

SECURITIES AND STOCK EXCHANGE COMMITTEE
Consolidated quarterly report SA-QSr 3/2005

According to the Decree of the Mminister of Finance dated 19th October 2005, Journal of Law No 209, item 1744

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

For 3rd quarter of the current turnover year covering the period from 01.01.2005 to 30.09.2005

and for the 3rd quarter of the previous turnover year covering the period from 01.01.2004 to 30.09.2004

14.11.2005 r.

(date of publishing)

STALEXPORT Joint Stock Company

(full name of the issuer)

STALEXPORT SA

(abridged name of issuer)

metal sector 17

(sector acc. to Securities Stock Exchange classification in Warsaw)

40-085

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BDO Polska Sp. z o.o.

| SELECTED FINANCIAL DATA | zloty | | EUR | |
|---|--------------|--------------|--------------|--------------|
| | 3rd qtr 2005 | 3rd qtr 2004 | 3rd qtr 2005 | 3rd qtr 2004 |
| I. Net incomes from sale of products, goods and materials | 477 949 | 832 631 | 117 771 | 180 169 |
| II. Operating profit (loss) | 47 777 | 15 435 | 11 773 | 3 340 |
| III. Gross profit (loss) | 27 978 | 56 998 | 6 894 | 12 333 |
| IV. Net profit (loss) | 17 273 | 46 080 | 4 256 | 9 971 |
| V. Net cash flow from operating activities | 43 921 | 8 939 | 10 823 | 1 934 |
| VI. Net cash flow from investmnet activities | 4 098 | 12 487 | 1 010 | 2 702 |
| VII. Net cash flow from financial activities | (42 265) | (41 570) | (10 414) | (8 995) |
| VIII. Total net cash flows | 5 754 | (20 144) | 1 469 | (4 596) |
| IX. Total assets | 573 657 | 620 746 | 146 468 | 141 619 |
| X. Liabilities and reserves for liabilities | 470 068 | 540 517 | 120 019 | 123 316 |
| XI. Long-term liabilities | 328 436 | 345 371 | 83 857 | 78 794 |
| XII. Short-term liabilities | 141 632 | 195 146 | 36 162 | 44 521 |
| XIII. Shareholders' equity | 103 589 | 80 229 | 26 449 | 18 304 |
| XIV. Share capital | 215 524 | 215 524 | 55 028 | 49 170 |
| XV. Number of shares | 107 762 023 | 107 762 023 | 107 762 023 | 107 762 023 |
| XVI. Earnings (loss) per ordinary share (in zloty/EUR) | 0,16 | 0,43 | 0,04 | 0,10 |
| XVII. Diluted earnings (loss) per ordinary share (in zloty/EUR) | - | - | - | - |
| XVIII. Book value per share (in zloty /EUR) | 0,96 | 0,74 | 0,24 | 0,16 |
| XIX. Diluted book value per share (in zloty/EUR) | - | - | - | - |

Consolidated balance sheet

| | 30.09.2005 | 30.06.2005 | 31.12.2004 | 30.09.2004 |
|--|----------------|----------------|----------------|----------------|
| ASSETS | | | | |
| I. Long-term assets | 383 132 | 403 977 | 388 467 | 351 881 |
| 1. Tangible fixed assets | 170 143 | 170 189 | 157 364 | 146 549 |
| 2. Intangible assets, including: | 424 | 471 | 495 | 485 |
| - goodwill | - | - | - | - |
| 2. Goodwill of subordinated entities | - | - | - | - |
| 4. Long-term receivables | 1 120 | 972 | 942 | 10 430 |
| 5. Long-term investments | 68 989 | 89 667 | 89 891 | 58 565 |
| 5.1. Real estates | 62 960 | 83 604 | 83 604 | 36 658 |
| 5.2. Intangible assets | - | - | - | - |
| 5.3. Long-term financial assets | 6 029 | 6 063 | 6 287 | 21 907 |
| a) in related companies | 3 741 | 3 821 | 4 461 | 20 141 |
| - of which shares in subordinated companies valued under the ownership rights method | 3 436 | 3 466 | 3 642 | 4 078 |
| - shares in subsidiary and correlated entities not covered by consolidation | 305 | 355 | 819 | 16 063 |
| b) in other entities | 2 288 | 2 242 | 1 826 | 1 766 |
| 5.4. Other long-term investments | - | - | - | - |
| 6. Assets available for sale | 132 581 | 132 641 | 130 211 | 130 211 |
| 7. Deferred income tax assets | 9 780 | 10 037 | 9 564 | 5 641 |
| 6.2. Other long-term deferred expenses | 95 | - | - | - |
| II. Current assets | 190 525 | 199 947 | 266 291 | 268 865 |
| 1. Inventories | 46 402 | 54 418 | 91 712 | 61 278 |
| 2. Current receivables | 113 714 | 122 271 | 150 582 | 159 009 |
| 3. Short-term investments | 276 | 271 | 19 | 11 442 |
| 4. Cash and cash equivalents | 27 979 | 20 584 | 22 225 | 34 538 |
| 4. Short-term deferred expenses | 2 154 | 2 403 | 1 753 | 2 598 |
| Total Assets | 573 657 | 603 924 | 654 758 | 620 746 |

| | 30.09.2005 | 30.06.2005 | 31.12.2004 | 30.09.2004 |
|--|------------|------------|------------|------------|
|--|------------|------------|------------|------------|

LIABILITIES

| | | | | |
|---|----------------|----------------|----------------|----------------|
| I. Shareholders' Equity | 103 589 | 99 072 | 82 057 | 80 229 |
| I.1 Shareholders' equity falling to the shareholders of the Company | 99 970 | 96 178 | 76 795 | 75 098 |
| 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) | (73) | (478) | (44) | (44) |
| 4. Reserve capital | 101 640 | 101 640 | 113 153 | 113 121 |
| 5. Revaluation capital | 8 699 | 8 699 | 43 382 | 12 411 |
| 6. Other reserve capitals | 9 632 | 6 148 | 97 446 | 92 430 |
| 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) | (252 725) | (252 725) | (404 179) | (404 424) |
| 9. Net profit (loss) falling to the shareholders of the company | 17 273 | 17 370 | 11 513 | 46 080 |
| 10. Net profit write-downs during the financial year (negative value) | - | - | - | - |
| I.2. Minority capitals | 3 619 | 2 894 | 5 262 | 5 131 |
| II. Negative goodwill of the subordinated entities | - | - | - | - |
| III. Long-term liabilities | 328 436 | 356 157 | 399 280 | 345 371 |
| 1. Credits and loans | 83 620 | 99 373 | 113 746 | 113 028 |
| 2. Liabilities by virtue of financial leasing | 6 922 | 7 295 | 5 834 | 7 142 |
| 3. Liabilities by virtue of trade account receivable | - | - | - | - |
| 4. Other liabilities | 172 688 | 176 537 | 196 009 | 140 505 |
| 5. Reserve by virtue of the deferred income tax | 12 408 | 11 897 | 12 289 | 3 554 |
| 6. Reserves for other liabilities | 8 883 | 11 272 | 11 721 | 12 252 |
| 7. Long-term interperiod settlements | 43 915 | 49 783 | 59 681 | 68 890 |
| IV. Short-term liabilities | 141 632 | 148 695 | 173 421 | 195 146 |
| 1. Credits and loans | 9 298 | 14 402 | 10 648 | 16 328 |
| 2. Liabilities by virtue of financial leasing | - | - | - | - |
| 3. Liabilities by virtue of trade account receivable | 61 583 | 63 289 | 95 568 | 109 991 |
| 4. Other liabilities | 19 302 | 19 023 | 14 952 | 16 218 |
| 5. Reserves for liabilities | 7 450 | 11 317 | 11 835 | 12 227 |
| 6. Short-term interperiod settlements | 43 999 | 40 664 | 40 418 | 40 382 |
| Total liabilities | 573 657 | 603 924 | 654 758 | 620 746 |

| | | | | |
|--|-------------|-------------|-------------|-------------|
| Book value | 103 589 | 99 072 | 82 057 | 80 229 |
| Number of shares | 107 762 023 | 107 762 023 | 107 762 023 | 107 762 023 |
| Book value per share (in zlotys) | 0,96 | 0,92 | 0,76 | 0,74 |
| Diluted number of shares | | | | |
| Book value per share (in zlotys) - diluted | | | | |

Consolidated profit and loss account

| | 3rd quarter 2005 01.07.2005 30.09.2005 | 3 quarters 2005 01.01.2005 30.09.2005 | 3rd quarter 2004 01.07.2004 30.09.2004 | 3 quarters 2004 01.01.2004 30.09.2004 |
|--|--|---|--|---|
| I. Net incomes from sale of products, goods and merchandise | 144 326 | 477 949 | 227 130 | 832 631 |
| 1. Net sales of products | 39 274 | 101 699 | 31 513 | 149 446 |
| 2. Net sales of goods and merchandise | 105 052 | 376 250 | 195 617 | 683 185 |
| II. Cost of products, goods and merchandise sold | 111 929 | 393 578 | 190 833 | 720 592 |
| 1. Manufacturing cost of products sold | 3 545 | 42 991 | 11 435 | 103 080 |
| 2. Value of merchandise and goods sold | 108 384 | 350 587 | 179 398 | 617 512 |
| III. Gross profit (loss) on sales (I-II) | 32 397 | 84 371 | 36 297 | 112 039 |
| IV. Other operating incomes | 4 454 | 25 807 | 13 801 | 101 392 |
| V. Sales costs | 4 218 | 13 437 | 6 419 | 23 432 |
| VI. Costs of general management | 11 841 | 36 313 | 11 366 | 32 390 |
| VII. Other operating incomes | 4 274 | 12 445 | 19 436 | 141 810 |
| VIII. Share in profits (losses) in subordinated entities evaluated by property right method | (30) | (206) | (368) | (364) |
| IX. Profit (loss) on operating activity (III+IV-V-VI-VII+/-VIII) | 16 488 | 47 777 | 12 509 | 15 435 |
| IX. Financial incomes | 1 197 | 10 189 | 15 375 | 192 118 |
| 1. Dividends and shares in profits | 17 | 17 | 6 | 6 |
| 2. Interests | - | 6 292 | 156 | 4 389 |
| 3. Profit from investment sale | - | - | - | - |
| 4. Updating the investment value | - | 2 143 | 15 213 | 172 359 |
| 5. Other | 1 180 | 1 737 | - | 15 364 |
| X. Financial costs | 12 895 | 29 988 | 6 351 | 117 773 |
| 1. Interests | 5 982 | 21 252 | 5 688 | 21 385 |
| 2. Loss from investment sale | 7 320 | 7 320 | 370 | 16 898 |
| 3. Updating the investment value | 4 | 4 | 1 | 15 |
| 4. Other | (411) | 1 412 | 292 | 79 475 |
| XII. Profit (loss) on sales of total or part of shares in subordinated entities | - | - | 1 803 | (32 782) |
| XIII. Gross profit (loss) (IX + X - XI +/- XII) | 4 790 | 27 978 | 23 336 | 56 998 |
| XIV. Income tax | 4 161 | 9 019 | 3 374 | 7 665 |
| a) current part | 3 487 | 9 211 | 2 534 | 7 126 |
| b) deferred part | 674 | (192) | 840 | 539 |
| XV. Net profit (loss) (XIII-XIV +/- XVI), including: | 629 | 18 959 | 19 962 | 49 333 |
| XVI. Profits (losses) of minority | (726) | (1 686) | (567) | (3 253) |
| XVII. Profit (loss) falling to the shareholders of the company (XIV +/- XVI) | (97) | 17 273 | 19 395 | 46 080 |
| Net profit (loss) (on annual basis) | | 17 273 | | 46 080 |
| Weighted average number of ordinary shares | | 107 762 023,00 | | 107 762 023,00 |
| Earning (loss) per ordinary share (in zlotys) | | 0,16 | | 0,43 |
| Diluted weighted average number of ordinary shares | | | | |
| Profit (loss) per ordinary share (in zlotys) - diluted | | | | |

Changes in consolidated equity

| | 30.09.2005 | 30.06.2005 | 31.12.2004 | 30.09.2004 |
|---|----------------|----------------|----------------|----------------|
| I. Shareholders' Equity at the beginning of period (opening balance) | 82 057 | 82 057 | 150 926 | 140 275 |
| 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 | 82 057 | 82 057 | 150 926 | 140 275 |
| 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 | - | - | - | - |
| - increase in basic capital | - | - | - | - |
| b) reductions, of which: | - | - | - | - |
| - retirement of shares | - | - | - | - |
| - decrease in basic capital | - | - | - | - |
| 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) | (5 638) | 6 013 |
| consolidation adjustments | (5 638) | (5 638) | (5 638) | 6 013 |
| b) reductions, of which: | (5 638) | (5 638) | (5 638) | 6 013 |
| - repayment of due instalments re SAD | - | - | - | (1 128) |
| consolidation adjustments re SAD | (5 638) | (5 638) | (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) | (44) | (3 449) | (3 449) |
| 3.1. Changes in own shares in treasury | (29) | (434) | 3 405 | 3 405 |
| a) additions, of which: | (576) | (576) | - | 3 405 |
| - shares for minority shareholders | (570) | (570) | - | - |
| consolidation adjustments | (6) | (6) | - | 3 405 |
| b) reductions, of which: | (547) | (142) | (3 405) | - |
| - issue for minority shareholders | (547) | (142) | (3 405) | - |
| consolidation adjustments | - | - | - | - |
| 3.2. Own shares in treasury at the end of period | (73) | (478) | (44) | (44) |
| 4. Reserve capital at the beginning of period | 113 153 | 113 153 | 18 200 | 18 200 |
| 4.1. Changes in reserve capital | (11 513) | (11 513) | 94 953 | 94 921 |
| a) additions, of which: | 31 853 | 31 853 | 99 140 | 103 121 |
| - shares issue above nominal value | - | - | - | - |
| - distribution of profit | 30 956 | 30 956 | 99 105 | 99 128 |
| - distribution of profit (in excess of minimum value required by law) | 279 | 279 | - | - |
| - consolidation adjustments, including those connected with excluding from consolidation the subsidiary companies | 618 | 618 | 4 | 3 993 |
| - other | - | - | - | - |
| - sale, disposal of fixed assets | - | - | 31 | - |
| b) reductions, of which: | 43 366 | 43 366 | 4 187 | 8 200 |
| - loss coverage | 42 894 | 42 894 | 32 | 32 |
| - exclusion of surcharges to capital | - | - | 200 | 200 |
| - consolidation adjustments, including those connected with excluding from consolidation the subsidiary companies | 472 | 472 | 3 955 | 7 968 |
| 4.2. Reserve capital at the end of period | 101 640 | 101 640 | 113 153 | 113 121 |
| 5. Revaluation capital at the beginning of period | 43 382 | 43 382 | 13 323 | 13 323 |
| 5.1. Changes in revaluation capital | (34 683) | (34 683) | 30 059 | (912) |
| a) additions, of which: | - | - | 31 002 | - |
| - re-evaluation of fixed assets | - | - | 31 002 | - |
| - consolidation adjustments | - | - | - | - |
| b) reductions, of which: | 34 683 | 34 683 | 943 | 912 |
| - disposal of fixed assets | - | - | 31 | - |
| - consolidated adjustments including: those connected with excluding from consolidation the subsidiary companies | 34 683 | 34 683 | 912 | 912 |
| 5.2. Revaluation capital at the end of period | 8 699 | 8 699 | 43 382 | 12 411 |

| | 30.09.2005 | 30.06.2005 | 31.12.2004 | 30.09.2004 |
|--|------------|------------|------------|------------|
| 6. Other reserve capital at the beginning of period | 97 446 | 97 446 | 82 560 | 82 560 |
| 6.1. Changes in other reserve capital | (87 814) | (91 298) | 14 886 | 9 870 |
| a) additions, of which: | 9 830 | 6 346 | 14 886 | 9 870 |
| profit distribution | - | - | - | - |
| - execution of arrangement liabilities - repayment of instalments | 9 632 | 6 148 | 14 886 | 9 870 |
| consolidation adjustments | 198 | 198 | - | - |
| b) reductions, of which: | 97 644 | 97 644 | - | - |
| - re-booking for inventory capital | - | - | - | - |
| - loss coverage | 95 979 | 95 979 | - | - |
| - other | - | - | - | - |
| consolidation adjustments | 1 665 | 1 665 | - | - |
| 6.2. Other reserve capitals at the end of the period | 9 632 | 6 148 | 97 446 | 92 430 |
| 7. Rates differences from re-calculation of subordinated entities | - | - | - | - |
| 8. Prior years' profit (loss) at the beginning of period | (404 179) | (404 179) | (284 497) | (285 229) |
| 8.1. Prior years' profit at the beginning of period | 10 288 | 10 288 | 311 623 | 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 | 10 288 | 10 288 | 311 623 | 310 845 |
| a) additions, of which: | 19 118 | 17 660 | 14 022 | 30 099 |
| -prior years' profit distribution | 3 672 | 3 975 | 3 249 | 3 913 |
| - other | - | - | - | - |
| consolidation adjustments | 15 446 | 13 685 | 10 773 | 26 186 |
| b) reductions, of which: | 21 315 | 19 843 | 315 357 | 315 403 |
| - transition to reserve capital | 371 | 371 | - | - |
| - loss coverage | 12 875 | 12 875 | 39 731 | 39 731 |
| - dividend payment | 3 437 | 1 965 | 3 184 | 3 184 |
| - other | 783 | 783 | 12 | 12 |
| - | - | - | - | - |
| - | - | - | - | - |
| - consolidation adjustments connected with excluding from consolidation the subsidiary companies | 3 849 | 3 849 | 272 430 | 272 476 |
| 8.3 Prior years' profit at the end of period | 8 091 | 8 105 | 10 288 | 25 541 |
| 8.4 Prior years' loss at the beginning of period | 414 467 | 414 467 | 596 120 | 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 | 414 467 | 414 467 | 596 120 | 596 074 |
| a) additions, of which: | 3 607 | 4 159 | 7 023 | 3 222 |
| transition of prior years' loss to be covered | 729 | 1 280 | 1 020 | 3 082 |
| - other | - | - | - | - |
| - consolidation adjustments | 2 878 | 2 879 | 6 003 | 140 |
| b) reductions, of which: | 157 258 | 157 796 | 188 676 | 169 331 |
| - loss coverage | 152 858 | 153 409 | 903 | 47 |
| - consolidation adjustments connected with excluding from consolidation the subsidiary companies | 4 400 | 4 387 | 187 773 | 169 284 |
| 8.6. Prior years' loss at the end of period | 260 816 | 260 830 | 414 467 | 429 965 |
| 8.7. Prior years' profit (loss) at the end of period | (252 725) | (252 725) | (404 179) | (404 424) |
| 9. Net profit (loss) falling to the shareholders of the company | 17 273 | 17 370 | 11 513 | 46 080 |
| a) net profit falling to the shareholders of the company | 17 273 | 17 370 | 11 513 | 46 080 |
| b) net loss falling to the shareholders of the company | - | - | - | - |
| c) charges on the profit | - | - | - | - |
| 10.1.Minority capital at the beginning of period | 5 262 | 5 262 | 25 987 | 5 131 |
| a) increases | 2 129 | 1 403 | 2 223 | - |
| b) decreases | 3 772 | 3 771 | 22 948 | - |
| 10.2 Minority capital at the end of period | 3 619 | 2 894 | 5 262 | 5 131 |
| II. Shareholders' Equity at the end of period (closing balance) | 103 589 | 99 072 | 82 057 | 80 229 |

Consolidated cash flow account (indirect method)

| | 3rd quarter 2005 01.07.2005 30.09.2005 | 3 quarters 2005 01.01.2005 30.09.2005 | 3rd quarter 2004 01.07.2004 30.09.2004 | 3 quarters 2004 01.01.2004 30.09.2004 |
|---|--|---|--|---|
| A. Cash flows from operating activities - indirect method | | | | |
| I. Net profit (loss) falling to the shareholders of the Company | (97) | 17 273 | 19 395 | 46 080 |
| II. Total adjustments | 19 424 | 26 648 | (3 474) | (37 141) |
| 1. Profits (losses) of minority | 726 | 1 686 | 567 | 3 253 |
| 2. Share in net (profits) losses of subordinated companies valued under the equity method | 30 | 206 | 368 | 364 |
| 3. Depreciation of which | 2 055 | 6 017 | 2 512 | 11 527 |
| - write-offs of goodwill of subordinated entities or neagtive goodwill of the subordinated entities | - | - | - | - |
| 4. (Profits) losses on foreign exchange differences | - | - | 36 | 265 |
| 5. Interests and shares in profits (dividends) | 1 356 | 410 | 2 421 | 10 283 |
| 6. (Profits) losses on investing activities | 7 652 | 7 309 | 7 734 | 164 943 |
| 7. Change in provisions | (651) | 55 | 90 | (146) |
| 8. Change in inventories | 9 677 | 26 350 | 26 075 | (9 370) |
| 9. Change in receivables | 10 262 | 56 634 | 46 497 | 79 975 |
| 10. Change in current liabilities (excluding loans and credits) | (7 775) | (27 264) | (71 796) | (81 493) |
| 11. Change in deferred and accrued expenses | (8 315) | (19 720) | (5 896) | (54 668) |
| 12. Other adjustments | 4 407 | (25 035) | (12 082) | (162 074) |
| III. Net cash flows from operating activities (I+II) | 19 327 | 43 921 | 15 921 | 8 939 |

| | 3rd quarter 2005 01.07.2005 30.09.2005 | 3 quarters 2005 01.01.2005 30.09.2005 | 3rd quarter 2004 01.07.2004 30.09.2004 | 3 quarters 2004 01.01.2004 30.09.2004 |
|--|--|---|--|---|
| B. Cash flows from investing activities | | | | |
| I. Cash provided by investing activities | 14 508 | 20 535 | 11 573 | 45 661 |
| 1. Disposal of intangible assets and tangible fixed assets | 47 | 152 | 626 | 4 587 |
| 2. Disposal of investments in real-estate and intangible assets | 13 200 | 13 200 | - | - |
| 3. Disposal of financial assets, of which: | 1 261 | 7 183 | 10 947 | 41 074 |
| a) in related companies | 745 | 2 267 | 8 988 | 11 246 |
| - disposal of financial assets | - | - | 8 550 | 9 050 |
| - dividends and shares in profits | 732 | 2 221 | 419 | 1 632 |
| - payment of long-term loans granted | - | - | - | 512 |
| - interests | 13 | 46 | 19 | 52 |
| - other income from financial assets | - | - | - | - |
| b) in other companies | 516 | 4 916 | 1 959 | 29 828 |
| - disposal of financial assets | 100 | 489 | 1 | 10 935 |
| - dividends and shares in profits | 1 | 1 | 5 | 5 |
| - payment of long-term loans granted | 11 | 152 | 1 937 | 16 937 |
| - interests | 404 | 4 274 | - | 751 |
| - other income from financial assets | - | - | 16 | 1 200 |
| 4. Other investing income | - | - | - | - |
| II. Expenses | 2 160 | 16 437 | 15 580 | 33 174 |
| 1. Purchases of intangible assets and tangible fixed assets | 1 958 | 15 842 | 15 580 | 32 846 |
| 2. Purchases of investments in real-estate and intangible assets | - | - | - | - |
| 3. For financial assets, of which: | 202 | 595 | - | 218 |
| a) in related companies | 202 | 202 | - | 203 |
| - acquisition of financial assets | 202 | 202 | - | 203 |
| - long-term loans granted | - | - | - | - |
| b) in other entities | - | 393 | - | 15 |
| - acquisition of financial assets | - | 393 | - | 15 |
| - long-term loans granted | - | - | - | - |
| 4. Dividends and other shares in profits paid to minority | - | - | - | - |
| 5. Other investing expenses | - | - | - | 110 |
| III. Net cash flows from investing activities (I-II) | 12 348 | 4 098 | (4 007) | 12 487 |

| | 3rd quarter 2005 01.07.2005 30.09.2005 | 3 quarters 2005 01.01.2005 30.09.2005 | 3rd quarter 2004 01.07.2004 30.09.2004 | 3 quarters 2004 01.01.2004 30.09.2004 |
|---|--|---|--|---|
| C. Cash flows from financing activities | | | | |
| I. Cash provided by financing activities | 174 | 1 475 | 4 086 | 26 765 |
| 1. Issuance of shares and other capital securities and additional paid-in capital | 240 | 240 | - | - |
| 2. Credits and loans | (68) | 252 | 4 297 | 26 729 |
| 3. Issuance of debt securities | - | - | - | - |
| 4. Other financial income | 2 | 983 | (211) | 36 |
| II. Expenses | 24 454 | 43 740 | 21 055 | 68 335 |
| 1. Acquisition of own shares | (405) | 23 | - | - |
| 2. Dividends and other payments to shareholders | 1 333 | 4 008 | (871) | 1 335 |
| 3. Other than payments in favour of owners, expenses by virtue of profit distribution | - | - | - | - |
| 4. Payments of credits and loans | 20 539 | 29 595 | 14 364 | 37 083 |
| 5. Redemption of debt securities | - | - | - | - |
| 6. Bv virtue of other financial liabilities | - | - | - | - |
| 7. Liabilities payments by virtue of financial leasing agreements | 373 | 1 077 | 438 | 1 340 |
| 8. Interests | 2 614 | 7 546 | 3 041 | 12 692 |
| 9. Other financial expenses | - | 1 491 | 4 083 | 15 885 |
| III. Net cash flows from financing activities (I-II) | (24 280) | (42 265) | (16 969) | (41 570) |
| D. Total net cash flows (A.III+B.III+C.III) | 7 395 | 5 754 | (5 055) | (20 144) |
| E. Change in balance-sheet cash and cash equivalents | 7 395 | 5 754 | (5 055) | (20 144) |
| - of which change in cash and cash equivalents due to foreign exchange differences | 202 | 202 | 11 | 11 |
| F. Cash and cash equivalents - beginning of period | 20 584 | 22 225 | 39 593 | 54 682 |
| G. Cash and cash equivalents - end of period (D+F) | 27 979 | 27 979 | 34 538 | 34 538 |
| - of which those with restricted availability | | | | |

Off-balance sheet items

| | 30.09.2005 | 30.06.2005 | 31.12.2004 | 30.09.2004 |
|---|----------------|----------------|----------------|----------------|
| 1. Contingent liabilities | 500 | 500 | 500 | 500 |
| 1.1. From related entities (by virtue of) | 500 | 500 | 500 | 500 |
| - received warranties and guarantees | 500 | 500 | 500 | 500 |
| | - | - | - | - |
| | - | - | - | - |
| 1.2. From other entities (by virtue of) | - | - | - | - |
| - received warranties and guarantees | - | - | - | - |
| | - | - | - | - |
| | - | - | - | - |
| 2. Contingent liabilities | 280 794 | 290 047 | 291 748 | 299 359 |
| 2.1. In favour of related entities (by virtue of) | 2 223 | 2 237 | 1 875 | 250 |
| - granted warranties and guarantees | 2 223 | 2 237 | 1 875 | 250 |
| | - | - | - | - |
| | - | - | - | - |
| 2.2. In favour of other entities (by virtue of) | 278 571 | 287 810 | 289 873 | 299 109 |
| - granted warranties and guarantees | 278 071 | 283 810 | 287 573 | 299 109 |
| - opening of the letter of credit | - | - | - | - |
| - bill of exchange guarantees | 500 | 4 000 | 2 300 | - |
| 2.3. Other (by virtue of) | 27 348 | 22 400 | 24 095 | 24 093 |
| - mortgage | 14 250 | 12 000 | 13 995 | 13 995 |
| - third party goods | 6 698 | 3 900 | 3 900 | - |
| - other | 6 400 | 6 500 | 6 200 | 10 098 |
| Total off-balance sheet liabilities | 308 642 | 312 947 | 316 343 | 323 952 |

THE MANAGEMENT BOARD

Chairman of Management Board, General Director

14.11.2005 r.

Emil Wąsacz

Date

Signature

Vice-Chairman of Management Board, Financial Director

14.11.2005 r.

Mieczysław Skołączyński

Date

Signature

Member of Management Board, Commercial Director

14.11.2005 r.

Urszula Dzierżoń

Date

Signature

Person authorised to keep books :

14.11.2005 r.

**Proxy, Chief Accountant
Małgorzata Michalunio-Kępyś**

Date

Signature

SECURITIES AND STOCK EXCHANGE COMMITTEE

Quarterly report SA-Q 3/2005

According to the decree of the Minister of Finance dated 19th October 2005, Journal of Law No 209, item 1744

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

For 3rd quarter of the current turnover year covering the period from 01.01.2005 to 30.09.2005

and for the 3rd quarter of the previous turnover year covering the period from 01.01.2004 to 30.09.2004

14.11.2005r.

(date of publishing)

| | | |
|---------------------------------------|---|---------------------------------|
| STALEXPORT Joint Stock Company | | |
| (full name of the issuer) | | |
| STALEXPORT SA | metal sector 17 | |
| (abridged name of issuer) | (sector acc. to Securities Stock Exchange classification in Warsaw) | |
| 40-085 | Katowice | |
| (postal code) | (city) | |
| Mickiewicza | 29 | |
| (street) | (number) | |
| 032/25-30-795 | 032/25-30-795 | stalex@stalexport.com.pl |
| (phone) | (fax) | (e-mail) |
| 634-01-34-211 | 271936361 | www.stalexport.com.pl |
| (NIP- Tax Identification No.) | REGON- statistical No.) | (WWW) |

BDO Polska Sp. z o.o.

(entity entitled to carry out the examination)

x Quarterly financial report

x List of changes in equity capital

x Balance sheet

x Cash flow

x Profit and loss account

| SELECTED FINANCIAL DATA | zloty | | EUR | |
|---|--------------|--------------|--------------|--------------|
| | 3rd qtr 2005 | 3rd qtr 2004 | 3rd qtr 2005 | 3rd qtr 2004 |
| I. Net incomes from sale of products, goods and materials | 342 025 | 585 048 | 84 278 | 144 161 |
| II. Operating profit (loss) | 5 907 | 99 363 | 1 456 | 24 484 |
| III. Gross profit (loss) | -11 824 | 19 715 | -2 914 | 4 858 |
| IV. Net profit (loss) | -11 211 | 19 631 | -2 762 | 4 837 |
| V. Net cash flow from operating activities | 13 553 | -3 091 | 3 340 | -762 |
| VI. Net cash flow from investment activities | 19 421 | 36 930 | 4 786 | 9 100 |
| VII. Net cash flow from financial activities | -35 328 | -36 040 | -8 705 | -8 881 |
| VIII. Total net cash flows | -2 354 | -2 201 | -601 | -562 |
| IX. Total assets | 474 577 | 491 459 | 121 171 | 125 481 |
| X. Liabilities and reserves for liabilities | 505 144 | 518 684 | 128 975 | 132 432 |
| XI. Long-term liabilities | 325 382 | 390 946 | 83 078 | 99 818 |
| XII. Short-term liabilities | 179 762 | 127 738 | 45 897 | 32 615 |
| XIII. Shareholders' equity | -30 567 | -27 225 | -7 804 | -6 951 |
| XIV. Share capital | 215 524 | 215 524 | 55 028 | 55 028 |
| XV. Number of shares | 107 762 023 | 107 762 023 | 107 762 023 | 107 762 023 |
| XVI. Earnings (loss) per ordinary share (in zloty/EUR) | -0,10 | 0,18 | -0,03 | 0,05 |
| XVII. Diluted earnings (loss) per ordinary share (in zloty/EUR) | | | 0,00 | 0,00 |
| XVIII. Book value per share (in zloty /EUR) | -0,28 | -0,25 | -0,07 | -0,06 |
| XIX. Diluted book value per share (in zloty/EUR) | | | 0,00 | 0,00 |
| XX. Declared or paid-out dividend per ordinary share (in zloty/EUR) | | | | |

Balance sheet

| | 30.09.2005 | 30.06.2005 | 31.12.2004 | 30.09.2004 |
|--|----------------|----------------|----------------|----------------|
| ASSETS | | | | |
| I. Long-term assets | 325 599 | 345 757 | 335 916 | 346 066 |
| 1. Tangible fixed assets | 48 941 | 48 846 | 26 240 | 26 457 |
| 2. Intangible assets, including: | 196 | 218 | 210 | 234 |
| - goodwill | | | | |
| 3. Long-term receivables | 1 403 | 972 | 50 800 | 60 813 |
| 4. Long-term investments | 140 747 | 161 394 | 128 455 | 128 351 |
| 4.1 Real estates | 62 960 | 83 603 | 36 658 | 36 658 |
| 4.2 Intangible fixed assets | | | | |
| 4.3 Long-term financial assets | 77 587 | 77 591 | 91 597 | 91 493 |
| a) in related companies | 75 780 | 75 780 | 89 789 | 89 789 |
| - of which shares in subordinated companies valued under the ownership rights method | 32 | 32 | 32 | 32 |
| - shares in subsidiary and correlated entities not covered by consolidation | 232 | 232 | | |
| b) in other entities | 1 807 | 1 811 | 1 808 | 1 704 |
| 4.4. Other long-term investments | 200 | 200 | 200 | 200 |
| 5. Assets available for sale | 130 211 | 130 226 | 130 211 | 130 211 |
| 6. Deferred income tax assets | 4 101 | 4 101 | | |
| 7. Other long-term deferred expenses | | | | |
| II. Short-term assets | 148 978 | 170 380 | 181 601 | 145 393 |
| 1. Inventories | 41 198 | 48 189 | 59 864 | 31 982 |
| 2. Short-term receivables | 101 580 | 113 896 | 113 981 | 90 467 |
| 3. Short-term investments | 276 | 271 | 19 | 11 611 |
| 4. Cash and cash equivalents | 4 324 | 6 273 | 6 678 | 9 875 |
| 5. Short-term deferred expenses | 1 600 | 1 751 | 1 059 | 1 458 |
| Assets in total | 474 577 | 516 137 | 517 517 | 491 459 |

| | 30.09.2005 | 30.06.2005 | 31.12.2004 | 30.09.2004 |
|--|----------------|----------------|----------------|----------------|
| LIABILITIES | | | | |
| I. Shareholders' Equity | -30 567 | -22 231 | -28 963 | -27 225 |
| 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) | -23 | -428 | | |
| 4. Reserve capital | | | 42 343 | 42 312 |
| 5. Revaluation capital | 8 456 | 8 457 | 8 457 | 8 488 |
| 6. Other reserve capitals | 9 630 | 6 147 | 95 979 | 90 962 |
| 7. Prior years' profit (loss) | -252 943 | -252 943 | -404 142 | -404 142 |
| 8. Profit (loss) per shareholders of the Company | -11 211 | 1 012 | 12 876 | 19 631 |
| 9. Net profit write-downs during the financial year (negative value) | | | | |
| II. Long-term liabilities | 325 382 | 352 559 | 368 059 | 390 946 |
| 1. Credits and loans | 83 620 | 99 373 | 100 110 | 105 235 |
| 2. Liabilities by virtue of financial leasing | 1 215 | 1 216 | | |
| 3. Liabilities by virtue of trade account receivable | | | | |
| 4. Other liabilities | 178 423 | 182 341 | 197 190 | 207 669 |
| 5. Reserve by virtue of the deferred income tax | 9 465 | 9 472 | 725 | 833 |
| 6. Reserves for other liabilities | 8 744 | 11 115 | 11 557 | 12 070 |
| 7. Long-term interperiod settlements | 43 915 | 49 042 | 58 477 | 65 139 |
| IV. Short-term liabilities | 179 762 | 185 809 | 178 421 | 127 738 |
| 1. Credits and loans | 17 241 | 21 956 | 12 542 | 13 002 |
| 2. Liabilities by virtue of financial leasing | | | | |
| 3. Liabilities by virtue of trade account receivable | 119 527 | 115 016 | 125 005 | 58 143 |
| 4. Other liabilities | 10 832 | 15 825 | 8 118 | 7 342 |
| 5. Reserves for liabilities | 6 746 | 10 604 | 11 007 | 11 461 |
| 6. Short-term interperiod settlements | 25 416 | 22 408 | 21 749 | 37 790 |
| Total liabilities | 474 577 | 516 137 | 517 517 | 491 459 |

| | | | | |
|--|-------------|-------------|-------------|-------------|
| Book value | -30 567 | -22 231 | -28 963 | -27 225 |
| Number of shares | 107 762 023 | 107 762 023 | 107 762 023 | 107 762 023 |
| Book value per share (in zlotys) | (0,28) | (0,21) | (0,27) | (0,25) |
| Diluted number of shares | | | | |
| Book value per share (in zlotys) - diluted | | | | |

Profit and loss account

| | 3rd quarter 2005 01.07.2005 30.09.2005 | 3 quarters 2005 01.01.2005 30.09.2005 | 3rd quarter 2004 01.07.2004 30.09.2004 | 3 quarters 2004 01.01.2004 30.09.2004 |
|---|--|---|--|---|
| I. Net incomes from sale of products, goods and merchandise | 99 318 | 342 025 | 146 132 | 585 048 |
| 1. Net sales of products | 13 592 | 35 039 | 15 106 | 69 544 |
| 2. Net sales of goods and merchandise | 85 726 | 306 986 | 131 026 | 515 504 |
| II. Cost of products, goods and merchandise sold | 89 864 | 315 927 | 136 118 | 544 880 |
| 1. Manufacturing cost of products sold | 12 016 | 31 634 | 13 536 | 65 551 |
| 2. Value of merchandise and goods sold | 77 848 | 284 293 | 122 582 | 479 329 |
| III. Gross profit (loss) on sales (I-II) | 9 454 | 26 098 | 10 014 | 40 168 |
| IV. Other operating incomes | 4 265 | 21 506 | 10 438 | 97 693 |
| V. Sales costs | 3 075 | 8 387 | 2 463 | 9 592 |
| VI. Costs of general management | 7 979 | 23 001 | 5 613 | 15 259 |
| VII. Other operating costs | 2 187 | 10 309 | 6 931 | 13 647 |
| VIII. Profit (loss) on operating activity (III+IV-V-VI-VII+/-VIII) | 478 | 5 907 | 5 445 | 99 363 |
| IX. Financial incomes | 1 553 | 12 697 | 17 642 | 181 708 |
| 1. Dividends and shares in profits | 733 | 2 205 | 424 | 1 637 |
| 2. Interests | 1 049 | 6 839 | 2 367 | 4 456 |
| 3. Profit from investment sale | -324 | | | |
| 4. Updating the investment value | 60 | 125 | 15 207 | 173 353 |
| 5. Other | 35 | 3 528 | -356 | 2 262 |
| X. Financial costs | 14 262 | 30 428 | 14 835 | 261 356 |
| 1. Interests | 5 561 | 20 160 | 6 009 | 20 078 |
| 2. Loss from investment sale | 7 079 | 7 079 | 7 912 | 163 365 |
| 3. Updating the investment value | 4 | 4 | | 15 |
| 4. Other | 1 618 | 3 185 | 914 | 77 898 |
| XI. Gross profit (loss) (IX + X - XI +/- XII) | -12 231 | -11 824 | 8 252 | 19 715 |
| XII. Income tax | -7 | -613 | 76 | 84 |
| a) current part | | | | |
| b) deferred part | -7 | -613 | 76 | 84 |
| XIII. Net profit (loss) (XIII - XIV +/- XVI) | -12 224 | -11 211 | 8 176 | 19 631 |
| Net profit (loss) | -17 967 | | 31 565 | |
| Average weighted number of ordinary shares | 107 762 023 | | 107 762 023 | |
| Profit (loss) per one ordinary share (in zloty) | -0,17 | | 0,29 | |
| Average weighted diluted number of ordinary shares | | | | |
| Diluted profit (loss) per one ordinary share (in zloty) | | | | |

Changes in consolidated equity

| | 30.09.2005 | 30.06.2005 | 31.12.2004 | 30.09.2004 |
|--|----------------|----------------|----------------|----------------|
| I. Shareholders' Equity at the beginning of period (opening balance) | -28 963 | -28 963 | -56 725 | -56 725 |
| 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 | -28 963 | -28 963 | -56 725 | -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 |
| - issuance of shares | | | | |
| - increase in basic capital | | | | |
| b) reductions, of which: | 0 | 0 | 0 | 0 |
| - retirement of shares | | | | |
| - decrease in basic capital | | | | |
| 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 |
| consolidation adjustments | | | | |
| b) reductions, of which: | 0 | 0 | 0 | 0 |
| - settlement of due payments | | | | |
| consolidation adjustments | | | | |
| 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 | -23 | -428 | 0 | 0 |
| a) additions, of which: | -570 | -570 | 0 | 0 |
| - shares for minority shareholders | -570 | -570 | | |
| consolidation adjustments | | | | |
| b) reductions, of which: | -547 | -142 | 0 | 0 |
| - issue for minority shareholders | -547 | -142 | | |
| consolidation adjustments | | | | |
| 3.2. Own shares in treasury at the end of period | -23 | -428 | 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 | 39 709 | 39 678 |
| a) additions, of which: | 0 | 0 | 39 709 | 39 678 |
| - shares issue above nominal value | | | | |
| - distribution of profit (by law) | | | 39 678 | 39 678 |
| - distribution of profit (in excess of value required by law) | | | | |
| - consolidation adjustments | | | | |
| - other | | | | |
| - disposal of fixed assets | | | 31 | |
| b) reductions, of which: | 42 343 | 42 343 | 0 | 0 |
| - loss coverage | 42 343 | 42 343 | | |
| - exclusion of surcharges to capital | | | | |
| - consolidated adjustments | | | | |
| 4.2. Reserve capital at the end of period | 0 | 0 | 42 343 | 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 | -31 | 0 |
| a) additions, of which: | 0 | 0 | 0 | 0 |
| - re-evaluation of fixed assets | | | | |
| - consolidation adjustments | | | | |
| b) reductions, of which: | 0 | 0 | 31 | 0 |
| - disposal of fixed assets | | | 31 | |
| - consolidated adjustments | | | | |
| 5.2. Revaluation capital at the end of period | 8 457 | 8 457 | 8 457 | 8 488 |

| | 30.09.2005 | 30.06.2005 | 31.12.2004 | 30.09.2004 |
|--|------------|------------|------------|------------|
| 6. Other reserve capital at the beginning of period | 95 979 | 95 979 | 81 093 | 81 093 |
| 6.1. Changes in other reserve capital | -86 348 | -89 832 | 14 886 | 9 869 |
| a) additions, of which: | 9 631 | 6 147 | 14 886 | 9 869 |
| profit distribution | | | | |
| - other | | | | |
| - partial execution of arrangement liabilities, instalments repayment | 9 631 | 6 147 | 14 886 | 9 869 |
| b) reductions, of which: | 95 979 | 95 979 | 0 | 0 |
| - re-booking for inventory capital | | | | |
| - loss coverage | 95 979 | 95 979 | | |
| - other | | | | |
| consolidation adjustments | | | | |
| 6.2. Other reserve capitals at the end of the period | 9 631 | 6 147 | 95 979 | 90 962 |
| 7. Prior years' profit (loss) at the beginning of period | -391 266 | -391 266 | -364 464 | -364 464 |
| 7.1. Prior years' profit at the beginning of period | 12 876 | 12 876 | 39 678 | 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 | 12 876 | 12 876 | 39 678 | 39 678 |
| a) additions, of which: | 0 | 0 | 0 | 0 |
| -prior years' profit distribution | | | | |
| - other | | | | |
| consolidation adjustments | | | | |
| b) reductions, of which: | 12 876 | 12 876 | 39 678 | 39 678 |
| - transition to reserve capital | 12 876 | 12 876 | 39 678 | 39 678 |
| - the Institutional Social Benefit Fund | | | | |
| - dividend payment | | | | |
| - other | | | | |
| | | | | |
| - consolidation adjustments | | | | |
| 8.3 Prior years' profit at the end of period | 0 | 0 | 0 | 0 |
| 8.4 Prior years' loss at the beginning of period | 404 142 | 404 142 | 404 142 | 404 142 |
| 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 | 404 142 | 404 142 | 404 142 | 404 142 |
| a) additions, of which: | 0 | 0 | 0 | 0 |
| transition of prior years' loss to be covered | | | | |
| - other | | | | |
| - consolidation adjustments | | | | |
| b) reductions, of which: | 151 199 | 151 199 | 0 | 0 |
| - loss coverage by reserve fund | 151 199 | 151 199 | | |
| - consolidation adjustments | | | | |
| 7.6. Prior years' loss at the end of period | 252 943 | 252 943 | 404 142 | 404 142 |
| 7.7. Prior years' profit (loss) at the end of period | -252 943 | -252 943 | -404 142 | -404 142 |
| 9. Net profit (loss) falling to the shareholders of the company | -11 211 | 1 012 | 12 876 | 19 631 |
| a) net profit | | 1 012 | 12 876 | 19 631 |
| b) net loss | 11 211 | | | |
| c) charges on the profit | | | | |
| II. Shareholders' Equity at the end of period (closing balance) | -30 565 | -22 231 | -28 963 | -27 225 |
| III. Shareholders' Equity adjusted by the proposed distribution of profit (coverage of loss) | | | | |

Consolidated cash flow account (indirect method)

| | 3rd quarter 2005 01.07.2005 30.09.2005 | 3 quarters 2005 01.01.2005 30.09.2005 | 3rd quarter 2004 01.07.2004 30.09.2004 | 3 quarters 2004 01.01.2004 30.09.2004 |
|---|--|---|--|---|
| A. Cash flows from operating activities - indirect method | | | | |
| I. Net profit (loss) | -12 223 | -11 211 | 8 176 | 19 631 |
| II. Total adjustments | 18 968 | 24 764 | -7 348 | -22 722 |
| 1. Share in net (profits) losses of subordinated companies valued under the equity method | | | | |
| 3. Depreciation of which | 643 | 1 741 | 1 075 | 5 887 |
| 4. (Gain) loss on foreign exchange differences | | | | |
| 5. Interests and shares in profits (dividends) | 1 228 | 261 | 2 343 | 9 616 |
| 6. (Gain) loss on investing activities | 7 401 | 7 034 | 7 924 | 164 891 |
| 7. Change in provisions | -403 | -613 | 76 | 84 |
| 8. Change in inventories | 6 991 | 18 670 | 18 943 | -803 |
| 9. Change in receivables | 11 885 | 61 798 | 100 012 | 36 276 |
| 10. Change in current liabilities (excluding loans and bank credits) | -4 401 | -20 316 | -83 537 | 18 988 |
| 11. Change in deferred and accrued expenses | -8 198 | -18 509 | -43 660 | -92 616 |
| 12. Other adjustments | 3 822 | -25 302 | -10 524 | -165 045 |
| III. Net cash flows from operating activities (I + II) | 6 745 | 13 553 | 828 | -3 091 |

| | 3rd quarter 2005 01.07.2005 30.09.2005 | 3 quarters 2005 01.01.2005 30.09.2005 | 3rd quarter 2004 01.07.2004 30.09.2004 | 3 quarters 2004 01.01.2004 30.09.2004 |
|---|--|---|--|---|
| B. Cash flows from investing activities | | | | |
| I. Cash provided by investing activities | 14 451 | 20 391 | 11 037 | 37 353 |
| 1. Disposal of intangible assets and tangible fixed assets | 3 | 72 | 110 | 2 516 |
| 2. Disposal of investments in real-estate and intangible assets | 13 200 | 13 200 | | |
| 3. Disposal of financial assets, of which: | 1 248 | 7 119 | 10 927 | 34 837 |
| a) in related companies | 733 | 2 204 | 8 969 | 11 194 |
| - disposal of financial assets | | | 8 550 | 9 050 |
| - dividends and shares in profits | 733 | 2 204 | 419 | 1 632 |
| - payment of long-term loans granted | | | | 512 |
| - interests | | | | |
| - other income from financial assets | | | | |
| b) in other companies | 515 | 4 915 | 1 958 | 23 643 |
| - disposal of financial assets | 100 | 488 | | 5 500 |
| - dividends and shares in profits | 1 | 1 | 5 | 5 |
| - payment of long-term loans granted | 10 | 152 | 1 938 | 16 938 |
| - interests | 404 | 4 274 | | |
| - other income from financial assets | | | 15 | 1 200 |
| 4. Other investing income | | | | |
| II. Expenses | 716 | 970 | 67 | 423 |
| 1. Purchases of intangible assets and tangible fixed assets | 716 | 970 | 67 | 256 |
| 2. Investments in real-estate and intangible assets | | | | |
| 3. For financial assets, of which: | 0 | 0 | 0 | 167 |
| a) in related companies | 0 | 0 | 0 | 152 |
| - acquisition of financial assets | | | | 152 |
| - long-term loans granted | | | | |
| b) in other entities | 0 | 0 | 0 | 15 |
| - acquisition of financial assets | | | | 15 |
| - 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) | 13 735 | 19 421 | 10 970 | 36 930 |

| | 3rd quarter 2005 01.07.2005 30.09.2005 | 3 quarters 2005 01.01.2005 30.09.2005 | 3rd quarter 2004 01.07.2004 30.09.2004 | 3 quarters 2004 01.01.2004 30.09.2004 |
|--|--|---|--|---|
| C. Cash flows from financing activities | | | | |
| I. Cash provided by financing activities | 0 | 0 | 0 | 0 |
| 1. Inflows from issuance of shares and other capital securities and additional paid-in capital | | | | |
| 2. Credits and loans | | | | |
| 3. Issuance of debt securities | | | | |
| 4. Other financial income | | | | |
| II. Expenses | 22 430 | 35 328 | 15 026 | 36 040 |
| 1. Acquisition of own shares | -404 | 23 | | |
| 2. Dividends and other payments to shareholders | | | | |
| 3. Other than payments in favour of owners, expenses by virtue of profit distribution | | | | |
| 4. Payments of credits and loans | 20 468 | 28 565 | 12 259 | 24 787 |
| 5. Redemption of debt securities | | | | |
| 6. By virtue of other financial liabilities | | | | |
| 7. Payments of liabilities by virtue of finance lease agreement | | | | |
| 8. Interests | 2 366 | 6 740 | 2 767 | 11 253 |
| 9. Other financial expenses | | | | |
| III. Net cash flows from financing activities (I-II) | -22 430 | -35 328 | -15 026 | -36 040 |
| D. Total net cash flows (A.III+B.III+C.III) | -1 950 | -2 354 | -3 228 | -2 201 |
| E. Change in balance-sheet cash and cash equivalents | -1 950 | -2 354 | -3 228 | -2 201 |
| - of which change in cash and cash equivalents due to foreign exchange differences | 201 | 202 | 37 | 11 |
| F. Cash and cash equivalents - beginning of period | 6 273 | 6 677 | 13 103 | 12 076 |
| G. Cash and cash equivalents - end of period (B+F) | 4 323 | 4 323 | 9 875 | 9 875 |
| - of which those with restricted availability | | | | |

Off balance-sheet liabilities

| | 30.09.2005 | 30.06.2005 | 31.12.2004 | 30.09.2004 |
|---|----------------|----------------|----------------|----------------|
| 1. Contingent liabilities | 0 | 0 | 0 | 0 |
| 1.1. From related entities (by virtue of) | 0 | 0 | 0 | 0 |
| - received warranties and guarantees | | | | |
| | | | | |
| 1.2. From other entities (by virtue of) | 0 | 0 | 0 | 0 |
| - received warranties and guarantees | | | | |
| | | | | |
| 2. Contingent liabilities | 278 669 | 287 922 | 299 109 | 288 125 |
| 2.1. In favour of related entities (by virtue of) | 98 | 111 | 0 | 0 |
| - granted warranties and guarantees | 98 | 111 | | |
| - customs warranties | | | | |
| - other | | | | |
| 2.2. In favour of other entities (by virtue of) | 278 571 | 287 811 | 299 109 | 288 125 |
| - granted warranties and guarantees | 278 071 | 283 811 | 299 109 | 285 825 |
| - opening of the letter of credit | | | | 2 300 |
| - other | 500 | 4 000 | | |
| 3. Other (by virtue of) | 0 | 0 | 0 | 0 |
| - mortgage | | | | |
| - third party goods | | | | |
| - other | | | | |
| Total off-balance sheet liabilities | 278 669 | 287 922 | 299 109 | 288 125 |

THE MANAGEMENT BOARD

Chairman of Management Board, General Director
Emil Wąsacz

Date

Signature

Vice-Chairman of Management Board, Financial Director
Mieczysław Skołożyński

Date

Signature

Member of Management Board, Commercial Director
Urszula Dzierżoń

Date

Signature

Person authorised to keep books :

Proxy, Chief Accountant
Małgorzata Michalunio-Kępyś

Date

Signature

Commentary to the consolidated quarterly report of the Capital Group of Stalexport SA for the 3rd quarter of the year 2005

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

Issuer: Stalexport Joint Stock Company, with seat in: 40-085 Katowice, ul. Mickiewicza 29, Judicial Domestic Register KRS no 16854.
Core business: wholesale of metals and metal ores - PKD 5152.

The consolidated financial report for three quarters 2005 was drawn up under the assumption of continuation of the business activity of the capital group of Stalexport S.A.

The consolidated financial report for three quarters 2005 was drawn up according to the binding International Accounting Standards and International Financial Reporting Standards binding as at 30.09.2005.

01.01.2004 is the date of change to International Accounting Standards.

Full consolidation in the dominant company included the following subsidiary companies (in brackets - share of Stalexport S.A. in equity capital at the end of the 3rd quarter 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%)

The entities over which the dominant entity lost control as a result of liquidation or bankruptcy and also the entities, the shares of which, do not constitute essential items in consolidated financial report were not covered by consolidated financial report.

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.

The evaluation of shares with ownership right method was applied for associated company:

Biuro Centrum Sp. z o.o. Katowice - 40.63%.

The principles of accounting policy accepted by the Capital Group

Principles of consolidation

Consolidated financial report covers the report of the dominant entity - Stalexport S.A. – and the reports of the subsidiary companies controlled by the dominant entity. Control is understood as the possibility to manage the operating and financial policy of the entity by the dominant entity in order to achieve economic benefits.

Subsidiary entities

Subsidiary companies purchased in the financial year are covered by the consolidated financial report as from the date they are controlled by the dominant company. On the date of purchasing the subsidiary entity (getting the control), the assets, liabilities and contingent liabilities of the subsidiary company are evaluated at fair value. The surplus of purchasing price over the fair value of the acquired net assets is the goodwill. The surplus of the taken over net assets stated in fair values, is shown in profit and loss account of the financial year, in which the purchase occurred. The shares of the minority shareholders are shown according to fair value of net assets falling to them.

All the financial operations between entities of the capital group are excluded from the consolidated financial report. All profits and losses regarding economic operation in progress on the date of drawing up the consolidated financial report are also subject to elimination. A part of equity capital of the capital group of Stalexport S.A. falling to minority capital is shown in separate item of equity capital.

Associated entities

Associated entities are the ones on which the group has considerable impact, understood as the impact on decisions taken in operating and financial policies.

Shares in associated entities are shown in financial report according to evaluation via ownership right method, excluding the situation when these shares are classified as available for sale.

The purchase price of share in associated entity is subject to adjustments by any changes in fair value of net assets, falling to value of possessed share since its purchase to the date of the financial report and results of the stated loss of value.

All profits and losses on transactions carried out between entities in the group and the associated companies, are subject to exclusions to the level of possessed share.

Long-term assets

Tangible fixed assets

The fixed assets comprise the assets components according to the net purchase prices (without VAT tax) the period of use of which exceeds 1 year; and the right of perpetual usufruct of land, the cooperative ownership right to an apartment, the land in perpetual usufruct.

Tangible fixed assets are amortised by straight line method in the period of economic use. Fixed assets are amortised the moment they are accepted for usage.

Land is not amortised. The costs of overhaul and modernisation not increasing the opening use value of given component of fixed assets, debit the costs of period in which they were born.

Fixed assets, which are the subject of financial leasing, are shown in the balance sheet on a par with other components of fixed assets and they are subject to amortisation according to the same principles.

Intangible assets

Intangible fixed assets with determined period of use are subject to amortisation via straight line method in the period of their economic use.

Goodwill of the subordinated entities

Goodwill shown as the component of assets on the date of its purchase, constitutes the surplus of purchase price over the fair value of the acquired assets, liabilities and contingent liabilities of the subsidiary, associated or correlated entity. This value is subject to yearly tests for loss of value. Loss of value stated during the conducted tests is momentarily shown in profit and loss account and it is not subject to subsequent correction.

Long-term receivables

Long-term receivables are evaluated at the amounts due for payment, considering the principles of careful evaluation, thus decreased by the updating write offs.

Long-term investments

The components of long-term financial assets are evaluated at purchase prices considering the adjustment for permanent loss of value.

The investment real estates are maintained so as to achieve the incomes from lease or accrual of their value, they are evaluated on the date of their purchase according to purchase price (manufacturing cost), on the balance sheet date according to their fair value. Revenues and costs connected with achieving the fair value by them, are assigned to profit and loss account in the period they originated.

Assets available for sale

Assets available for sale is the group of assets for which the Company's management have been looking for purchasers and it is probable that the assets will be sold within one year or they are immediately available for sale.

Assets by virtue of deferred income tax

The balance sheet value of the component of assets by virtue of deferred income tax is verified on each balance sheet day and it is subject to write-off in case when there is doubt of taking economic advantage by the Group, connected with using the tax assets.

Short-term assets

Inventories

The method „ first in, first out” was accepted as the method of disposal of inventories. If the purchase price or the technical manufacturing cost is higher than anticipated sale price, the Company establishes updating write offs which correct own sale cost.

Moreover the Company establishes updating write offs for inventories stored more than one year.

Short-term receivables

Short-term receivables are shown in value due for payment considering careful evaluation, i.e. diminished by the updating write-offs which result from carried out analysis of these receivables and from decisions made by the Management Boards of the Companies.

The amounts of established write-offs updating the receivables are assigned to other costs of activity.

Short-term investments

Short-term investments comprise:

- securities which are shown in purchase prices according to the method first in – first out and are subject to re-valuation as on the balance sheet date, according to stock exchange listing as on 30.09.2005 given by Warsaw Stock Exchange,
- short-term loans shown in the amount due for payment.

Cash and its equivalent

Cash comprises cash at bank and on hand. They are shown according to nominal value, and in foreign currencies calculated according to binding average rate of National Bank of Poland as on 30.09.2005.

Positive rate differences increase financial incomes and negative rate differences increase financial costs.

Liabilities

Long-term liabilities

Liabilities comprise:

- receivables by virtue of credits and loans – are shown at purchase prices corresponding fair price of received cash,
- arrangement liabilities – were recorded in connection with concluded agreement by Stalexport S.A. with creditors after taking into consideration of 40 % depreciation resulting from concluded arrangement proceedings;
- leasing liabilities – are activated on the date the leasing begins, according to the lower of two values: fair value of the subject of leasing or current value of minimum leasing charges,
- liabilities towards State Treasury shown in the amount due for payment according to the concluded agreement,
- deferred income tax reserve – established for put down interests on receivables, on evaluation of land in perpetual usufruct and other evaluation of assets,
- reserves for other liabilities – established when the Company has legal duty resulting from the past events and when it is probable that the fulfilment of this duty results in outflow of means and that reliable evaluation of the amount of this liability can be made,
- long-term interperiod settlements – comprise 40 % of depreciation of liabilities in connection with the concluded agreement, which is settled for reserve capital and financial result, the moment the arrangement instalment is repaid.

Short-term liabilities

These liabilities are shown in the amount due for payment.

Negative rate differences were included in costs of financial transactions, while positive rate differences were included in financial incomes.

Short-term liabilities comprise:

- credits and loans which were granted for one year,
- liabilities by virtue of trade account receivable – liabilities with maturity up to one year
- other liabilities – liabilities by virtue of customs, taxes, insurances and other benefits prepayments received, bill of exchange liabilities, by virtue of investments and other,
- reserves for liabilities and short-term interperiod settlements – refer to the same items as the ones mentioned in long-term liabilities, but with the execution period up to one year.

II. Financial results of the capital group and the dominant entity for 3rd quarter 2005

Financial results of the capital group of Stalexport S.A.

The capital group of Stalexport S.A. for 3rd quarter 2005 achieved gross profit in the amount of 4,790 thousand zloty, including:

| | |
|---|-------------------------|
| - profit on sale of products and services | 32,397 thousand zloty |
| - profit on operating activity | 16,488 thousand zloty |
| - negative result on financial activity | - 11,698 thousand zloty |

Consolidated net profit for 3rd qtr 2005 amounts to 629 thousand zloty, including:

| | |
|--|--------------------|
| - profit per minority shareholders | 726 thousand zloty |
| - loss per shareholders of the Company | 97 thousand zloty |

The financial results of the companies of the capital group affected the consolidated financial result of 3rd qtr 2005, including:

| | |
|--|------------------------|
| - Stalexport S.A. | -12.224 thousand zloty |
| Stalexport Serwis Centrum S.A. Katowice | 214 thousand zloty |
| - Stalexport Centrostal S.A. Lublin | 18 thousand zloty |
| Stalexport Serwis Centrum Bełchatów S.A. Rogowiec | -21 thousand zloty |
| - Stalexport Metalzbyt Sp. z o.o. Białystok | -50 thousand zloty |
| Stalexport Autostrada Małopolska S.A. Mysłowice | 14.141 |
| thousand zloty Stalexport Transroute Autostrada S.A. Mysłowice | 1.604 |
| thousand zloty | |
| - Stalexport Autostrada Dolnośląska S.A. Katowice | -251 thousand zloty |

Financial results of the dominant entity - Stalexport SA

In 3rd qtr 2005 the incomes from sale of Stalexport S.A. amounted to 99,318 thousand zloty and were by 67,9% lower in comparison with the analogous period of the previous year. The decline was caused by the following factors:

- the lack of external financing and the planned issue of shares fell through,
- additional reduction of working capital resulting from execution of arrangement instalments and off arrangement liabilities.
- elimination of incomes by virtue of tolls for motorway passage in profit and loss account due to transfer of concession for toll motorway section for the benefit of the subsidiary company Stalexport Autostrada Małopolska S.A.;
- change in supply policy by the company Mittal Steel Poland, which resulted in excluding iron ore supplies to Huta Katowice and Huty im.T. Sendzimira by STALEXPORT S.A., what vitally affected the turnover decline in import and reduction of incomes from import.

The value of sold goods, products and materials at the purchase price amounted to 99,318 thousand zloty in 3rd qtr 2005.

The low sales dynamics concerns mainly import sales, which is lower by 65,3 % than in analogous period of the previous year and domestic sales, which is by 37,4 % lower.

The positive results are mainly achieved by export sale which despite lower volume of turnover than in 3rd qtr 2004 constitutes the biggest item in trade amounting to 51,9 %, and moreover an increase in incomes from sale of reinforcement for building industry by 61,5 %.

The gross margin worked out in 3rd qtr 2005 amounted to 9,454 thousand zloty and it was lower than in 3rd qtr 2004, by 560 thousand zloty, mainly because of reduction of turnover in import.

Profit on operating activity in 3rd qtr 2005 amounted to 478 thousand zloty and it was by 91,3% lower than in analogous period of previous year. Considerable decline in profit on operating activity was mainly caused by an increase in general management costs by 42,1% in relation to 3rd quarter 2004. An increase in general management costs resulted mainly from the merger with the subsidiary company Stalexport Centrostal Warszawa S.A. in March 2005 and the development of the distribution network by launching 11 trade depots. The Management Board of the Company intends to considerably reduce the general management costs by appropriate changes in trade organization, the effects of which will be reflected in financial result for 1st quarter 2006.

The result in the range of other incomes and costs in the discussed period was also lower by 32,6% than in analogous period of 2004, because of higher dissolving of reserves by virtue of updating write-offs in 2004.

In 3rd quarter 2005 the Company dissolved:

- updating write-off for receivables in the amount of 1,209 thousand zloty,
- updating write-off regarding the company Stalexport Centrostal Warszawa S.A. 1,052 thousand zloty,
- for holiday leaves 219 thousand zloty.

while the following ones were established:

- updating write-off for receivables in the amount of 77 thousand zloty,
- updating write-off for receivables of Stalexport Centrostal Warszawa S.A. in the amount of 884 thousand zloty,.

In 3rd quarter 2005 the Company noted the highest loss on financial activity in the amount of 12,709 thousand zloty. Such high loss comprises:

- interests on arrangement liabilities – 1,963 thousand zloty,
- interests on credits – 2,237 thousand zloty,
- interests towards State Treasury on liabilities by virtue guarantee - 986 thousand zloty,
- loss on sale of investment of Huta Kościuszko S.A. in the amount of 7,079 thousand zloty.

All actions and events described above, directly affected the results of the Company in 3rd quarter 2005.

Net loss for 3rd quarter 2005 amounted to 12,224 thousand zloty.

High loss in 3rd quarter 2005 resulted from decline in turnover, because of the limited working capital. It is worth stressing that the Company at the end of 3rd quarter 2005 repaid 8 arrangement instalments from the financial means achieved from current activity.

Differences in income tax for the current year and previous years.

Income to be taxed in the CIT-2 statement for 9 months of current year as specified below:

| | |
|--|-----------------------------|
| Gross profit | 11,824 thousand zloty |
| - permanent differences – balance | 1,751 thousand zloty |
| <u>- temporary differences – balance</u> | <u>3,684 thousand zloty</u> |
| basis of taxation | 9,890 thousand zloty |

Temporary differences concerning the reporting period.

| | Basis | Tax |
|----------------------------------|--------------------|-------------------|
| Surplus – accounting tax | 505 thousand zloty | 96 thousand zloty |
| Balance of temporary differences | 505 thousand zloty | 96 thousand zloty |

Deferred tax from legal entities

At the end of the turnover period the reserves for temporary differences are established, 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 9,780 thousand zloty, reserve by virtue of deferred income tax - 12,408 thousand zlotys.

Financial results of the motorway activity

The motorway activity, consisting in operating, toll collections for passage and executing the motorway investments on the A4 motorway Katowice-Kraków section had an essential impact on consolidated financial result for 3rd quarter 2005.

This activity has been carried out by 2 subsidiary companies: Stalexport Autostrada Małopolska S.A., which is the concessionaire and it carries out the motorway investments and collects tolls; as well as Stalexport Transroute Autostrada S.A., which deals with current operating of the motorway. Consolidated incomes for 3rd quarter 2005 amounted to 25,216 thousand zloty and were by 25% lower in comparison with 3rd quarter 2004. This growth resulted from an increase in traffic and increase in prices considering VAT tax. Consolidated net profit for 3rd quarter 2005 amounts to 15,023 thousand zloty and it is by 44 % higher in comparison with 3rd quarter 2004.

III. Balance of reserves in the Capital Group of Stalexport S.A.

The balance of reserves in the group as at 30.09.2005 amount to 16,333 thousand zloty, out of which: including:

- long-term one - 8,883 thousand zloty
- short-term one - 7,450 thousand zloty

In comparison with 1st half 2005 the balance of reserves decreased by 6,256 thousand zloty, while in comparison with the analogous period of the previous year it decreased by 8,146 thousand zloty.

IV. 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 3,9166 zloty binding on 30.09.2005.

Specific items in the Profit and Loss Account pertaining to 3rd quarter of this year have been converted into EUR according to the rate 4,0583 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 3 quarters 2005.

V. List of Shareholders having more than 5% of the total number of votes at the General Meeting of Shareholders on 14th November 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 % |

VI. List of shares held by the group of persons managing and supervising the dominant company as at 14.11.2005

- Managing persons - 82.430 shares
- Supervising persons - 4.075 shares

VII. Specification of judicial proceedings pending in court as at 30.09.2005

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/Ba | 4,439,241.56 | Bike-Sport Sp z o.o. Gliwice Defendant | Adjudging judgement of 19.07.2001 Enforcement in course payment to be enforced : ca 4,100,000,-zloty +200 thousand zloty of interests +costs, case directed to court executive officer |
| 2. | 60/03/Ba | 1,366,061.00 | SEBA Sp. z o.o. | Payment order of 10.12.2003 legally valid with executory formula directed to be vindicated, to the vindication company |
| 3. | 73/03/Ba | 1,366,061.000 | SEBA Sp. z o.o. | Payment order of 27.01.03 legally valid with executory formula directed to court executive officer on 03.08.2004 r |
| 4. | 5/04/Ba | 1,366,061.00 | SEBA Sp. z o.o. | Payment order of 30.03.04 legally valid with executory formula |
| 5. | 30/03/Ba | 11,995,000.00 | Centrozap SA Katowice | Payment order of 13.06.2003 legally valid court executive officer execution Suspended in connection with held ... |

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.

VIII. Description of essential events in the Capital Group of Stalexport SA in the period from 01.07.2005 till 30.09.2005.

- On 5th July 2005 within the framework of executing the arrangement proceedings according to the schedule the 8th quarterly instalment for main creditor was paid, in the total amount of 10,028 thousand zloty.
- On 6th July 2005 the meeting of the Supervisory Board of Stalexport S.A. was held during which a new Chairman was appointed in place of resigning Zbigniew Szałajda and two new members of the Supervisory Board were appointed. Tadeusz Włudyka, hitherto member of the Supervisory Board of Stalexport S.A., became the newly appointed Chairman, while Bohdan Wyżnikiewicz and Jacek Legutko – newly appointed members .
- On 6th July 2005 the Supervisory Board of Stalexport S.A. appointed Urszul Dzierżoń hitherto Commercial Director and Company's Proxy, the member of the Management Board. Both accession to the post and cancelling the proxy took place on 01.08.2005. Moreover Urszula Dzierżoń is the Chairman of the Supervisory Board of Stalexport Serwis Centrum S.A. in Katowice and the member of the Supervisory Board of Invest Centrostal Warszawa Sp. z o.o.
- On 8th July 2005 the company STALEXPORT S.A. and Bank Handlowy in Warsaw S.A. signed an agreement for sale of perpetual lease of a real estate located in Chorzów of an area of 99 558 sq. meters together with buildings being separate real estates at the total amount of 13,200 thousand zloty. Payment was conducted by way of reduction of STALEXPORT SA debts towards Bank Handlowy in Warsaw S.A.
- At the end of 2004 Stalexport S.A. submitted State Treasury represented by Silesian voivode a preliminary purchase offer of PPOWH Centrostal Górnośląski. This offer was a sort of an invitation to start the negotiations, later according to the schedule presented by Voivode, a firm offer was to be submitted.
- On 21st July 2005 Stalexport S.A. received from Silesian voivode a letter which informed about the refusal to give additional information regarding the company PPOWH Centrostal Górnośląski, necessary – according to Stalexport S.A. – to properly evaluate the company. Simultaneously, voivode acknowledged that because Stalexport S.A. had not submitted a firm offer, it resigned a participation in privatization of this company. The dominant company is considering an appeal against a/m decision.
- Stalexport S.A. as from 25.07.2005 granted the proxy to Barbara Boś – the Director of the Distribution Network.

- On 5th August 2005 the company Stalexport Centrostal Warszawa S.A. was deleted from National Judicial Register according to the decision of the District Court for Warsaw City , Economic Department of National Judicial Register.
- On 18th August 2005 Stalexport S.A. received from the Minister of Finance a letter informing that the condition suspending the Agreement concluded on 1.09.2004 between State Treasury and Stalexport S.A. was fulfilled. The agreement regarded the payment of the debts towards State Treasury by virtue of guarantee granted Huta Ostrowiec S.A. in 1997 for execution of investment called “Complex modernization of production line in Huta Ostrowiec S.A.”
- On 31st August 2005 the Company purchased from the bankruptcy trustee of Stalexport Wielkopolska Sp. z o.o. (being in the state of bankruptcy) the previously usufructed, organized part of failed enterprise, i.e. Division in Kostrzyn on Odra, including: perpetual usufruct of the land along with real property for the total amount of 600 thousand zlotys.
- On 29th September 2005 the Management Board and the Supervisory Board of Stalexport S.A. passed the resolutions regarding the issue of shares of F series. The shares will issued so as to increase the share capital of the Company within the target capital. According to § 8 passage 2 point 3 of the Charter of Stalexport S.A. the Management Board determined the issue price at the level of 2 zloty per one share. The Supervisory Board approved the price determined by the Management Board and authorised it to deprive the existing shareholders of the right to acquire shares till 31.12.2005. After this date the Management Board of Stalexport S.A. is obliged to address the Supervisory Board with a renewed motion to agree on determining issue price of shares of F series and on authorizing to deprive the existing shareholders of the right to acquire the shares of F series.
- In the 2nd half 2005 Stalexport S.A. concluded export contracts for the deliveries of seamless tubes to North America and for deliveries to South America. Value of each contract amounts to ca 9 m zloty.

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

- On 17th October 2005 the Company Stalexport Autostrada Małopolska, in 100 % subsidiary company of STALEXPORT S.A. signed with the Infrastructure Ministry all attachments to the Annexe no 5 of the Concession Agreement for construction via adapting and operating of A4 toll motorway, Katowice – Kraków section. Coming into force of the Agreement gives the possibility to get financial closing – in a form of long-term credit from Bank consortium, designed for financing necessary investment works and settlements resulting from transferring the concession by STALEXPORT S.A. to Stalexport Autostrada Małopolska S.A.

- On 18th October 2005 Stalexport S.A. in all-Polish edition of „Gazeta Wyborcza” published an announcement that according to the decision of Securities and Stock Exchange Committee (KPWiG) - DIA/S/416/16/05 dated 17.05.2005, it transferred, beyond the regulated market, its own shares for the benefit of subjects being the shareholders of Stalexport Centrostal Warszawa S.A.

X. Contingent liabilities

Contingent liabilities of the capital group of Stalexport S.A. as at 30.09.2005 amount to 308,142 thousand zloty, out of which: :

- | | |
|--|------------------------|
| • by virtue of granted warranties and guarantees | 280,294 thousand zloty |
| out of which for the benefit of: | |
| • related entities covered by consolidation | 1,973 thousand zloty |
| • related entities not covered by consolidation | 250 thousand zloty |
| other entities | 278,071 thousand zloty |
| • by virtue of other liabilities | 27,848 thousand zloty |
| out of which for the benefit of: | |
| - related entities | - |
| - other entities | 27,848 thousand zloty |

The dominant company Stalexport S.A. possesses the contingent liabilities for the total amount of 278,669 thousand zloty:

- | | |
|---|------------------------|
| • granted guarantees and warranties for the benefit of: | |
| - related entities | 98 thousand zloty |
| - other entities | 278,071 thousand zloty |
| • bill of exchange liabilities for the benefit of | |
| - other entities | 500 thousand zloty |

The guarantee granted Walcownia Rur Jedność Sp. z o.o. in Siemianowice Śląskie in the amount of 271,807 thousand is the biggest item in the amount of guarantees, while the amount of 98 thousand zloty is the guarantee of credit granted the subsidiary company covered by consolidation – Stalexport Serwis Centrum Bełchatów.

Contingent liabilities of Stalexport Serwis Centrum S.A. Katowice cover the total amount of 22,100 thousand zloty, i.e. – bill of exchange guarantee in the amount of 3,900 thousand zloty, constituting the guarantee of commercial transaction with Stalprodukt Centrostal Sp. z o.o. in Cracow (500 thousand zloty), with Bankowa Mill Sp. z o.o. in Dąbrowa Górnicza (400 thousand zloty) and credit guarantee in Nordea Bank Polska S.A. (3,000 thousand zloty). Credit guarantee on fixed and current assets in total amount of 12,000 thousand zloty and alienation of inventories for the amount of 5,200 thousand zloty, being the guarantee of commercial transactions with Stalprofil S.A. in Dąbrowa Górnicz (3,500 thousand zloty), Centrala

Zaopatrzenia Hutnictwa in Katowice (500 thousand zloty) and guarantee of credit in Nordea Bank Polska S.A. (1,200 thousand zloty). Moreover a statement on submission to execution, which is the guarantee of commercial transactions with Bodeko Sp. z o.o. in Zawiercie for the amount of 1,000 thousand zloty.

Contingent liabilities of Stalexport Centrostal Lublin S.A. cover total amount of 5,248 thousand zloty, i.e. – bill of exchange guarantee in the amount of 1,500 thousand zloty, guarantee of credits on fixed and current assets in total amount of 2,250 thousand zloty as well as alienation of goods by Bank Inicjatyw Społeczno-Ekonomicznych in Lublin, in the amount of 1,498 thousand zloty, which is the guarantee of repayment of the granted credit.

Contingent liability of Stalexport Serwis Centrum S.A. Bełchatów cover the amount of 250 thousand zloty. It is guarantee of the credit granted the subsidiary company In Bud Sp. z o.o. in Ostrołęka not covered by consolidation. Moreover, in off balance-sheet items of SSC Bełchatów S.A. there is contingent liability by virtue of received guarantee from the dominant company Stalexport S.A. in the amount of 500 thousand zloty.

Contingent liability of Stalexport Autostrada Dolnośląska S.A. covers the amount of 1,875 thousand zloty. It is the guarantee granted associated company - Stalexport Autostrada Śląska S.A., covered by consolidation and it is connected with the possibility of obtaining the concession for construction of A4 motorway Katowice - Wrocław section by this company.

