIII. Corporate income tax	-480	-605	-130	8
a) current portion				
b) deferred portion	-480	-605	-130	8
XIX. Other obligatory profit decreases (loss increases)				
XX. Share in net profits (losses) of subordinated companies valued under the equity method				
XIX.1. Profits (losses) of minority				
XXII. Net profit (loss) (XVII - XVIII -XIX +/- XX +/- XXI)	820	1 175	3 666	11 455
Net profit (loss) (on annual basis)	2 597		37 943	
Weighted average number of ordinary shares	107 762 023		107 762 023	
Earning (loss) per ordinary share (in zlotys)	0,02		0,35	
Diluted weighted average number of ordinary shares				
Earning (loss) per ordinary share (in zlotys) - diluted				

Zestawienie zmian w kapitale własnym

	2nd quarter 2005 01.04.2005 30.06.2005	2 quarters 2005 01.01.2005 30.06.2005	2nd quarter 2004 01.04.2004 30.06.2004	2 quarters 2004 01.01.2004 30.06.2004
I. Shareholders' Equity at the beginning of period (opening balance)	-28 970	-28 963	-46 511	-56 725
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	-28 963	-46 511	-56 725
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
- shares issuing				
-				
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	-42 343	-42 343	39 678	39 678
a) additions, of which:	0	0	39 678	39 678
- issuance of shares over the nominal value				
- distribution of profit (by law)			39 678	39 678
- distribution of profit (in excess of value required by law)				
- re-classification of equity				
- other				
b) reductions, of which:	42 343	42 343	0	0
- coverage of loss	42 343	42 343		
- re-classification of equity				
4.2. Reserve capital at the end of period	0	0	42 312	42 312
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

	2nd quarter 2005 01.04.2005 30.06.2005	2 quarters 2005 01.01.2005 30.06.2005	2nd quarter 2004 01.04.2004 30.06.2004	2 quarters 2004 01.01.2004 30.06.2004
6. Other reserve capital at the beginning of period	98 406	95 979	83 517	81 093
6.1. Changes in other reserve capital	-92 259	-89 832	3 725	6 149
a) additions, of which:	3 720	6 147	3 725	6 149
- distribution of profit				
- settlement of incomes of future periods, repayment of arrangement	3 720	6 147	3 725	6 149
- re-classification of equity				
b) zmniejszenia (z tytułu)	95 979	95 979	0	0
- posting an entry to reserve capital				
- coverage of loss	95 979	95 979		
-				
- re-classification of equity				
6.2. Other reserve capital at the end of period	6 147	6 147	87 242	87 242
7. Prior years' profit (loss) at the beginning of period	-390 911	-391 266	-356 675	-364 464
7.1. Prior years' profit at the beginning of period	13 231	12 876		39 678
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	13 231	12 876	0	39 678
a) additions, of which:	0	0	0	0
- prior years' profit distribution				
-				
- re-classification of equity				
b) reductions, of which:	12 876	12 876	0	39 678
- transition to reserve capital				39 678
social funds				
staff bonuses				
coverage of the prior years' loss	12 876	12 876		
- dividend				
-				
- re-classification of equity				
7.3. Prior years' profit at the end of period	355	0	0	0
7.4. Prior years' loss at the beginning of period	404 142	404 142	356 675	404 142
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	356 675	404 142
a) additions, of which:	0	0	39 678	0
- transition of prior years' loss to be covered				
-				
- re-classification of equity			39 678	
b) reductions, of which:	151 199	151 199	0	0
- loss coverage by reserve capital and result for 2004	151 199	151 199		
-				
- re-classification of equity				
7.6. Prior years' loss at the end of period	252 943	252 943	396 353	404 142
7.7. Prior years' profit (loss) at the end of period	-252 588	-252 943	-396 353	-404 142
8. Net profit (loss)	820	1 175	3 666	11 455
a) net profit	820	1 175	3 666	11 455
b) net loss				
c) charges on the profit				
II. Shareholders' Equity at the end of period (closing balance)	-21 640	-21 640	-39 121	-39 121
III. Shareholders' Equity adjusted by the proposed distribution of profit (coverage of loss)				

Cash flow statement (indirect method)

	2nd quarter 2005 01.04.2005 30.06.2005	2 quarters 2005 01.01.2005 30.06.2005	2nd quarter 2004 01.04.2004 30.06.2004	2 quarters 2004 01.01.2004 30.06.2004
A. Cash flows from operating activities - indirect method				
I. Net profit (loss)	820	1 175	3 666	11 455
II. Total adjustments	1 722	5 810	-10 659	-15 374
1. Profit (loss) of minority				
2. Share in net (profits) losses of companies valued under the equity method				
3. Amortisation	677	1 115	2 407	4 812
- write-offs of goodwill of subordinated entities or negative goodwill of subordinated entities				
4. (Gain) loss on foreign exchange differences				
5. Interests and shares in profits (dividends)	474	-1 147	4 706	7 273
5. (Gain) loss on investing activity	-344	-366	15 174	156 967
6. Change in provisions	-9 438	-210	-130	8
7. Change in inventories	22 163	11 679	5 311	-19 746
8. Change in receivables	56 394	49 948	-32 278	-63 736
9. Change in current liabilities (excluding loans and bank credits)	-76 629	-15 773	64 011	102 525
10. Change in deferred and accrued expenses	193	-9 857	-42 335	-48 956
11. Other adjustments	8 232	-29 579	-27 525	-154 521
III. Net cash flows from operating activities (I+/-II)	2 542	6 985	-6 993	-3 919

	2nd quarter 2005 01.04.2005 30.06.2005	2 quarters 2005 01.01.2005 30.06.2005	2nd quarter 2004 01.04.2004 30.06.2004	2 quarters 2004 01.01.2004 30.06.2004
B. Cash flows from investing activities				
I. Cash provided by investing activities	2 016	5 928	11 659	26 316
1. Disposal of intangible assets and tangible fixed assets	21	69	2 405	2 406
2. Disposal of investments in real-estate and intangible assets				
3. Disposal of financial assets, of which:	1 995	5 859	9 254	23 910
a) in related companies	279	1 471	1 725	2 225
- disposal of financial assets	279	1 471		500
- dividends and shares in profits			1 213	1 213
- repayment of granted long-term loans			512	512
- interests				
- other income from financial assets				
b) in other entities	1 716	4 388	7 529	21 685
- disposal of financial assets	389	389		5 500
- dividends and shares in profits				
- repayment of granted long-term loans	11	142	7 488	15 000
- interests	1 316	3 857		
- other income from financial assets			41	1 185
4. Other investing income				
II. Cash used in investing activities	719	824	315	356
1. Purchases of intangible assets and tangible fixed assets	149	254	148	189
2. Investments in real estates and intangible assets				
3. For financial assets, including:	570	570	167	167
a) in related entities	570	570	152	152
- acquisition of financial assets	570	570	152	152
- long-term loans granted				
b) in other companies	0	0	15	15
- acquisition of financial assets			15	15
- long-term loans granted				
4. Dividends and othe shares in profits paid to the minority				
4. Other investing expenses				
III. Net cash flows from investing activities (I-II)	1 297	5 104	11 344	25 960

	2nd quarter 2005 01.04.2005 30.06.2005	2 quarters 2005 01.01.2005 30.06.2005	2nd quarter 2004 01.04.2004 30.06.2004	2 quarters 2004 01.01.2004 30.06.2004
C. Cash flows from financing activities				
I. Cash provided by financing activities	0	0	6 634	6 634
1. Inflows from issuance of shares and other capital securities and additional paid-in capital				
2. Bank credits and loans			6 634	6 634
3. Issuance of debt securities				
4. Other financial income				
II. Cash used in financing activities	3 635	12 471	15 175	27 648
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	1 565	8 289	9 256	19 162
5. Redemption of debt securities				
6. Payments of other financial liabilities				
7. Finance lease commitments paid				
8. Interest paid	2 070	4 182	5 919	8 486
9. Other financial expenses				
III. Net cash flows from financing activities (I-II)	-3 635	-12 471	-8 541	-21 014
D. Total net cash flows (A.III+/-B.III+/-C.III)	204	-382	-4 190	1 027
E. Change in balance-sheet cash and cash equivalents	204	-382	-4 190	1 027
- of which change in cash and cash equivalents due to foreign exchange differences				-25
F. Cash and cash equivalents - beginning of period	6 092	6 678	17 293	12 076
G. Cash and cash equivalents - end of period (F+/-D)	6 296	6 296	13 103	13 103
- of which those with restricted availability				

SECURITIES AND STOCK EXCHANGE COMMITTEE

00-950 Warszawa Plac Powstańców Warszawy 1

Formularz SA-QSr 2/2005

(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 2nd qtr 2005

16.08.2005 r.

(date of publishing)

SELECTED FINANCIAL DATA	in thousand zloty		in thousand EUR	
	2 quarters 2005	2 quarters 2004	2 quarters 2005	2 quarters 2004
	01.01.2005 30.06.2005	01.01.2004 30.06.2004	01.01.2005 30.06.2005	01.01.2004 30.06.2004
I. Net incomes from sale of products, goods and materials	336 153	#ADR!	82 380	#ADR!
II. Operating profit (loss)	31 008	116 082	7 599	24 536
III. Gross profit (loss)	23 597	33 522	5 783	7 085
IV. Net profit (loss)	18 783	29 258	4 603	6 184
V. Net cash flow from operating activities	23 287	(7 974)	5 764	(1 756)
VI. Net cash flow from investing activities	(8 839)	16 494	(2 188)	3 631
VII. Net cash flow from financing activities	(16 080)	(24 601)	(3 980)	(5 416)
VIII. Total net cash flows	(1 632)	(16 081)	(404)	(3 540)
IX. Total assets	603 745	736 931	149 438	162 241
X. Liabilities and reserves for liabilities	504 559	672 142	124 888	147 977
XI. Long-term liabilities	211 591	210 275	52 373	46 294
XII. Short-term liabilities	168 211	317 341	41 635	69 865
XIII. Shareholders' equity	99 186	64 754	24 550	14 256
XIV. Share capital	215 524	215 524	53 346	47 449
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)	0,02	0,48	0,01	0,10
XVII. Diluted earnings (loss) per ordinary share (in zloty/EUR)	-	-	-	-
XVIII. Book value per share (in zloty/ EUR)	0,92	0,60	0,23	0,13
XIX. Diluted book value per one share (in zloty /EUR)	-	-	-	-
XX. Declared or paid-out dividend per share (in zloty /EUR)	-	-	-	-

CONSOLIDATED BALANCE**SHEET**

	as at 30.06.2005	as at 31.03.2005	as at 30.06.2004	as at 31.12.2004
ASSETS				
I. Fixed assets	273 066	260 637	342 207	257 023
1. Intangible assets	471	508	1 429	495
- of which goodwill	-	-	-	-
2. Goodwill of sunordinated entities	-	33	41	33
3. Tangible fixed assets	169 224	159 692	265 100	156 109
4. Long-term receivables	950	947	10 081	942
4.1. From related companies	878	879	-	878
4.2. From other companies	72	68	10 081	64
5. Long-term investments	92 297	89 863	59 077	89 891
5.1. Real estate	86 018	83 603	36 658	83 604
5.2. Intangible assets	-	-	-	-
5.3. Long-term financial assets	6 260	6 241	22 419	6 287
a) in related companies	3 972	4 346	20 653	4 461
- of which shares in subordinated companies valued under the equity method	3 498	3 548	4 590	3 642
- shares in subsidiary and correlated entities not covered by consolidation	506	830	16 063	819
b) in other entities	2 288	1 895	1 766	1 826
5.4. Other long-term investments	19	19	-	-
6. Long-term deferred expenses	10 124	9 594	6 479	9 553
6.1. Deferred income tax	10 124	9 594	6 479	9 553
6.2. Other deferred expenses	-	-	-	-
II. Current assets	330 679	411 686	394 724	396 502
1. Inventories	54 415	80 390	87 943	91 659
2. Current receivables	122 202	180 222	249 732	150 582
2.1. From related companies	684	2 005	6 440	495
2.2. From other companies	121 518	178 217	243 292	150 087
3. Short-term investments	23 626	18 688	55 343	24 443
3.1. Short-term financial assets	21 427	16 489	53 144	22 244
a) in related companies	-	-	-	-
b) in other companies	841	19	13 551	19
c) cash and cash equivalents	20 586	16 470	39 593	22 225
3.2. Other short-term investments	2 199	2 199	2 199	2 199
4. Short-term deferred expenses	130 436	132 386	1 706	129 818
Total Assets	603 745	672 323	736 931	653 525

	as at 30.06.2005	ats at 31.03.2005	as at 30.06.2004	as at 31.12.2004
LIABILITIES				
I. Shareholders' Equity	99 186	83 728	64 754	81 090
I.1 Shareholders' equity falling to the shareholders of the Company	96 883	82 080	56 160	75 828
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)
4. Reserve capital	101 638	112 747	113 121	113 153
5. Revaluation capital	8 699	8 699	12 411	43 382
6. Other reserve capitals	6 148	98 406	88 709	97 446
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)	(253 040)	(363 233)	(400 133)	(404 911)
9. Net profit (loss) falling to the shareholders of the company	17 914	9 937	26 572	11 278
10. Net profit write-downs during the financial year (negative value)	-	-	-	-
I.2. Minority capitals	2 303	1 648	8 594	5 262
II. Negative goodwill of the subordinated entities	-	-	35	28
III. Liabilities and reserves for liabilities	504 559	588 595	672 142	572 407
1. Reserves for liabilities	34 268	34 853	32 037	35 550
1.1. Reserve for deferred income tax	11 631	11 848	3 380	12 050
1.2. Provisions for pension and similar benefits	2 888	2 788	3 076	2 396
a) long-term provisions	1 637	1 567	2 005	1 566
b) short-term provisions	1 251	1 221	1 071	830
1.3. Other provisions	19 749	20 217	25 581	21 104
a) long-term provisions	9 611	8 982	14 004	10 115
b) short-term provisions	10 138	11 235	11 577	10 989
2. Long-term liabilities	211 591	230 648	210 275	247 275
2.1. To related companies	-	-	-	-
2.2. To other companies	211 591	230 648	210 275	247 275
3. Current liabilities	168 211	227 314	317 341	189 483
3.1. To related companies	3 686	11 728	5 071	4 810
3.2. To other companies	164 226	215 129	311 553	184 447
3.3. Special funds	299	457	717	226
4. Accrued expenses and deferred income	90 489	95 780	112 489	100 099
4.1. Negative goodwill	1 113	1 045	-	-
4.2. Other accrued expenses and deferred income	89 376	94 735	112 489	100 099
a) long-term accruals	67 449	72 856	89 350	77 347
b) short-term accruals	21 927	21 879	23 139	22 752
Total Liabilities	603 745	672 323	736 931	653 525
Book value	99 186	83 728	64 754	81 090
Number of shares	107 762 023	107 762 023	107 762 023	107 762 023
Book value per share (in zlotys) - basic	0,92	0,78	0,60	0,75
Diluted number of shares				
Book value per share (in zlotys) - diluted				

Off balance sheet items

	as at 30.06.2005	as at 31.03.2005	as at 30.06.2004	as at 31.12.2004
1. Contingent receivables	500	500	500	500
1.1. From related entities (due to)	500	500	500	500
- guarantees and warranties received	500	500	500	500
-				
-				
1.2. From other companies (due to)	-	-	-	-
- guarantees and warranties received				
-				
-				
2. Contingent liabilities	286 048	290 183	307 927	291 748
2.1. In favour of related companies (due to)	1 987	2 125	250	1 875
- guarantees and warranties received	1 987	2 125	250	1 875
-				
-				
2.2. In favour of other entities (due to)	284 061	288 058	307 677	289 873
- guarantees and warranties extended	284 061	285 758	306 070	287 573
-				
- letter of credit opening	-	2 300	1 607	2 300
3. Other (due to)	31 648	27 948	23 206	24 095
- mortgage	14 250	14 250	13 495	13 995
- bills of exchange	9 400	5 400	-	3 900
- goods taken over	1 498	8 298	9 711	6 200
- other	6 500	-	-	-
Total off-balance-sheet items	318 196	318 631	331 633	316 343

Consolidated profit and loss account

	2nd quarter 2005 01.04.2005 30.06.2005	2 quarters 2005 01.01.2005 30.06.2005	2nd quarter 2004 01.04.2004 30.06.2004	2 quarters 2004 01.01.2004 30.06.2004
I. Net incomes from sale of products, goods and materials	151 713	336 153	309 481	1 017 469
- of which from related companies	44	295	42	9 540
1. Net sales of products	35 641	64 848	27 701	117 933
2. Net sales of goods and merchandise	116 072	271 305	281 780	487 568
II. Cost of products, goods and merchandise sold	125 319	281 668	266 678	529 901
- of which from related entities	319	363	-	47
1. Cost of products sold	16 665	27 634	15 063	91 787
2. Value of merchandise and goods sold	108 654	254 034	251 615	438 114
III. Gross profit (loss) on sales (I-II)	26 394	54 485	42 803	75 600
IV. Distribution expenses	3 338	9 384	12 290	17 013
V. General administrative expenses	13 890	24 538	10 110	21 024
VI. Profit (loss) on sales (III-IV-V)	9 166	20 563	20 403	37 563
VII. Other operating income	12 062	17 519	80 075	87 595
1. Profit on disposal of non-financial fixed assets	13	34	417	424
2. Subsidies	-	-	-	-
3. Other operating income	12 049	17 485	79 658	87 171
VIII. Other operating expenses	5 268	7 074	4 310	9 076
1. Loss on disposal of non-financial fixed assets	23	24	1 889	1 886
2. Revaluation of non-financial assets	3 386	3 386	651	2 688
3. Other operating costs	1 859	3 664	1 770	4 502
IX. Profit (loss) on operational activity (VI + VII - VIII)	15 960	31 008	96 168	116 082
X. Financial income	7 019	10 840	20 733	176 743
1. Dividends and shares in profits:	17	17	-	-
- of which from related companies	17	17	-	-
2. Interest receivable	1 400	5 169	2 674	4 233
- of which from related companies	-	-	(6)	58
3. Gain on disposal of investments	-	-	-	-
4. Revaluation of investments	2 143	2 143	15 667	157 146
5. Other financial income	3 459	3 511	2 392	15 364
XI. Financial expenses	11 778	19 383	105 093	111 422
1. Interest payable	9 769	16 248	10 173	15 697
- for related companies	325	325	164	170
2. Loss on disposal of investments	-	-	13 699	16 528
3. Revaluation of investments	-	-	4 515	14
4. Other financial expenses	2 009	3 135	76 706	79 183
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)	11 201	22 465	11 808	146 818
XIV. Results of extraordinary events (XIV.1 - XIV.2)	(1)	1 308	704	(113 300)
1. Extraordinary gains	5	1 314	3	3
2. Extraordinary losses	6	6	(701)	113 303
XV. Share in profits (losses) in subordinated entities evaluated by property right method	(50)	(176)	(30)	4
XVI. Gross profit (loss) (XIII +/- XIV - XV + XVI)	11 150	23 597	12 482	33 522
XVII. Corporate income tax	2 518	4 814	2 134	4 264
a) current portion	3 265	5 804	2 330	4 565
b) deferred portion	(747)	(990)	(196)	(301)
XVIII. Other obligatory profit decreases (loss increases)	-	-	-	-
XIX. Net profit (loss) (XVI-XVII-XVIII), including:	8 632	18 783	10 348	29 258
XIX.1. Profits (losses) of minority	(655)	(869)	(1 017)	(2 686)
XIX. 2. profit (loss) falling to the shareholders of the company (XIX - XIX.1.)	7 977	17 914	9 331	26 572
Net profit (loss) (on annual basis)	2 620		51 710	
Weighted average number of ordinary shares	107 762 023		107 762 023	
Earning (loss) per ordinary share (in zlotys) - basic	0,02		0,48	
Diluted weighted average number of ordinary shares	-		-	
Earning (loss) per ordinary share (in zlotys) - diluted	-		-	

Changes in consolidated equity

	2nd quarter 2005 01.04.2005 30.06.2005	2 quarters 2005 01.01.2005 30.06.2005	2nd quarter 2004 01.04.2004 30.06.2004	2 quarters 2004 01.01.2004 30.06.2004
I. Shareholders' Equity at the beginning of period (opening balance)	82 080	75 827	53 294	124 207
a) changes in accepted accounting principles (policy)	-	2 078	-	-
b) corrections of material faults	-	-	-	-
I. Shareholders' Equity at the beginning of period (opening balance), after restatement to comparative data	82 080	77 905	53 294	124 207
1. Share capital at the beginning of period	215 524	215 524	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	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	5 638	(6 765)	6 389
-	-	-	-	-
consolidation adjustments re SAD	5 638	5 638	(6 765)	6 389
b) reductions, of which:	5 638	5 638	(6 765)	6 389
- repayment of arrangement instalment to SAD	376	752	376	(752)
consolidation adjustments re SAD	5 262	4 886	(7 141)	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)	(44)	(3 449)
3.1. Changes in own shares in treasury	-	44	-	3 405
a) additions, of which:	44	44	-	3 405
-	-	-	-	-
-adjustments re Centrostal Warszawa	44	44	-	3 405
b) reductions, of which:	44	-	-	-
-	-	-	-	-
-adjustments re Centrostal Warszawa	44	-	-	-
3.2. Own shares in treasury at the end of period	-	-	(44)	(44)
4. Reserve capital at the beginning of period	112 747	113 153	20 572	18 200
4.1. Changes in reserve capital	(11 109)	(11 515)	92 549	94 921
a) additions, of which:	31 235	31 794	81 104	99 109
- shares issue above nominal value	-	-	-	-
- distribution of profit (by law)	30 956	30 956	99 228	99 105
- distribution of profit (in excess of value required by law)	279	279	-	-
- consolidation adjustments	-	559	(18 124)	4
-	-	-	-	-
- other	-	-	-	-
b) reductions, of which:	42 344	43 309	(11 445)	4 188
- loss coverage	42 343	42 894	(12)	32
-	-	-	-	-
- consolidation adjustments	1	415	(11 433)	4 156
4.2. Reserve capital at the end of period	101 638	101 638	113 121	113 121
5. Revaluation capital at the beginning of period	8 699	12 380	13 323	13 323
5.1. Changes in revaluation capital	-	(3 681)	(912)	(912)
a) additions, of which:	-	573	18	-
-	-	-	-	-
- consolidation adjustments	-	573	18	-
b) reductions, of which:	-	4 254	930	912
- disposal of fixed assets	-	-	-	-
-	-	-	-	-
- consolidation adjustments	-	4 254	930	912
5.2. Revaluation capital at the end of period	8 699	8 699	12 411	12 411

	2nd quarter 2005 01.04.2005 30.06.2005	2 quarters 2005 01.01.2005 30.06.2005	2nd quarter 2004 01.04.2004 30.06.2004	2 quarters 2004 01.01.2004 30.06.2004
6. Other reserve capital at the beginning of period	98 406	97 446	84 984	82 560
6.1. Changes in other reserve capital	(92 258)	(91 298)	3 725	6 149
a) additions, of which:	3 721	6 148	3 725	6 149
profit distribution	-	-	-	-
partial execution of the arrangement liabilities - instalment payments	3 721	6 148	3 725	6 149
consolidation adjustments (re-classification of equity capital)	-	-	-	-
b) reductions, of which:	95 979	97 446	-	-
- loss coverage	95 979	95 979	-	-
- consolidation adjustments	-	1 467	-	-
6.2. Other reserve capital at the end of period	6 148	6 148	88 709	88 709
7. Rates differences from re-calculation of subordinated entities	-	-	-	-
8. Prior years' profit (loss) at the beginning of period	(363 233)	(405 188)	(299 742)	(285 229)
8.1. Prior years' profit at the beginning of period	52 142	25 541	137 040	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	52 142	25 541	137 040	310 845
a) additions, of which:	(33 803)	11 061	(34 931)	46 575
prior years' profit distribution	(33 796)	3 739	(1 043)	5 142
consolidation adjustments	(7)	7 322	(33 888)	41 433
b) reductions, of which:	874	29 074	44 454	315 357
- transition to reserve capital	371	371	39 831	39 731
staff bonuses	-	-	-	-
coverage of the prior years' loss	-	-	-	-
- dividend	(280)	1 965	3 184	3 184
- other	13 658	13 658	-	-
- consolidation adjustments	(12 875)	13 080	1 439	272 442
8.3 Prior years' profit at the end of period	17 465	7 528	57 655	42 063
8.4 Prior years' loss at the beginning of period	415 375	430 729	436 782	596 074
a) changes in accepted accounting principles (policies)	-	-	-	-
b) corrections of material faults	4	4	-	-
8.5 Prior years' loss at the beginning of the period after restatement to comparative data	415 379	430 733	436 782	596 074
a) additions, of which:	(1 432)	3 665	73 701	1 730
transition of prior years' loss to be covered	(94)	1 184	(1 859)	1 162
- other	-	-	(312)	568
- consolidation adjustments	(1 338)	2 481	75 872	-
b) reductions, of which:	153 379	173 830	69 936	155 608
- loss coverage	150 552	151 980	573	244
- consolidation adjustments	2 827	21 850	69 363	155 364
8.6. Prior years' loss at the end of period	260 568	260 568	440 547	442 196
8.7. Prior years' profit (loss) at the end of period	(243 103)	(253 040)	(382 892)	(400 133)
9. Net profit (loss) falling to the shareholders of the company	7 977	17 914	9 331	26 572
a) net profit falling to the shareholders of the company	7 977	17 914	9 331	26 572
b) net loss falling to the shareholders of the company	-	-	-	-
c) charges on the profit	-	-	-	-
10.1.Minority capital at the beginning of period	1 648	5 262	14 253	25 987
a) increases	655	655	-	-
b) decreases	-	3 614	5 262	17 393
10.2 Minority capital at the end of period	2 303	2 303	8 594	8 594
II. Shareholders' Equity at the end of period (closing balance)	99 186	99 186	64 754	64 754
III. Shareholders' Equity adjusted by the proposed distribution of profit (coverage of loss)	99 186	99 186	64 754	64 754

Consolidated cash flow account (indirect method)

	2nd quarter 2005 01.04.2005 30.06.2005	2 quarters 2005 01.01.2005 30.06.2005	2nd quarter 2004 01.04.2004 30.06.2004	2 quarters 2004 01.01.2004 30.06.2004
A. Cash flows from operating activities - indirect method				
I. Net profit (loss) falling to the shareholders of the Company	7 977	17 914	9 331	26 572
II. Total adjustments	10 338	5 373	17 465	(34 546)
1. Profits (losses) of minority	655	869	1 017	2 686
2. Share in net (profits) losses of subordinated companies valued under the equity method	50	176	30	(4)
3. Depreciation of which	2 210	4 133	4 384	9 155
- write-offs of goodwill of subordinated entities or neagive goodwill of the subordinated entities	33	5	9	(2)
4. (Gain) loss on foreign exchange differences	-	-	75	229
5. Interests and shares in profits (dividends)	456	(1 182)	4 291	7 862
6. (Gain) loss on investing activities	(321)	(352)	15 093	157 209
7. Change in provisions	(9 061)	50	(258)	(236)
8. Change in inventories	26 012	18 291	(4 301)	(35 445)
9. Change in receivables	52 709	45 307	(54 938)	33 478
10. Change in current liabilities (excluding loans and bank credits)	(68 773)	(19 182)	85 989	(9 697)
11. Change in deferred and accrued expenses	(174)	(11 435)	(45 506)	(48 772)
12. Other adjustments	6 575	(31 302)	11 589	(151 011)
III. Net cash flows from operating activities (I+/-II)	18 315	23 287	26 796	(7 974)

	2nd quarter 2005 01.04.2005 30.06.2005	2 quarters 2005 01.01.2005 30.06.2005	2nd quarter 2004 01.04.2004 30.06.2004	2 quarters 2004 01.01.2004 30.06.2004
B. Cash flows from investing activities				
I. Cash provided by investing activities	2 069	6 008	(18 719)	34 088
1. Disposal of intangible assets and tangible fixed assets	41	99	3 891	3 961
2. Disposal of investments in real-estate and intangible assets	-	-	-	-
3. Disposal of financial assets, of which:	2 028	5 909	(22 610)	30 127
a) in related companies	313	1 522	(32 844)	2 258
- disposal of financial assets	-	-	(34 585)	500
- dividends and shares in profits	297	1 489	1 213	1 213
- payment of long-term loans granted	-	-	512	512
- interest received	16	33	16	33
- other income from financial assets	-	-	-	-
b) in other companies	1 715	4 387	10 234	27 869
- disposal of financial assets	389	389	2 014	10 934
- dividends and shares in profits	-	-	-	-
- payment of long-term loans granted	10	141	7 488	15 000
- interest received	1 316	3 857	692	751
- other income from financial assets	-	-	40	1 184
4. Other investing income	-	-	-	-
II. Expenditure	13 136	14 847	12 956	17 594
1. Purchases of intangible assets and tangible fixed assets	12 173	13 884	12 624	17 266
2. Purchases of investments in real-estate and intangible assets	-	-	5	-
3. For financial assets, of which:	963	963	217	218
a) in related companies	570	570	202	203
- acquisition of financial assets	570	570	202	203
- long-term loans granted	-	-	-	-
b) in other entities	393	393	15	15
- acquisition of financial assets	393	393	15	15
- long-term loans granted	-	-	-	-
4. Dividends and other shares in profits paid to minority	-	-	-	-
5. Other investing expenses	-	-	110	110
III. Net cash flows from investing activities (I-II)	(11 067)	(8 839)	(31 675)	16 494

	2nd quarter 2005 01.04.2005 30.06.2005	2 quarters 2005 01.01.2005 30.06.2005	2nd quarter 2004 01.04.2004 30.06.2004	2 quarters 2004 01.01.2004 30.06.2004
C. Cash flows from financing activities				
I. Cash provided by financing activities	732	1 301	21 721	22 679
1. Issuance of shares and other capital securities and additional paid-in capital	-	-	-	-
2. Bank credits and loans contracted	261	320	21 634	22 432
3. Issuance of debt securities	-	-	-	-
4. Other financial income	471	981	87	247
II. Cash used in financing activities	3 864	17 381	28 813	47 280
1. Acquisition of own shares	-	-	-	-
2. Dividends and other payments to shareholders	(279)	1 204	2 206	2 206
3. Other than payments in favour of owners, expenses by virtue of profit distribution	-	-	-	-
4. Payments of bank credits and loans	1 439	9 248	11 110	22 719
5. Redemption of debt securities	-	-	-	-
6. Payments of other financial liabilities	-	-	-	-
7. Finance lease commitments paid	359	704	398	902
8. Interest paid	2 343	4 739	5 848	9 651
9. Other financial expenses	2	1 486	9 251	11 802
III. Net cash flows from financing activities (I-II)	(3 132)	(16 080)	(7 092)	(24 601)
D. Total net cash flows (A.III+/-B.III+/-C.III)	4 116	(1 632)	(11 971)	(16 081)
E. Change in balance-sheet cash and cash equivalents	4 116	(1 632)	(11 954)	(16 081)
- of which change in cash and cash equivalents due to foreign exchange differences			(26)	
F. Cash and cash equivalents - beginning of period	16 470	22 218	51 564	55 674
G. Cash and cash equivalents - end of period (F+/-D)	20 586	20 586	39 593	39 593
- of which those with restricted availability	-	-	-	76

THE MANAGEMENT BOARD:

Chairman of the Management Board, General Director

16.08.2005

Emil Wąsacz

Date

Signature

ViceChairman of the Managment Board Financial Director

16.08.2005

Mieczysław Skołożyński

Date

Signature

Person responsible for keeping the books:

Proxy, Chief Accountant

16.08.2005

Małgorzata Michalunio-Kęps

Date

Signature

Commentary to the consolidated quarterly report of Capital Group of Stalexport SA for the 2nd 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 subsidiary companies (in brackets - share of Stalexport S.A. in share capital at the end of the 2nd 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 Belchatów S.A. Rogowiec | (95,14%) |
| - Stalexport Centrostal S.A. Lublin | (66,00%) |
| - Stalexport Transroute Autostrada S.A. Mysłowice | (55,00%) |

On 1st March 2005 there was the merger of the hitherto existing subsidiary company - Stalexport Centrostal Warszawa S.A. with the dominant entity Stalexport S.A.

The subsidiary company Stalexport Centrostal Warszawa S.A. was included in consolidation only via profit and loss account for the period January-February 2005.

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%).

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” is at present the item increasing (decreasing) gross profit (loss).
- presented so far as 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, respectively.
- 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 2/2005 are comparable with the analogical period of the previous year.

The Capital Group of Stalexport SA for the 2nd qtr 2005 achieved gross profit in the amount of 11 150 thousand zlotys, including:

- profit from sale of goods and services	9 167 thousand zloty
- positive result on other operating activities	6 792 thousand zloty
- negative result on financial activity	- 4 759 thousand zloty
- result of extraordinary events	1 thousand zloty
- share in net profit of subordinated entities evaluated via property right method	50 thousand zloty
gross profit for 2nd quarter 2005 .	11 150 thousand zloty
net profit falling to the Company's shareholders for 2nd qtr 2005 .	7 977 thousand zloty

The positive financial results of the companies of the capital group affected for the most part the consolidated financial result of 2nd qtr 2005, including:

- Stalexport S.A.	1 175 thousand zloty
Stalexport Serwis Centrum S.A. Katowice	1 048 thousand zloty
- Stalexport Centrostal S.A. Lublin	- 282 thousand zloty
Stalexport Serwis Centrum Bełchatów S.A. Rogowiec	- 3 thousand zloty
- Stalexport Metalzbyt Sp. z o.o. Białystok	60 thousand zloty
- Stalexport Autostrada Małopolska S.A. Mysłowice	16 898 thousand zloty
Stalexport Transroute Autostrada S.A. Mysłowice	2 463 thousand zloty
- Stalexport Autostrada Dolnośląska S.A. Katowice	49 thousand zloty
- Stalexport Centrostal Warszawa S.A.	1 475 thousand zloty

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 30.06.2005 amounts to 2 888 thousand zlotys, out of which:

- long-term one - 1 637 thousand zloty
- short-term one - 1 251 thousand zloty

In comparison with the 1st quarter 2005 the state of reserves increased by 100 thousand zlotys.

The state of the other reserves in the capital group as at 30.06.2005 amounts to 19 749 thousand zlotys, out of which:

- long-term one - 9 611 thousand zloty
- short-term one - 10 138 thousand zloty

In comparison with the 1st quarter 2005 the state of other reserves decreased by 468 thousand zloty.

Financial results of the dominant entity - Stalexport SA

Data included in the consolidated financial report SA-QSr for the 2nd quarter 2005 are comparable with the analogical periods of the previous year.

The financial results of Stalexport SA

Stalexport S. A. for 2nd quarter 2005 achieved gross profit in the amount of 340 thousand zlotys, which comprised:

- loss from sale of goods and merchandise	- 2 170 thousand zloty
- positive result on other operating activity	7 639 thousand zloty
- negative result on financial activity	- 5 129 thousand zloty
Gross profit for 2 nd st quarter 2005.	340 thousand zloty
Obligatory burdening of financial result	- 481 thousand zloty

Net profit for 2nd quarter 2005 821 thousand zloty

Established and dissolved revaluating allocations and reserves had a considerable impact on the financial result in the 2nd quarter.

In the 2nd quarter of this year the Company increased its financial result with the sum of 9 142 thousand zlotys on account of dissolving:

- revaluating allocation for receivables	8 692 thousand zloty
- reserves for contingent liabilities (Huta Szczecin)	450 thousand zloty

Dissolved revaluating allocation and reserves increased the other operating income by the amount of 9 142 thousand zlotys.

The company Stalexport S. A. in the 2nd quarter 2005 reduced its financial result by the sum of 4 004 thousand zlotys on account of establishing:

- revaluating allocation for receivables	2 459 thousand zloty
- revaluating allocation for interest arrears	762 thousand zloty
- reserves for leaves	783 thousand zloty

The established revaluating allocations and reserves increased the other operating costs by the sum of 3 242 thousand zlotys and financial costs by the sum of 762 thousand zlotys.

Differences in income tax for the current year and previous years

Taxable income given in the CIT-2 statement for 6 months of current year as specified below:

Gross profit	570 thousand zloty
- permanent differences – balance	- 677 thousand zloty
- temporary differences – balance	3 418 thousand zloty
basis of taxation	3 311 thousand zloty

Temporary differences concerning the reporting period.

	Basis	Tax
Surplus – accounting tax	528 thousand zloty	100 thousand zloty
Balance of temporary differences	528 thousand zloty	100 thousand zloty

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 10 124 thousand zloty, reserve by virtue of deferred income tax - 11 631 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 4,0401zloty binding on 30.06.2005.

Specific items in the Profit and Loss Account pertaining to 2nd quarter of this year have been converted into EUR according to the rate 4,0805 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 2nd qtr 2005.

III. List of Shareholders having more than 5% of the total number of votes at the General Meeting of Shareholders on 16th August 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 shares held by the group of persons managing and supervising the dominant company as at 16.08.2005

Managing persons - 82.430 shares
Supervising persons - 4.075 shares

V. Specification of judicial proceedings pending in court as at 30.06.2005.

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
	5/04	1 366 061,00		Payment order of 31.03.2004 with a clause
3.	30/03	11 995 000,00	Centrozap S. A. Katowice Defendant	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.	25/04	2 006 500,00	Mimex Firma Usługowo- Produkcyjna Mielec defendant	Payment order of 11.10.2004 Objection to payment order Proceedings in course, date of trial 20.09.2005

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% of the equity.

VI. Description of essential events in the Capital Group of Stalexport SA in the period from 01.04.2005 till 30.06.2005.

- On 05.04.2005 the dominant company, while executing the arrangement proceedings, repaid the 7th instalment for the major creditors in the total amount of 10 846 thousand zloty.

- On 16.05.2005 Stalexport S.A. was informed by the Management Board of Securities Stock Exchange that as a result of conducted quarterly correction of the list of the participants of WIG 20 and MIDWIG index, after the session on 17th June 2005, the dominant company is included in the index of MIDWIG.
- On 06.06.2005 Mr Zbigniew Szałajda submitted his resignation to the Management Board of the Company as a Chairman of the Supervisory Board of Stalexport S.A.
- On 13.06.2005 STALEXPORT S.A. and the company Stalexport Autostrada Dolnośląska (subsidiary company in 100%) concluded the agreement of sale of all shares owned by Stalexport S.A. i.e 1 080 shares of Konsorcjum Autostrada Śląska S.A. in Katowice, constituting 5,43 % of the equity at the GSM. The total sale price of the shares amounted to 389 thousand zloty.
- On 14.06.2005 the Management Board of Stalexport S.A. was notified by Mr Zbigniew Szałajda about his resignation the post of the member of the Supervisory Board of Stalexport S.A.
- On 23.06.2005 the Ordinary General Meeting of Shareholders of Stalexport S.A. was held. During it the individual and consolidated financial reports for 2004 were approved and the shareholders granted the discharge to the Management Board and the Supervisory Board members. Simultaneously the resolution regarding the changes in the composition of the Supervisory Board was passed.
- In the first half of 2005 Stalexport S.A. concluded export contracts for the deliveries to North America with value of ca 15 m zloty as well as for the Ukrainian customer with value of ca 12 900 thousand zloty.

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

1. In the first half of 2005 the incomes from sale of goods and products of Capital Group of Stalexport SA **amounted to** 336 153 thousand zloty and were by 269 348 thousand zloty lower in comparison to the first half of 2004. The decline in turnover was caused by:
 - the loss of sales volume in the amount of ca 89 m zlotys. Ferrostal Łabędy and Złomhut (sale of shares) and Stalexport Wielkopolska (loss of control because of the bankruptcy),
 - the prosperity decline and the reduction of price for steel products in comparison to the analogical period of the previous year,
 - the lack of external sources of financing and the limited working capital did not enable to fully realise higher turnover possible to be achieved.

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

- On 05.07.2005 while executing the arrangement proceedings according to the schedule the 8th quarterly instalment was repaid for the major creditors, in the total amount of 10 028 thousand zloty.
- On 06.07.2005 the meeting of the Supervisory Board was held. During it the new Chairman of the Supervisory Board was appointed who replaced Mr Zbigniew Szałajda (he resigned) and two new members of the Supervisory Board were also appointed. Tadeusz Włudyka became the newly appointed Chairman (hitherto existing member of the Supervisory Board of Stalexport S.A.), while Mr Bohdan Wyżnikiewicz and MR Jacek Legutko were appointed the new members of the Supervisory Board.
- On 06.07.2005 the Supervisory Board of Stalexport S.A. appointed existing Commercial Director and proxy of the Company, Mrs Urszula Dzierżoń, to the position of the member of the Management Board. The position was taken over as from 1st August 2005. From that day Mrs. Dzierżoń ceased to hold position of Procurist of the Company. Moreover Mrs Urszula Dzierżoń is the Chairman of the Supervisory Board of Stalexport Serwis Centrum S.A. in Katowice and also the member of the Supervisory Board of Invest Centrostal Warszawa Sp. z o.o.
- On 08.07.2005 the company STALEXPORT SA and Bank Handlowy w Warszawie SA signed an agreement for sale of perpetual lease of a real estate located in Chorzów of an area of 99558 sq. meters together with building for the total amount of 13,200,000.00 zloty. Payment was conducted by way of reduction of STALEXPORT SA indebtedness towards Bank Handlowy in Warsaw S.A.
- At the end of previous year Stalexport S.A. submitted to the Treasury, represented by Silesian voivodeship, a preliminary purchase offer for PPOWH Centrostal Górnośląski. This offer was a sort of invitation to the negotiations, later according to the schedule presented by voivodeship, the firm offer was to be placed. On 21.07.2005 r. Stalexport S.A. received received a letter from the head of Silesian voivodeship, which informed about the refusal to give the additional information regarding the company PPOWH Centrostal Górnośląski, and which, according to STALEXPORT S.A., is necessary to properly evaluate the company. Simultaneously, he acknowledged that because STALEXPORT S.A. had not submitted a firm offer, it resigned a participation in privatization of PPOWH Centrostal Górnośląski. The dominant company is considering an appeal against the a/m decision
- Stalexport S.A. granted proxy to Mrs Barbara Boś – Director of the Distribution Network.
- In the second half of 2005 Stalexport S.A. concluded export contracts for delivery of seamless pipes to North America and for deliveries to South America. Value of each contracts amounts to ca 9 m zloty.

