

SECURITIES AND STOCK EXCHANGE COMMITTEE

Quarterly Report SA-Q 4/2005

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 4th quarter of the current turnover year covering the period from 01.01.2005 to 31.12.2005

and for the 4th quarter of the previous turnover year covering the period from 01.01.2004 to 31.12.2004

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

BDO Polska Sp. z o.o.

SELECTED FINANCIAL DATA	thousand zloty		thousand EUR	
	4 quarters 2005 01.01.2005 31.12.2005	4 quarters 2004 01.01.2004 31.12.2004	4 quarters 2005 01.01.2005 31.12.2005	4 quarters 2004 01.01.2004 31.12.2004
I. Net income from sale of products, goods and materials	441 964	693 332	109 851	172 329
II. Operating profit (loss)	-108 149	103 884	-26 881	25 821
III. Gross profit (loss)	-140 830	12 851	-35 004	3 194
IV. Net profit (loss)	-144 532	12 876	-35 924	3 200
V. Net cash flow from operating activity	-54 946	-9 760	-13 657	-2 426
VI. Net cash flow from investment activities	99 780	48 395	24 801	12 029
VII. Cash flow from financial activities	-46 854	-44 033	-11 646	-10 944
VIII. Total net cash flow	-2 020	-5 398	-523	-1 399
IX. Total assets	519 872	491 459	134 689	127 328
X. Liabilities and reserves for liabilities	517 916	518 684	134 182	134 381
XI. Long-term liabilities	424 461	390 946	109 970	101 287
XII. Short-term liabilities	93 455	127 738	24 212	33 094
XIII. Shareholders' equity	1 956	-27 225	507	-7 053
XIV. Share capital	215 524	215 524	55 838	55 838
XV. Number of shares	107 762 023	107 762 023	107 762 023	107 762 023
XVI. Profit (loss) per ordinary share (in zloty/EUR)	-1,34	0,12	-0,35	0,03
XVII. Diluted profit (loss) per ordinary share (in zloty/EUR)	-	-	-	-
XVIII. Book value per share (in zloty/EUR)	0,02	-0,27	0,00	-0,07
XIX. Diluted book value per share (in zloty/EUR)	-	-	-	-

Balance sheet

	31.12.2005	30.09.2005	31.12.2004	30.09.2004
ASSETS				
I. Long-term assets	338 653	325 599	335 916	346 066
1. Tangible fixed assets	49 069	48 941	26 240	26 457
2. Intangible assets, including:	212	196	210	234
- goodwill				
3. Long-term receivables	509	1 403	50 800	60 813
4. Long-term investments	286 664	140 747	128 455	128 351
4.1 Real estates	56 945	62 960	36 658	36 658
4.2 Intangible fixed assets				
4.3 Long-term financial assets	229 519	77 587	91 597	91 493
a) in related companies	227 712	75 780	89 789	89 789
- of which shares in subordinated companies valued under the ownership rights method	32	32	32	32
b) in other entities	1 807	1 807	1 808	1 704
4.4. Other long-term investments	200	200	200	200
5. Assets available for sale	2 199	130 211	130 211	130 211
6. Deferred income tax assets		4 101		
7. Other long-term deferred expenses				
II. Short-term assets	181 219	148 978	181 601	145 393
1. Inventories	43 810	41 198	59 864	31 982
2. Short-term receivables	132 110	101 580	113 981	90 467
3. Short-term investments	235	276	19	11 611
4. Cash and cash equivalents	4 658	4 324	6 678	9 875
5. Short-term deferred expenses	406	1 600	1 059	1 458
Assets in total	519 872	474 577	517 517	491 459

	31.12.2005	30.09.2005	31.12.2004	30.09.2004
LIABILITIES				
I. Shareholders' Equity	1 956	-30 565	-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	-23		
4. Reserve capital	35		42 343	42 312
5. Revaluation capital	132 879	8 457	8 457	8 488
6. Other reserve capitals	51 016	9 631	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	-144 532	-11 211	12 876	19 631
9. Net profit write-downs during the financial year (negative value)				
II. Long-term liabilities	424 461	325 381	368 059	390 946
1. Credits and loans	79 044	83 619	100 110	105 235
2. Liabilities by virtue of financial leasing	995	1 215		
3. Liabilities by virtue of trade account receivable				
4. Other liabilities	291 508	178 423	197 190	207 669
5. Reserve by virtue of the deferred income tax	38 873	9 465	725	833
6. Reserves for other liabilities	13 283	8 744	11 557	12 070
7. Long-term interperiod settlements	758	43 915	58 477	65 139
IV. Short-term liabilities	93 455	179 761	178 421	127 738
1. Credits and loans	12 747	17 241	12 542	13 002
2. Liabilities by virtue of financial leasing				
3. Liabilities by virtue of trade account receivable	65 359	119 527	125 005	58 143
4. Other liabilities	4 118	10 832	8 118	7 342
5. Reserves for liabilities	5 459	6 746	11 007	11 461
6. Short-term interperiod settlements	5 772	25 415	21 749	37 790
Total liabilities	519 872	474 577	517 517	491 459

Book value	1 956	-30 565	-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)	0,02	(0,28)	(0,27)	(0,25)
Diluted number of shares				
Book value per share (in zlotys) - diluted				

Profit and loss account

	4th quarter 2005 01.10.2005 31.12.2005	4 quarters 2005 01.01.2005 31.12.2005	4 th quarter 2004 01.10.2004 31.12.2004	4 quarters 2004 01.01.2004 31.12.2004
I. Net incomes from sale of products, goods and merchandise	99 939	441 964	108 284	693 332
1. Net sales of products	11 894	46 933	6 981	76 525
2. Net sales of goods and merchandise	88 045	395 031	101 303	616 807
II. Cost of products, goods and merchandise sold	92 755	408 682	103 811	648 691
1. Manufacturing cost of products sold	12 248	43 882	6 427	71 978
2. Value of merchandise and goods sold	80 507	364 800	97 384	576 713
III. Gross profit (loss) on sales (I-II)	7 184	33 282	4 473	44 641
IV. Other operating incomes	33 293	54 799	12 831	110 524
V. Sales costs	4 372	12 759	3 175	12 767
VI. Costs of general management	8 324	31 325	5 770	21 029
VII. Other operating costs	141 837	152 146	3 838	17 485
VIII. Profit (loss) on operating activity (III+IV-V-VI-VII)	-114 056	-108 149	4 521	103 884
IX. Financial incomes	120 552	133 249	5 426	187 134
1. Dividends and shares in profits		2 205		1 637
2. Interests	489	7 328	1 901	6 357
3. Profit from investment sale				
4. Updating the investment value	1 435	1 560		173 353
5. Other	118 628	122 156	3 525	5 787
X. Financial costs	135 502	165 930	16 811	278 167
1. Interests	4 153	24 313	7 227	27 305
2. Loss from investment sale	1 198	8 277		163 365
3. Updating the investment value	7 924	7 928		15
4. Other	122 227	125 412	9 584	87 482
XI. Gross profit (loss) (VIII + IX - X)	-129 006	-140 830	-6 864	12 851
XII. Income tax	4 315	3 702	-109	-25
a) current part				
b) deferred part	4 315	3 702	-109	-25
XIII. Net profit (loss) (XI +/- XII)	-133 321	-144 532	-6 755	12 876
Net profit (loss)		-144 532		12 876
Average weighted number of ordinary shares		107 762 023		107 762 023,00
Profit (loss) per one ordinary share (in zloty)		-1,34		0,12
Average weighted diluted number of ordinary shares				
Diluted profit (loss) per one ordinary share (in zloty)				

Changes in equity

	31.12.2005	30.09.2005	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
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	-23	-23	0	0
a) additions, of which:	-570	-570	0	0
- purchase of own shares	-570	-570		
b) reductions, of which:	-547	-547	0	0
- issue for minority shareholders	-547	-547		
3.2. Own shares in treasury at the end of period	-23	-23	0	0
4. Reserve capital at the beginning of period	42 343	42 343	2 634	2 634
4.1. Changes in reserve capital	-42 308	-42 343	39 709	39 678
a) additions, of which:	35	0	39 709	39 678
- shares issue above nominal value				
- distribution of profit			39 678	39 678
- distribution of profit (in excess of value required by law)				
- other				
- sale, liquidation of fixed assets	35		31	
b) reductions, of which:	42 343	42 343	0	0
- loss coverage	42 343	42 343		
- exclusion of surcharges to capital				
4.2. Reserve capital at the end of period	35	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	124 422	0	-31	0
a) additions, of which:	124 457	0	0	0
- re-evaluation of fixed assets	124 457			
b) reductions, of which:	35	0	31	0
- disposal of fixed assets	35		31	
5.2. Revaluation capital at the end of period	132 879	8 457	8 457	8 488

	31.12.2005	30.09.2005	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	-44 963	-86 348	14 886	9 869
a) additions, of which:	51 016	9 631	14 886	9 869
- profit distribution				
- execution of arrangement liabilities, instalments repayment	51 016	9 631	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				
6.2. Other reserve capitals at the end of the period	51 016	9 631	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				
b) reductions, of which:	12 876	12 876	39 678	39 678
- transition to reserve capital			39 678	39 678
- loss coverage	12 876	12 876		
- dividend payment				
- other				
7.3 Prior years' profit at the end of period	0	0	0	0
7.4 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				
7.5 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				
b) reductions, of which:	151 199	151 199	0	0
- loss coverage by reserve fund	151 199	151 199		
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	-144 532	-11 211	12 876	19 631
a) net profit per shareholders of the Company			12 876	19 631
b) net loss per shareholders of the Company	144 532	11 211		
c) charges on the profit				
II. Shareholders' Equity at the end of period (closing balance)	1 956	-30 565	-28 963	-27 225

Cash flow account (indirect method)

	4th quarter 2005 01.10.2005 31.12.2005	4 quarters 2005 01.01.2005 31.12.2005	4 th quarter 2004 01.10.2004 31.12.2004	4 quarters 2004 01.01.2004 31.12.2004
A. Net cash flows from operating activities - indirect method				
I. Net profit (loss) per the Company's shareholders	-133 321	-144 532	-6 755	12 876
II. Total adjustments	64 822	89 586	86	-22 636
1. Share in net (profits (losses) of subordinated companies valued under the equity method				
3. Depreciation	635	2 376	365	6 252
4. (Gain) loss on foreign exchange differences				
5. Interests and shares in profits (dividends)	2 175	2 436	2 407	12 023
6. Gain (loss) on investing activities	-1 420	5 614	4	164 895
7. Change in provisions	215	-398	-109	-25
8. Change in inventories	-2 612	16 058	-27 897	-28 700
9. Change in receivables	-29 635	32 163	-13 502	22 774
10. Change in current liabilities excluding loans and bank credits	50 988	30 672	57 161	76 149
11. Change in deferred and accrued expenses	-58 356	-76 865	-151 283	-243 899
12. Other adjustments	102 832	77 530	132 940	-32 105
III. Net cash flows from operating activities (I + II)	-68 499	-54 946	-6 669	-9 760

	4th quarter 2005 01.10.2005 31.12.2005	4 quarters 2005 01.01.2005 31.12.2005	4th quarter 2004 01.10.2004 31.12.2004	4 quarters 2004 01.01.2004 31.12.2004
B. Net cash flows from investing activities				
I. Cash provided by investing activities	81 356	101 747	11 592	48 945
1. Disposal of intangible assets and tangible fixed assets	3 657	3 729	1	2 517
2. Disposal of investments in real-estate and intangible assets		13 200		
3. Disposal of financial assets, of which:	337	7 456	11 591	46 428
a) in related companies	0	2 204	-1	11 193
- disposal of financial assets				9 050
- dividends and shares in profits		2 204		1 632
- payment of long-term loans granted			-1	511
- interests				
- other income from financial assets				
b) in other companies	337	5 252	11 592	35 235
- disposal of financial assets	23	511		5 500
- dividends and shares in profits		1		5
- payment of long-term loans granted	7	159	11 592	28 530
- interests	59	4 333		
- other income from financial assets	248	248		1 200
4. Other investing income	77 362	77 362		
II. Expenses	997	1 967	127	550
1. Purchases of intangible assets and tangible fixed assets	807	1 777	127	383
2. Investments in real-estate and intangible assets				
3. For financial assets, of which:	190	190	0	167
a) in related companies	190	190	0	152
- acquisition of financial assets	190	190		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)	80 359	99 780	11 465	48 395

	4th quarter 2005 01.10.2005 31.12.2005	4 quarters 2005 01.01.2005 31.12.2005	4 th quarter 2004 01.10.2004 31.12.2004	4 quarters 2004 01.01.2004 31.12.2004
C. Cash flows from financing activities				
I. Cash provided by financing activities	0	0	0	0
1. Net 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	11 526	46 854	7 993	44 033
1. Acquisition of own shares		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	9 070	37 635	5 586	30 373
5. Redemption of debt securities				
6. By virtue of other financial liabilities				
7. Payments of liabilities by virtue of finance lease agreement	221	221		
8. Interests	2 235	8 975	2 407	13 660
9. Other financial expenses				
III. Net cash flows from financing activities (I-II)	-11 526	-46 854	-7 993	-44 033
D. Total net cash flows (A.III+B.III+C.III)	334	-2 020	-3 197	-5 398
E. Change in balance-sheet cash and cash equivalents	334	-2 020	-3 197	-5 398
- of which change in cash and cash equivalents due to foreign exchange differences			23	34
F. Cash and cash equivalents - beginning of period	4 324	6 678	9 875	12 076
G. Cash and cash equivalents - end of period (D+F)	4 658	4 658	6 678	6 678
- of which those with restricted availability				

Off balance-sheet liabilities

	31.12.2005	30.09.2005	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	4 474	278 669	299 109	288 125
2.1. In favour of related entities (by virtue of)	84	98	0	0
- granted warranties and guarantees	84	98		
- customs warranties				
- other				
2.2. In favour of other entities (by virtue of)	4 390	278 571	299 109	288 125
- granted warranties and guarantees	4 390	278 071	299 109	285 825
- opening of the letter of credit				2 300
- other		500		
2.3 Other (by virtue of)	0	0	0	0
- mortgage				
- third party goods				
- other				
Total off-balance sheet liabilities	4 474	278 669	299 109	288 125

SECURITIES AND STOCK EXCHANGE COMMITTEE
Consolidated quarterly report SA-QSr 4/2005

According to the Decree of the Mminster 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 4th quarter of the current turnover year covering the period from 01.01.2005 to 12.12.2005
and for the 4th quarter of the previous turnover year covering the period from 01.01.2004 to 12.12.2004

28.02.2006
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)	
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634-01-34-211	271936361	www.stalexport.com.pl
(NIP- Tax Identification No.)	(REGON- statistical No.)	(WWW)

Auditor: BDO Polska Sp. z o.o.

SELECTED FINANCIAL DATA	thousand zloty		thousand EUR	
	4 quarters 2005	4 quarters 2004	4 quarters 2005	4 quarters 2004
	01.01.2005 31.12.2005	01.01.2004 31.12.2004	01.01.2005 31.12.2005	01.01.2004 31.12.2004
I. Net income from sale of products, goods and merchandise	620 761	1 004 986	154 292	249 791
II. Operating profit (loss)	(55 768)	11 016	(13 861)	2 738
III. Gross profit (loss)	(87 633)	20 641	(21 781)	5 130
IV. Net profit (loss)	(105 921)	11 513	(26 327)	2 862
V. Net cash flow from operating activity	104 567	10 411	25 990	2 588
VI. Net cash flow from investment activity	(46 836)	8 660	(11 641)	2 152
VII. Net cash flow from financial activity	(53 742)	(52 520)	(13 358)	(13 054)
VIII. Total net cash flow	3 989	(33 449)	1 033	(8 666)
IX. Total assets	554 932	620 746	143 772	160 823
X. Liabilities and reserves for liabilities	525 114	540 517	136 047	140 038
XI. Long-term liabilities	397 080	345 371	102 876	89 479
XII. Short-term liabilities	128 034	195 146	33 171	50 559
XIII. Shareholders' equity	29 818	80 229	7 725	20 786
XIV. Share capital	215 524	215 524	55 838	55 838
XV. Number of shares	107 762 023	107 762 023	107 762 023	107 762 023
XVI. Profit (loss) per one ordinary share (in zloty/EUR)	-0,98	0,11	-0,25	0,03
XVII. Diluted profit (loss) per one ordinary share (in zloty /EUR)	-	-	-	-
XVIII. Book value per share (in zloty/EUR)	0,28	0,74	0,07	0,18
XIX. Diluted book value per one ordinary share (in zloty/EUR)	-	-	-	-

Consolidated balance sheet

	31.12.2005	30.09.2005	31.12.2004	30.09.2004
ASSETS				
I. Long-term assets	380 573	383 132	388 467	351 881
1. Tangible fixed assets	307 215	170 143	157 364	146 549
2. Intangible assets, including:	413	424	495	485
- goodwill	-	-	-	-
2. Goodwill of subordinated entities	-	-	-	-
4. Long-term receivables	226	1 120	942	10 430
5. Long-term investments	62 766	68 989	89 891	58 565
5.1. Real estates	56 945	62 960	83 604	36 658
5.2. Intangible assets	-	-	-	-
5.3. Long-term financial assets	5 821	6 029	6 287	21 907
a) in related companies	3 568	3 741	4 461	20 141
- of which shares in subordinated companies valued under the ownership rights method	3 437	3 436	3 642	4 078
- shares in subsidiary and correlated entities not covered by consolidation	131	305	819	16 063
b) in other entities	2 253	2 288	1 826	1 766
5.4. Other long-term investments	-	-	-	-
6. Assets available for sale	4 231	132 581	130 211	130 211
7. Deferred income tax assets	5 627	9 780	9 564	5 641
6.2. Other long-term deferred expenses	95	95	-	-
II. Current assets	174 359	190 525	266 291	268 865
1. Inventories	48 380	46 402	91 712	61 278
2. Current receivables	98 839	113 714	150 582	159 009
3. Short-term investments	235	276	19	11 442
4. Cash and cash equivalents	26 214	27 979	22 225	34 538
4. Short-term deferred expenses	691	2 154	1 753	2 598
Total Assets	554 932	573 657	654 758	620 746

	31.12.2005	30.09.2005	31.12.2004	30.09.2004
LIABILITIES				
I. Shareholders' Equity	29 818	103 589	82 057	80 229
I.1 Shareholders' equity falling to the shareholders of the Company	25 769	99 970	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)	(73)	(44)	(44)
4. Reserve capital	101 676	101 640	113 153	113 121
5. Revaluation capital	16 432	8 699	43 382	12 411
6. Other reserve capitals	51 017	9 632	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)	(252 886)	(252 725)	(404 179)	(404 424)
9. Net profit (loss) falling to the shareholders of the company	(105 921)	17 273	11 513	46 080
10. Net profit write-downs during the financial year (negative value)	-	-	-	-
I.2.Minority capitals	4 049	3 619	5 262	5 131
II. Negative goodwill of the subordinated entities	-	-	-	-
III. Long-term liabilities	397 080	328 436	399 280	345 371
1. Credits and loans	79 044	83 620	113 746	113 028
2. Liabilities by virtue of financial leasing	6 301	6 922	5 834	7 142
3. Liabilities by virtue of trade account receivable	-	-	-	-
4. Other liabilities	285 844	172 688	196 009	140 505
5. Reserve by virtue of the deferred income tax	11 005	12 408	12 289	3 554
6. Reserves for other liabilities	13 402	8 883	11 721	12 252
7. Long-term interperiod settlements	1 484	43 915	59 681	68 890
IV. Short-term liabilities	128 034	141 632	173 421	195 146
1. Credits and loans	5 478	9 298	10 648	16 328
2. Liabilities by virtue of financial leasing	-	-	-	-
3. Liabilities by virtue of trade account receivable	75 610	61 583	95 568	109 991
4. Other liabilities	17 036	19 302	14 952	16 218
5. Reserves for liabilities	6 294	7 450	11 835	12 227
6. Short-term interperiod settlements	23 616	43 999	40 418	40 382
Total liabilities	554 932	573 657	654 758	620 746

Book value	29 818	103 589	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)	0,28	0,96	0,76	0,74
Diluted number of shares				
Book value per share (in zlotys) - diluted				

Consolidated profit and loss account

	4th quarter 2005 01.10.2005 31.12.2005	4 quarters 2005 01.01.2005 31.12.2005	4th quarter 2004 01.10.2004 31.12.2004	4 quarters 2004 01.01.2004 31.12.2004
I. Net incomes from sale of products, goods and merchandise	142 812	620 761	172 355	1 004 986
1. Net sales of products	38 028	139 727	26 184	175 630
2. Net sales of goods and merchandise	104 784	481 034	146 171	829 356
II. Cost of products, goods and merchandise sold	113 497	507 075	148 619	869 211
1. Manufacturing cost of products sold	16 316	59 307	10 501	113 581
2. Value of merchandise and goods sold	97 181	447 768	138 118	755 630
III. Gross profit (loss) on sales (I-II)	29 315	113 686	23 736	135 775
IV. Other incomes	35 650	61 457	16 903	118 295
V. Sales costs	5 740	19 177	7 650	31 082
VI. Costs of general management	18 688	55 001	12 349	44 739
VII. Other costs	144 082	156 527	24 909	166 719
VIII. Share in profits (losses) in subordinated entities evaluated by property right method	-	(206)	(150)	(514)
IX. Profit (loss) on operating activity (III+IV-V-VI-VII+/-VIII)	(103 545)	(55 768)	(4 419)	11 016
IX. Financial incomes	128 378	138 567	5 765	197 883
1. Dividends and shares in profits	-	17	-	6
2. Interests	(3 160)	3 132	2 590	6 979
3. Profit from investment sale	-	-	-	-
4. Updating the investment value	8 538	10 681	392	172 751
5. Other	123 000	124 737	2 783	18 147
X. Financial costs	140 444	170 432	37 703	155 476
1. Interests	(796)	20 456	6 770	28 155
2. Loss from investment sale	8 629	15 949	-	16 898
3. Updating the investment value	6 247	6 251	18 401	18 416
4. Other	126 364	127 776	12 532	92 007
XII. Profit (loss) on sales of total or part of shares in subordinated entities	-	-	-	(32 782)
XIII. Gross profit (loss) (IX + X - XI +/- XII)	(115 611)	(87 633)	(36 357)	20 641
XIV. Income tax	7 438	16 457	2 013	9 678
a) current part	4 688	13 899	5 557	12 683
b) deferred part	2 750	2 558	(3 544)	(3 005)
XV. Net profit (loss) (XIII-XIV +/- XVI), including:	(123 049)	(104 090)	(38 370)	10 963
XVI. Profits (losses) of minority	(145)	(1 831)	3 803	550
XVII. Profit (loss) falling to the shareholders of the company (XIV +/- XVI)	(123 194)	(105 921)	(34 567)	11 513
Net profit (loss)		(105 921)		11 513
Weighted average number of ordinary shares		107 762 023		107 762 023
Earning (loss) per ordinary share (in zlotys)		-0,98		0,11
Diluted weighted average number of ordinary shares				
Profit (loss) per ordinary share (in zlotys) - diluted				

Changes in consolidated equity

	31.12.2005	30.09.2005	31.12.2004	30.09.2004
I. Shareholders' Equity at the beginning of period (opening balance)	82 057	82 057	150 926	150 926
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	150 926
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 re SAD	(5 638)	(5 638)	(5 638)	6 013
	-	-	-	-
b) reductions, of which:	(5 638)	(5 638)	(5 638)	6 013
	-	-	-	(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)	(29)	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)	(547)	(3 405)	-
- issue for minority shareholders	(547)	(547)	(3 405)	-
consolidation adjustments	-	-	-	-
3.2. Own shares in treasury at the end of period	(73)	(73)	(44)	(44)
4. Reserve capital at the beginning of period	113 153	113 153	18 200	18 200
4.1. Changes in reserve capital	(11 477)	(11 513)	94 953	94 921
a) additions, of which:	31 888	31 853	99 140	103 121
- shares issue above nominal value	-	-	-	-
- distribution of profit	30 888	30 956	99 105	99 128
- distribution of profit (in excess of minimum value required by law)	347	279	-	-
- consolidation adjustments, including those connected with excluding from consolidation the subsidiary companies	562	618	4	3 993
- other	56	-	-	-
- sale, disposal of fixed assets	35	-	31	-
b) reductions, of which:	43 365	43 366	4 187	8 200
- loss coverage	42 894	42 894	32	32
- exclusion of surcharges to capital	200	-	200	200
- consolidation adjustments, including those connected with excluding from consolidation the subsidiary companies	271	472	3 955	7 968
4.2. Reserve capital at the end of period	101 676	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	(26 950)	(34 683)	30 059	(912)
a) additions, of which:	166 035	-	31 002	-
- re-evaluation of fixed assets	132 402	-	31 002	-
- consolidation adjustments	33 633	-	-	-
b) reductions, of which:	192 985	34 683	943	912
- disposal of fixed assets	35	-	31	-
	-	-	-	-
-consolidated adjustments including: those connected with excluding from consolidation the subsidiary companies	192 950	34 683	912	912
5.2. Revaluation capital at the end of period	16 432	8 699	43 382	12 411

	31.12.2005	30.09.2005	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	(46 429)	(87 814)	14 886	9 870
a) additions, of which:	51 215	9 830	14 886	9 870
profit distribution	-	-	-	-
- execution of arrangement liabilities - repayment of instalments	51 017	9 632	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	51 017	9 632	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 (policy)	-	-	-	-
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:	13 445	19 118	14 022	30 099
-prior years' profit distribution	10 502	3 672	3 249	3 913
- other	-	-	-	-
consolidation adjustments	2 943	15 446	10 773	26 186
b) reductions, of which:	21 082	21 315	315 357	315 403
- transition to reserve capital	138	371	-	-
- loss coverage	-	12 875	39 731	39 731
- dividend payment	3 436	3 437	3 184	3 184
- other	13 659	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	2 651	8 091	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:	3 108	3 607	7 023	3 222
transition of prior years' loss to be covered	1 041	729	1 020	3 082
- other	233	-	-	-
- consolidation adjustments	1 834	2 878	6 003	140
b) reductions, of which:	162 038	157 258	188 676	169 331
- loss coverage	152 858	152 858	903	47
- consolidation adjustments connected with excluding from consolidation the subsidiary companies	9 180	4 400	187 773	169 284
8.6. Prior years' loss at the end of period	255 537	260 816	414 467	429 965
8.7. Prior years' profit (loss) at the end of period	(252 886)	(252 725)	(404 179)	(404 424)
9. Net profit (loss) falling to the shareholders of the company	(105 921)	17 273	11 513	46 080
a) net profit falling to the shareholders of the company	-	17 273	11 513	46 080
b) net loss falling to the shareholders of the company	105 921	-	-	-
c) charges on the profit	-	-	-	-
10.1. Minority capital at the beginning of period	5 262	5 262	25 987	5 131
a) increases	2 618	2 129	2 223	-
b) decreases	3 831	3 772	22 948	-
10.2 Minority capital at the end of period	4 049	3 619	5 262	5 131
II. Shareholders' Equity at the end of period (closing balance)	29 818	103 589	82 057	80 229
III. Shareholders' equity after taking into account the proposed profit distribution (loss coverage)	29 818	103 589	82 057	80 229

Consolidated cash flow account (indirect method)

	4th quarter 2005 01.10.2005 31.12.2005	4 quarters 2005 01.01.2005 31.12.2005	4th quarter 2004 01.10.2004 31.12.2004	4 quarters 2004 01.01.2004 31.12.2004
A. Cash flows from operating activities - indirect method				
I. Net profit (loss) falling to the shareholders of the Company	(123 194)	(105 921)	(34 567)	11 513
II. Total adjustments	183 840	210 488	36 039	(1 102)
1. Profits (losses) of minority	145	1 831	(3 803)	(550)
2. Share in net (profits) losses of subordinated companies valued under the equity method	-	206	150	514
3. Depreciation of which	2 979	8 996	2 299	13 826
- write-offs of goodwill of subordinated entities or neagtive goodwill of the subordinated entities	-	-	-	-
4. (Profits) losses on foreign exchange differences	-	-	(19)	246
5. Interests and shares in profits (dividends)	2 296	2 706	3 618	13 901
6. Profit (losses) on investing activities	(210)	7 099	19 550	184 493
7. Change in provisions	(2 474)	(2 419)	379	233
8. Change in inventories	(1 958)	24 392	(30 366)	(39 736)
9. Change in receivables	34 076	90 710	(55 348)	24 627
10. Change in current liabilities (excluding loans and credits)	100 099	72 835	111 708	30 215
11. Change in deferred and accrued expenses	(58 132)	(77 852)	(140 965)	(195 633)
12. Other adjustments	107 019	81 984	128 836	(33 238)
III. Net cash flows from operating activities (I+II)	60 646	104 567	1 472	10 411

	4th quarter 2005 01.10.2005 31.12.2005	4 quarters 2005 01.01.2005 31.12.2005	4th quarter 2004 01.10.2004 31.12.2004	4 quarters 2004 01.01.2004 31.12.2004
B. Cash flows from investing activities				
I. Cash provided by investing activities	81 422	101 957	12 634	58 295
1. Disposal of intangible assets and tangible fixed assets	3 666	3 818	414	5 001
2. Disposal of investments in real-estate and intangible assets	-	13 200	-	-
3. Disposal of financial assets, of which:	394	7 577	10 861	51 935
a) in related companies	23	2 290	19	11 265
- disposal of financial assets	10	10	-	9 050
- dividends and shares in profits	-	2 221	-	1 632
- payment of long-term loans granted	-	-	-	512
- interests	13	59	19	71
- other income from financial assets	-	-	-	-
b) in other companies	371	5 287	10 842	40 670
- disposal of financial assets	55	544	-	10 935
- dividends and shares in profits	-	1	-	5
- payment of long-term loans granted	7	159	11 593	28 530
- interests	60	4 334	(751)	-
- other income from financial assets	249	249	-	1 200
4. Other investing income	77 362	77 362	1 359	1 359
II. Expenses	132 356	148 793	16 461	49 635
1. Purchases of intangible assets and tangible fixed assets	132 167	148 009	16 071	48 917
2. Investments in real-estate and intangible assets	-	-	-	-
3. For financial assets, of which:	189	784	99	317
a) in related companies	189	391	99	302
- acquisition of financial assets	(12)	190	99	302
- long-term loans granted	201	201	-	-
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	-	-	291	401
III. Net cash flows from investing activities (I-II)	(50 934)	(46 836)	(3 827)	8 660

	4th quarter 2005 01.10.2005 31.12.2005	4 quarters 2005 01.01.2005 31.12.2005	4th quarter 2004 01.10.2004 31.12.2004
C. Cash flows from financing activities			
I. Cash provided by financing activities	60	1 535	242
1. Issuance of shares and other capital securities and additional paid-in capital	-	240	-
2. Credits and loans	49	301	77
3. Issuance of debt securities	-	-	-
4. Other financial income	11	994	165
II. Expenses	11 537	55 277	10 200
1. Acquisition of own shares	-	23	-
2. Dividends and other payments to shareholders	-	4 008	1 632
3. Other than payments in favour of owners, expenses by virtue of profit distribution	-	-	-
4. Payments of credits and loans	8 444	38 039	4 941
5. Redemption of debt securities	-	-	-
6. Bv virtue of other financial liabilities	-	-	-
7. Liabilities payments by virtue of financial leasing agreements	607	1 684	665
8. Interests	2 485	10 031	2 837
9. Other financial expenses	1	1 492	125
III. Net cash flows from financing activities (I-II)	(11 477)	(53 742)	(9 958)
D. Total net cash flows (A.III+B.III+C.III)	(1 765)	3 989	(12 313)
E. Change in balance-sheet cash and cash equivalents	(1 765)	3 989	(12 313)
- of which change in cash and cash equivalents due to foreign exchange differences	(78)	124	23
F. Cash and cash equivalents - beginning of period	27 979	22 225	34 538
G. Cash and cash equivalents - end of period (D+F)	26 214	26 214	22 225

4 quarters 2004 01.01.2004 31.12.2004
27 007
-
26 806
201
79 527
-
2 967
-
42 024
-
-
2 005
16 521
16 010
(52 520)
(33 449)
(33 449)
34
55 674
22 225

Off-balance sheet items

	31.12.2005	30.09.2005	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	6 599	308 142	315 843	323 452
2.1. In favour of related entities (by virtue of)	1 960	2 223	1 875	250
- granted warranties and guarantees	1 960	2 223	1 875	250
- custom warranties	-	-	-	-
- other	-	-	-	-
2.2. In favour of other entities (by virtue of)	4 639	278 571	289 873	299 109
- granted warranties and guarantees	4 639	278 071	287 573	299 109
- opening of the letter of credit	-	-	-	-
- bill of exchange guarantees	-	500	2 300	-
2.3. Other (by virtue of)	27 348	27 348	24 095	24 093
- mortgage	14 250	14 250	13 995	13 995
- third party goods	6 698	6 698	3 900	-
- other	6 400	6 400	6 200	10 098
Total off-balance sheet liabilities	34 447	308 642	316 343	323 952

ZARZĄD :

Chairman of Management Board, General Director

28.02.2006 r.

Date

Emil Wąsacz

Signature

Vice-Chairman of Management Board, Financial Director

28.02.2006 r.

Date

Mieczysław Skołożyński

Signature

Member of Management Board, Commercial Director

28.02.2006 r.

Date

Urszula Dzierżoń

Signature

Person authorised to keep books :

28.02.2006 r.

Date

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

Signature

Commentary to the consolidated quarterly report of the Capital Group of Stalexport SA for the 4th 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 four 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 four quarters 2005 was drawn up according to the binding International Accounting Standards and International Financial Reporting Standards binding as at 31.12.2005.

01.01.2005 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 4th 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 any adjustments by 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 co-operative 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 borne.

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 has 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 31.12.2005 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 31.12.2005. 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 among other 40 % of depreciation of liabilities in connection with the concluded agreement. Payment of 9 arrangement instalments was settled proportionally for reserve capital and financial result. In December 2005 the Management Board of the Company decided to entirely settle 40 % of the depreciated arrangement liabilities from long-term settlements of interperiod receipts for the reserve capital and financial result.

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 4th quarter 2005

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

The capital group of Stalexport S.A. for 4th quarter 2005 suffered a gross loss in the amount of 115,611 thousand zloty including:

- gross profit on sale of products and services	29,315 thousand zloty
- sales and management costs	-24,428 thousand zloty
- loss on other operating activity	-103,545 thousand zloty
- negative result on financial activity	- 12,066 thousand zloty

Consolidated net loss for 4th qtr 2005 amounts to 123,049 thousand zloty, including:

- profit per minority shareholders	145 thousand zloty
- loss per shareholders of the Company	123,194 thousand zloty

The financial results of the companies of the capital group affected the consolidated financial result of 4th qtr 2005, including:

- Stalexport S.A.	-133,322 thousand zloty
- Stalexport Serwis Centrum S.A. Katowice	-786 thousand zloty
- Stalexport Centrostal S.A. Lublin	-131 thousand zloty
- Stalexport Serwis Centrum Bełchatów S.A. Rogowiec	-434 thousand zloty
- Stalexport Metalzbyt Sp. z o.o. Białystok	0 thousand zloty
- Stalexport Autostrada Małopolska S.A. Mysłowice	17,066 thousand zloty
- Stalexport Transroute Autostrada S.A. Mysłowice	494 thousand zloty
- Stalexport Autostrada Dolnośląska S.A. Katowice	-199 thousand zloty

Financial results of the dominant entity - Stalexport SA

In 4th qtr 2005 the incomes from sale of Stalexport S.A. amounted to 99,939 thousand zloty and were by 7,7% lower in comparison with the analogous period of the previous year. The decline was first of all caused by additional working capital resulting from execution of arrangement instalments and off arrangement liabilities (ca 16 m zloty) with simultaneous lack of external financing.

The worked out gross profit on sale in 4th quarter 2005 amounted to 7,184 thousand zloty and was higher than achieved in 4th quarter 2004 by 2,711 thousand zloty.

The main factors affecting the financial result in the dominant entity Stalexport S.A. are:

1. Updating the value of shares of subsidiary companies: Stalexport Autostrada Małopolska S.A. and Stalexport Transroute S.A. as well as indicating the effects of the a/m re-valuation in the balance sheet of Stalexport S.A. as at 31.12.2005.
2. Change in so far applied principles of settling redeemed part of liabilities resulting from a execution of arrangement proceedings.
3. Entering into the books of Stalexport S.A. the off-balance sheet liability concerning the security for the credit granted Walcownia Rur Jedność in Siemianowice Śląskie by bank consortium.

Ad. 1

On 17.10.2005 the Annexe no 5 to the Concession Agreement signed by Stalexport Autostrada Małopolska S.A. with the Minister of Transport and Building Industry became effective.

On 28.12.2005 Stalexport Autostrada Małopolska S.A. signed 15-year credit agreement with bank consortium for financing necessary investment works, and this credit is an execution of one of the conditions of the Concession Agreement. The establishing of target company and making in-kind contribution in a form of shares of the subsidiary companies Stalexport Autostrada Małopolska S.A. and Stalexport Transroute Autostrada S.A. was a condition to obtain funds from credit agreement.

In connection with the above an independent institution evaluated the shares being the subject of the contribution. The effects of the evaluation of the shares portfolio of the companies increased their value by 153,652 thousand zloty, for which a reserve by virtue of income tax in the amount of 29,194 thousand zloty was created.

The net value in the amount of 124,458 thousand zloty was shown in the balance sheet in an item "revaluation capital", and finally it was reflected in "shareholders' equity". Revaluation of the assets was conducted according to the principles of i.a. s. (international accounting standard).

Ad. 2

Stalexport S.A. in previous years, i.e. 2003 - 2005 settled its arrangement liabilities in a „cautious” way, i.e. proportionally to the re-paid instalments, it referred an appropriate value of depreciated liabilities from „receipts of future periods” to “reserve capital” and financial result of given reporting period.

Till the date of drawing up the balance sheet, Stalexport S.A. repaid 10 arrangement instalments out of due 20, so it executed 50% of liabilities value resulting from arrangement agreement concluded in 2002, and also over 50 % of restructured off-arrangement liabilities.

In the light of the concluded transactions, i.e. refunding of investments outlays concerning the A4 motorway, signed agreement for sale of a real estate at Obrzeźna Street in Warsaw, and these actions will very positively affect the current financial liquidity, the Management Board of Stalexport S.A. decided to settle as one-off an amortised value of liabilities being “the receipts of future periods” as on 31.12.2005.

One-off settlement of the value of „receipts of future periods” affected the increase in reserve capital by the amount of 37,901 thousand zloty and the financial result of the reporting period by the amount of 22,033 thousand zloty.

Ad. 3

In 1997 Stalexport S.A. granted the warranties of credits of Walcownia Rur Jedność (141,5 m zloty) to bank consortium and simultaneously Stalexport S.A. re-guaranted State Treasury warranties for WRJ (114,8 m zloty). In 2005 bank consortium noticed WRJ the credit agreements, and the Management Board of WRJ filed a petition to declare insolvency.

It means that one can expect that in near future the bank consortium will call guarantors to fulfill the guarantee agreements of credits.

In connection with the above, not waiting for the call, to correctly evaluate the assets and liabilities of the company, the Management Board of Stalexport S.A. decided to make them real and to count off-balance sheet liabilities for balance sheet liabilities. This operation unfavourably affected the financial result as on 31.12.2005, reducing it by the amount of 119,208 thousand zloty. This amount was estimated on the basis of the current engagement of banks towards WRJ, anticipated amount of liability of Stalexport S.A. on the basis of the analysis of the guarantee agreement as well as the character of these liabilities and planned way of its execution.

Financial results of the commercial companies

The incomes from sale of 4 subsidiary companies conducting commercial activity in 4th quarter 2005 were slightly higher (by 1,311 thousand) in comparison with 4th quarter 2004. The financial results of these companies in 4th quarter 2005 were negative and reduced the consolidated financial result by 1,351 thousand zloty.

Financial result of motorway activity

The motorway activity had an essential impact upon the consolidated financial result for 4th quarter 2005, which consisted in operating, toll collection and execution of motorway investments on A4 motorway section Katowice -Kraków. This activity has been conducted by two subsidiary companies: Stalexport Autostrada Małopolska S.A., which is the concessionaire, and Stalexport Transroute Autostrada S.A. which is dealing in current operating the motorway.

The consolidated revenues for 4th quarter 2005 amounted to 24,999 thousand zloty and were by 45 % higher in comparison with 4th quarter 2004. This increase resulted from traffic and prices increase at the beginning of 2005, considering VAT tax.

Consolidated net profit for 4th quarter 2005 amounts to 17,560 thousand zloty.

III. Balance of reserves and deferred income tax in the Capital Group of Stalexport S.A.

The dominant company Stalexport S.A. because of the maintaining tax loss does not create activated tax, while assets by virtue of deferred income tax in the capital group of Stalexport S.A. amounts to 5,627 thousand zloty, and reserve by virtue of deferred income tax amounts to 11,005 thousand zloty.

The balance of reserves in the group as at 31.12.2005 amount to 19,696 thousand zloty, out of which: including:

- long-term one - 13,402 thousand zloty
- short-term one - 6,294 thousand zloty

In comparison with 3rd 2005 the balance of reserves decreased by 3,363 thousand zloty, while in comparison with the analogous period of the previous year it decreased by 3,860 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 3,8598 zloty binding on 31.12.2005.

Specific items in the Profit and Loss Account pertaining to 4th quarter 2005 have been converted into EUR according to the rate 4,0233 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 four quarters 2005.

V. List of Shareholders having more than 5% of the total number of votes at the General Meeting of Shareholders on 28.02.2006 r.

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	%
Narodowy Fundusz Ochrony Środowiska i Gospodarki Wodnej	18.022.835	16,72 %
Powszechna Kasa Oszczędności Bank Polski S.A.	7.654.779	7,10 %

VI. List of shares held by the group of persons managing and supervising the dominant company as at 28.02.2006

Managing persons - 82.430 shares
 Supervising persons - 4.075 shares

VII. Specification of judicial proceedings pending in court as at 31.12.2005

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

Item.	Case number	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 plus 200 thousand of interests + costs By decision of court executive officer the executive proceedings were discontinued because of the

seat change of the company on 13.07.2005.
A motion to levy the execution from bank accounts and movables which are in the new seat of the debtor. Seizure of the bank accounts without effects. There is probability of discontinuance of proceedings.

2. 60/03/Ba	1.366.061,00	SEBA Sp. z o.o.	Payment order of 10.12.2003 r. legally valid with executory formula
3. 73/03/Ba	1.366.061,00	SEBA Sp. z o.o.	Payment order of 27.01.2003 r. legally valid with executory formula directed to court executive officer on 03.08.2004
4. 5/04/Ba	1.366.061,00	SEBA Sp. z o.o.	Payment order of 30.03.2004 legally valid with executory formula 01.09.05 District Court in Katowice declared it insolvent covering liquidation of the assets of the debtor. Court executive officer discontinued executive proceedings. Debts re points 2,3 and 4 were reported in bankruptcy proceedings.
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 arrangement proceedings being in progress. On 29.11.2005 District Court in Katowice confirmed the arrangement proposals.

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 01.10.2005 till 31.12.2005.

- On 17.10.2005 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 18.10.2005 STALEXPORT S.A. in the all-Polish edition of "Gazeta Wyborcza" published an announcement that according to the decision of the Securities and Stock Exchange Committee no DIA/S/416/16/05 of 17.05.2005, it transferred its own shares, beyond the regulated market, for the benefit of parties being the shareholders of STALEXPORT CENTROSTAL Warszawa SA.
- In 4th quarter 2005 Stalexport S.A. took part in two tenders for deliveries of coin blanks for National Bank of Ukraine of total value of ca 20 m zloty. The dominant company won both tenders, and the execution of the above contracts started in November 2005.
- On 19.12.2005 the District Court in Katowice registered an increase in the equity of the company STALEXPORT TRANSROUTE Autostrada S.A. with seat in Myslowice. The equity of the a/m company was increased from 260,000 zloty to 500,000 zloty, i.e. by the amount of 240,000 zloty. Stalexport S.A. subscribed the amount of 132,000 zloty, while the other shareholder, the company Transroute International S.A. located in St-Quentin-en-Yvelines subscribed 108, 000 zloty. After the equity increase its structure has not changed and it is as follows:
Stalexport S.A. possesses 275 shares with nominal value of 1,000 zloty each share, what constitutes 55 % of the equity of the company, while Transroute International S.A possesses 225 shares what constitutes 45% of the company's equity. The number of votes at the GSM equals to the number of shares possessed by each company
- On 19.12.2005 the Bank Zachodni WBK S.A. (shareholder of Stalexport S.A.) sold 500 thousand shares of Stalexport S.A. As a result of the transaction Bank Zachodni WBK S.A. possesses 4,952,246 shares, what constitutes 4,60% of total number of votes at GSM of Stalexport S.A.
- On 22.12.2005 Stalexport S.A. signed a significant agreement with Stalexport Autostrada Małopolska S.A. concerning the refund of costs of the I Phase, borne by Stalexport S.A. The agreement amounts to 127 m zloty and it will be paid on the basis of the financial document agreed by both parties, issued by Stalexport S.A. 75% of the I Phase Cost Refund will be paid by SAM for the benefit of Stalexport SA after reaching the Financial Close, taking into account the deductions in the amount of 67,659,288.41 zloty being the liability of Stalexport S.A. towards SAM S.A. 25% of the amount of Phase I Cost Refund will be paid out of last

draw-downs of funds under planned project financing. The criterion of recognising the agreement as the significant one is the value of the agreement subject which exceeds 10 % of the sale incomes of the Capital Group of the Company.

- On 23.12.2005 referring to the resolutions of the Management Board and the Supervisory Board in regard to the Company's equity increase (issue of shares of F series) within the target capital, the Supervisory Board of the company Stalexport S.A. passed the resolution on extending till 30th June 2006 the binding force of the consent of the Supervisory Board in regard to the issue price and authorization for the Management Board to deprive the existing shareholders of the right to acquire shares of F series.
- On 28.12.2005 Stalexport Autostrada Małopolska S.A. signed a significant agreement with WESTLB Bank Polska S.A. Warsaw, WESTLB AG (London Branch), DEPFA BANK PLC Dublin, KfW Frankfurt, Bank BPH S.A. Warsaw. Granting the credit - in the amount up to 380 m zloty is the subject of the agreement- for financing the A4 toll motorway project – section Katowice – Kraków, i.e. construction works of Phase II and refinancing construction work of Phase I. Availability period of the credit: years 2006-2009 with floating interest base upon inter-bank reference rate WIBOR plus margin. Crediting period amounts to 15 years including grace period (one year) and availability period. The agreement envisages making the funds available after fulfilling the accessible conditions, foreseen in the agreement. The criterion of recognising the agreement as the significant one is the value of the agreement subject which exceeds 10 % of the sale incomes of the Capital Group of the Company.
- On 30.12.2005 the new subsidiary company „Stalexport Autoroute S.a.r.l.” Societe a responsabilite limitee with seat in Luxembourg was registered by notary in Luxembourg. The equity of the company amounts to 15,000 EUR and it is divided into 600 shares with nominal value of 25 EUR each. The equity of the a/m company was fully covered by cash and in 100 % subscribed by Stalexport S.A. The company establishing is an element of the holding structure which is anticipated by the agreement in regard to grant the credit for financing the toll motorway project - Katowice-Kraków section (financial closing).

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

- On 12.01.2006 the dominant company Stalexport S.A. signed a preliminary agreement for sale of the real estate in Warsaw at Obrzeźna Str., (right of perpetual usufruct) with total area of 45,622 sq. m, together with buildings and constructions (property right) with surface of 9,769 sq. m. „The promised agreement” is to be concluded till 15.02.2006, however the Buyer has the right to extend the date of concluding ”the promised agreement” not later than till 15.03.2006.
- In 1st quarter 2006 Stalexport S.A. concluded export contracts for deliveries to South America with total value of 28,5 m zloty. Mittal Steel Poland and Mittal Steel Ostrava are the

suppliers. In the same period the export contracts for deliveries of seamless tubes to the USA were concluded with total value of 8,8 m zloty.

- On 06.02.2006 the District Court for the city of Warsaw XXII Economic Department entered a liquidation of the company Petrostal S.A. Warszawa (subsidiary company in 100%) to the Domestic Judicial Register.

X. Contingent liabilities

Contingent liabilities of the capital group of Stalexport S.A. as at 31.12.2005 amount to 33,947 thousand zloty, out of which: :

- | | |
|--|-----------------------|
| • by virtue of granted warranties and guarantees for the benefit of: | 6,599 thousand zloty |
| - related entities covered by consolidation | 1,959 thousand zloty |
| - other entities | 4,640 thousand zloty |
| • by virtue of other liabilities for the benefit of: | 27,348 thousand zloty |
| - related entities | - |
| - other entities | 27,848 thousand zloty |

The dominant company Stalexport S.A. possesses the contingent liabilities for the total amount of 4,474 thousand zloty, by virtue of:

- | | |
|---|----------------------|
| • granted guarantees and warranties for the benefit of: | |
| - related entities | 84 thousand zloty |
| - other entities | 4,390 thousand zloty |

The amount of guarantees granted by Stalexport S.A. in comparison with 3rd quarter 2005 diminished by 274,195 thousand zloty. The liabilities decrease resulted in including the guarantee granted to Walcownia Rur Jedność Sp. z o.o. in Siemianowice Śląskie in the amount of 119,208 thousand zloty.

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 Górnicza (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.