

SECURITIES AND STOCK EXCHANGE COMMITTEE
Consolidated quarterly report SA-QSr 2/2006

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 the 2nd quarter of the current turnover year covering the period from 01.01.2006 to 30.06.2006

and for the 2nd quarter of the previous turnover year covering the period from 01.01.2005 to 30.06.2005

11.08.2006

(date of publishing)

STALEXPORT Joint Stock Company		
(full name of the issuer)		
STALEXPORT S.A.	metal sector 17	
(abridged name of issuer)	(sector acc. to Securities Stock Exchange classification in Warsaw)	
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(NIP- Tax Identification No.)	(REGON- statistical No.)	(WWW)

Auditor: BDO Polska Sp. z o.o. Warszawa

SELECTED FINANCIAL DATA	thousand zloty		thousand EUR	
	2 quarters 2006	2 quarters 2005	2 quarters 2006	2 quarters 2005
	01.01.2006 30.06.2006	01.01.2005 30.06.2005	01.01.2006 30.06.2006	01.01.2005 30.06.2005
I. Net income from sale of products, goods and materials	364 188	333 623	93 377	85 540
II. Operating profit (loss)	29 704	31 289	7 616	8 022
III. Gross profit (loss)	30 227	23 188	7 750	5 945
IV. Net profit (loss)	30 730	17 370	7 879	4 454
V. Net cash flow from operating activity	(38 677)	24 594	(9 917)	6 306
VI. Net cash flow from investment activity	52 192	(8 250)	13 382	(2 115)
VII. Net cash flow financial activity	59 711	(17 985)	15 310	(4 611)
VIII. Total net cash flow	73 226	(1 641)	18 110	(406)
IX. Total assets	869 449	603 924	215 029	149 360
X. Liabilities and reserves for liabilities	808 341	504 852	199 916	124 858
XI. Long-term liabilities	600 657	356 157	148 552	88 084
XII. Short-term liabilities	207 684	148 695	51 364	36 775
XIII. Shareholders' equity	61 108	99 072	15 113	24 502
XIV. Share capital	215 524	215 524	53 303	53 303
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)	0,29	0,16	0,07	0,04
XVII. Diluted profit (loss) per ordinary share (in zloty /EUR)	-	-	-	-
XVIII. Book value per share (in zloty/EUR)	0,57	0,92	0,15	0,24
XIX. Diluted book value per share (in zloty /EUR)	-	-	-	-

Komisja Papierów Wartościowych i Giełd

Consolidated balance sheet

	30.06.2006	31.03.2006	31.12.2005	30.06.2005
ASSETS				
I. Long-term assets	556 390	542 076	595 001	403 977
1. Tangible fixed assets	302 990	300 272	307 310	170 189
2. Intangible assets, including:	339	392	413	471
- goodwill	-	-	-	-
2. Goodwill of subordinated entities	-	-	-	-
4. Long-term receivables	441	472	509	972
5. Long-term investments	25 632	15 776	62 780	89 667
5.1. Real estates	10 000	10 000	56 946	83 604
5.2. Intangible assets	-	-	-	-
5.3. Long-term financial assets	5 632	5 776	5 834	6 063
a) in related companies	3 382	3 526	3 631	3 821
- of which shares in subordinated companies valued under the ownership rights method	3 251	3 395	3 451	3 466
- shares in subsidiary and correlated entities not covered by consolidation	131	131	180	355
b) in other entities	2 250	2 250	2 203	2 242
5.4. Other long-term investments	10 000	-	-	-
6. Assets available for sale	2 199	2 199	4 231	132 641
7. Deferred income tax assets	6 716	6 314	6 064	10 037
6.2. Other long-term deferred expenses	218 073	216 651	213 694	-
II. Current assets	313 059	247 369	187 885	199 947
1. Inventories	61 407	75 521	53 151	54 418
2. Current receivables	142 667	116 917	97 418	122 271
3. Short-term investments	165	547	235	271
4. Cash and cash equivalents	99 440	42 428	26 214	20 584
4. Short-term deferred expenses	9 380	11 956	10 867	2 403
Total Assets	869 449	789 445	782 886	603 924

	30.06.2006	31.03.2006	31.12.2005	30.06.2005
LIABILITIES				
I. Shareholders' Equity	61 108	56 009	33 405	99 072
I.1 Shareholders' equity falling to the shareholders of the Company	57 672	51 710	29 357	96 178
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)	(71)	(72)	(73)	(478)
4. Reserve capital	148 909	101 678	101 675	101 640
5. Revaluation capital	16 389	16 390	16 393	8 699
6. Other reserve capitals	51 507	51 017	51 017	6 148
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)	(405 316)	(355 159)	(252 791)	(252 725)
9. Net profit (loss) falling to the shareholders of the company	30 730	22 332	(102 388)	17 370
10. Net profit write-downs during the financial year (negative value)	-	-	-	-
I.2. Minority capitals	3 436	4 299	4 048	2 894
II. Long-term liabilities	600 657	611 145	637 009	356 157
1. Credits and loans	69 775	71 100	78 040	99 373
2. Liabilities by virtue of financial leasing	5 403	5 895	6 302	7 295
3. Liabilities by virtue of trade account receivable	-	-	-	-
4. Other liabilities	492 966	500 990	509 714	176 537
5. Reserve by virtue of the deferred income tax	1 849	1 863	11 209	11 897
6. Reserves for other liabilities	12 781	13 395	13 418	11 272
7. Long-term interperiod settlements	17 883	17 902	18 326	49 783
IV. Short-term liabilities	207 684	122 291	112 472	148 695
1. Credits and loans	15 112	5 286	5 528	14 402
2. Liabilities by virtue of financial leasing	-	-	-	-
3. Liabilities by virtue of trade account receivable	92 995	89 805	74 126	63 289
4. Other liabilities	89 137	18 078	19 761	19 023
5. Reserves for liabilities	4 398	5 085	6 282	11 317
6. Short-term interperiod settlements	6 042	4 037	6 775	40 664
Total liabilities	869 449	789 445	782 886	603 924

Book value	61 108	56 009	33 405	99 072
Number of shares	107 762 023	107 762 023	107 762 023	107 762 023
Book value per share (in zlotys)	0,57	0,52	0,31	0,92
Diluted number of shares				
Book value per share (in zlotys) - diluted				

Consolidated profit and loss account

	2nd quarter 2006 01.04.2006 30.06.2006	2 quarters 2006 01.01.2006 30.06.2006	2nd quarter 2005 01.04.2005 30.06.2005	2 quarters 2005 01.01.2005 30.06.2005
I. Net incomes from sale of products, goods and merchandise	196 939	364 188	149 183	333 623
1. Net sales of products	48 714	88 157	33 218	62 425
2. Net sales of goods and merchandise	148 225	276 031	115 965	271 198
II. Cost of products, goods and merchandise sold	155 679	286 881	125 300	281 649
1. Manufacturing cost of products sold	21 384	37 660	28 477	39 446
2. Value of merchandise and goods sold	134 295	249 221	96 823	242 203
III. Gross profit (loss) on sales (I-II)	41 260	77 307	23 883	51 974
IV. Other incomes	5 481	13 175	14 615	21 353
V. Sales costs	7 439	12 751	3 173	9 219
VI. Costs of general management	19 606	37 457	13 824	24 472
VII. Other costs	4 933	10 428	6 365	8 171
VIII. Share in profits (losses) in subordinated entities evaluated by property right method	(86)	(142)	(50)	(176)
IX. Profit (loss) on operating activity (III+IV-V-VI-VII+/-VIII)	14 677	29 704	15 086	31 289
IX. Financial incomes	2 314	10 513	5 171	8 992
1. Dividends and shares in profits	-	-	-	-
2. Interests	1 462	2 572	2 523	6 292
3. Profit from investment sale	46	6 758	-	-
4. Updating the investment value	8	8	2 143	2 143
5. Other	798	1 175	505	557
X. Financial costs	4 876	9 990	9 488	17 093
1. Interests	3 810	8 271	8 791	15 270
2. Loss from investment sale	-	-	-	-
3. Updating the investment value	-	-	-	-
4. Other	1 066	1 719	697	1 823
XII. Profit (loss) on sales of total or part of shares in subordinated entities	-	-	-	-
XIII. Gross profit (loss) (IX + X - XI +/- XII)	12 115	30 227	10 769	23 188
XIV. Income tax	2 421	(2 050)	2 562	4 858
a) current part	11 805	7 963	3 185	5 724
b) deferred part	(9 384)	(10 013)	(623)	(866)
XV. Net profit (loss) (XIII-XIV +/- XVI), including:	9 694	32 277	8 207	18 330
XVI. Profits (losses) of minority	(1 296)	(1 547)	(746)	(960)
XVII. Profit (loss) falling to the shareholders of the company (XIV +/- XVI)	8 398	30 730	7 461	17 370
Net profit (loss)		30 730,00		17 370,00
Weighted average number of ordinary shares		107 762 023,00		107 762 023,00
Earning (loss) per ordinary share (in zlotys)		0,29		0,16
Diluted weighted average number of ordinary shares				
Profit (loss) per ordinary share (in zlotys) - diluted				

Changes in consolidated equity

	30.06.2006	31.03.2006	31.12.2005	30.06.2005
I. Shareholders' Equity at the beginning of period (opening balance)	33 405	33 405	82 057	82 057
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	33 405	33 405	82 057	82 057
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)
consolidation adjustments	-	-	(5 638)	(5 638)
b) reductions, of which:	-	-	(5 638)	(5 638)
consolidation adjustments	-	-	(5 638)	(5 638)
2.2. Not paid-up share capital at the end of period	-	-	-	-
3. Own shares in treasury at the beginning of period	(73)	(73)	(44)	(44)
3.1. Changes in own shares in treasury	2	1	(29)	(434)
a) additions, of which:	-	-	(576)	(576)
- issue for minority shareholders	-	-	(576)	(570)
consolidation adjustments	-	-	-	(6)
b) reductions, of which:	(2)	(1)	(547)	(142)
- issue for minority shareholders	(2)	(1)	(547)	(142)
consolidation adjustments	-	-	-	-
3.2. Own shares in treasury at the end of period	(71)	(72)	(73)	(478)
4. Reserve capital at the beginning of period	101 675	101 675	113 153	113 153
4.1. Changes in reserve capital	47 234	3	(11 478)	(11 513)
a) additions, of which:	47 279	3	31 832	31 853
- shares issue above nominal value	-	-	-	-
- distribution of profit	47 218	-	30 888	30 956
- 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	58	1	-	618
- other	-	-	562	-
- sale, disposal of fixed assets	3	2	35	-
b) reductions, of which:	45	-	43 310	43 366
- loss coverage	9	-	42 894	42 894
- exclusion of surcharges to capital	-	-	-	-
- consolidation adjustments, including those connected with excluding from consolidation the subsidiary companies	36	-	416	472
4.2. Reserve capital at the end of period	148 909	101 678	101 675	101 640
5. Revaluation capital at the beginning of period	16 393	16 393	43 382	43 382
5.1. Changes in revaluation capital	(4)	(3)	(26 989)	(34 683)
a) additions, of which:	-	-	7 904	-
- re-evaluation of fixed assets	-	-	7 903	-
- consolidation adjustments	-	-	1	-
b) reductions, of which:	4	3	34 893	34 683
- disposal of fixed assets	3	2	35	-
- consolidated adjustments including: those connected with excluding from consolidation the subsidiary companies	1	1	34 858	34 683
5.2. Revaluation capital at the end of period	16 389	16 390	16 393	8 699

	30.06.2006	31.03.2006	31.12.2005	30.06.2005
6. Other reserve capital at the beginning of period	51 017	51 017	97 446	97 446
6.1. Changes in other reserve capital	490	-	(46 429)	(91 298)
a) additions, of which:	892	-	51 215	6 346
profit distribution	892	-	-	-
- execution of arrangement liabilities - repayment of instalments	-	-	51 017	6 148
consolidation adjustments	-	-	198	198
b) reductions, of which:	402	-	97 644	97 644
- re-booking for inventory capital	-	-	-	-
- loss coverage	-	-	95 979	95 979
- other	-	-	-	-
consolidation adjustments	402	-	1 665	1 665
6.2. Other reserve capitals at the end of the period	51 507	51 017	51 017	6 148
7. Rates differences from re-calculation of subordinated entities	-	-	-	-
8. Prior years' profit (loss) at the beginning of period	(252 791)	(252 791)	(404 179)	(404 179)
8.1. Prior years' profit at the beginning of period	2 652	2 652	10 288	10 288
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	2 652	2 652	10 288	10 288
a) additions, of which:	51 338	48 686	19 728	17 660
-prior years' profit distribution	48 748	48 686	19 469	3 975
- other	-	-	-	-
consolidation adjustments	2 590	-	259	13 685
b) reductions, of which:	53 918	654	27 364	19 843
- transition to reserve capital	47 218	-	13 246	13 246
- loss coverage	425	-	-	-
- dividend payment	4 763	-	1 965	1 965
- other	-	-	783	783
- transition to other reserve capital	892	-	7 742	-
- consolidation adjustments connected with excluding from consolidation the subsidiary companies	620	654	3 628	3 849
8.3 Prior years' profit at the end of period	72	50 684	2 652	8 105
8.4 Prior years' loss at the beginning of period	255 443	255 443	414 467	414 467
a) changes in accepted accounting principles (policies)	-	-	(95)	-
b) corrections of material faults	-	-	-	-
8.5 Prior years' loss at the beginning of the period after restatement to comparative data	255 443	255 443	414 372	414 467
a) additions, of which:	154 956	150 511	3 389	4 159
transition of prior years' loss to be covered	146 329	145 781	834	1 280
- other	-	556	-	-
- consolidation adjustments	8 627	4 174	2 555	2 879
b) reductions, of which:	5 011	111	162 318	157 796
- loss coverage	425	111	154 398	153 409
- consolidation adjustments connected with excluding from consolidation the subsidiary companies	4 586	-	7 920	4 387
8.6. Prior years' loss at the end of period	405 388	405 843	255 443	260 830
8.7. Prior years' profit (loss) at the end of period	(405 316)	(355 159)	(252 791)	(252 725)
9. Net profit (loss) falling to the shareholders of the company	30 730	22 332	(102 388)	17 370
a) net profit falling to the shareholders of the company	30 730	22 332	-	17 370
b) net loss falling to the shareholders of the company	-	-	102 388	-
c) charges on the profit	-	-	-	-
10.1.Minority capital at the beginning of period	4 048	4 048	5 262	5 262
a) increases	1 551	262	2 618	1 403
b) decreases	2 163	11	3 832	3 771
10.2 Minority capital at the end of period	3 436	4 299	4 048	2 894
II. Shareholders' Equity at the end of period (closing balance)	61 108	56 009	33 405	99 072

Consolidated cash flow account (indirect method)

	2nd quarter 2006 01.04.2006 30.06.2006	2 quarters 2006 01.01.2006 30.06.2006	2nd quarter 2005 01.04.2005 30.06.2005	2 quarters 2005 01.01.2005 30.06.2005
A. Cash flows from operating activities - indirect method				
I. Net profit (loss) falling to the shareholders of the Company	8 398	30 730	7 461	17 370
II. Total adjustments	(17 346)	(69 407)	12 161	7 224
1. Profits (losses) of minority	1 296	1 547	746	960
2. Share in net (profits) losses of subordinated companies valued under the equity method	86	142	50	176
3. Depreciation of which	4 830	9 736	2 011	3 962
- write-offs of goodwill of subordinated entities or neagtive goodwill of the subordinated entities	-	-	-	-
4. (Profits) losses on foreign exchange differences	-	-	-	-
5. Interests and shares in profits (dividends)	2 050	4 456	692	(946)
6. Profit (losses) on investing activities	(1 510)	(9 619)	(312)	(343)
7. Change in provisions	494	(9 154)	(8 405)	706
8. Change in inventories	14 080	(8 428)	24 394	16 673
9. Change in receivables	(20 962)	(37 529)	53 774	46 372
10. Change in current liabilities (excluding loans and credits)	(20 361)	(15 518)	(69 080)	(19 489)
11. Change in deferred and accrued expenses	1 691	(6 785)	(144)	(11 405)
12. Other adjustments	960	1 745	8 435	(29 442)
III. Net cash flows from operating activities (I+II)	(8 948)	(38 677)	19 622	24 594

	2nd quarter 2006 01.04.2006 30.06.2006	2 quarters 2006 01.01.2006 30.06.2006	2nd quarter 2005 01.04.2005 30.06.2005	2 quarters 2005 01.01.2005 30.06.2005
B. Cash flows from investing activities				
I. Inflows	2 500	64 940	2 088	6 027
1. Disposal of intangible assets and tangible fixed assets	1 507	8 495	47	105
2. Disposal of investments in real-estate and intangible assets	-	55 041	-	-
3. Disposal of financial assets, of which:	993	1 404	2 041	5 922
a) in related companies	12	226	313	1 522
- disposal of financial assets	-	-	-	-
- dividends and shares in profits	-	-	297	1 489
- payment of long-term loans granted	-	200	-	-
- interests	12	26	16	33
- other income from financial assets	-	-	-	-
b) in other companies	981	1 178	1 728	4 400
- disposal of financial assets	53	53	389	389
- dividends and shares in profits	-	-	-	-
- payment of long-term loans granted	396	403	10	141
- interests	532	722	1 329	3 870
- other income from financial assets	-	-	-	-
4. Other investing income	-	-	-	-
II. Expenses	7 749	12 748	12 566	14 277
1. Purchases of intangible assets and tangible fixed assets	7 749	12 429	12 173	13 884
2. Investments in real-estate and intangible assets	-	-	-	-
3. For financial assets, of which:	-	319	393	393
a) in related companies	-	319	-	-
- acquisition of financial assets	-	-	-	-
- long-term loans granted	-	319	-	-
b) in other entities	-	-	393	393
- acquisition of financial assets	-	-	393	393
- 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)	(5 249)	52 192	(10 478)	(8 250)

	2nd quarter 2006 01.04.2006 30.06.2006	2 quarters 2006 01.01.2006 30.06.2006	2nd quarter 2005 01.04.2005 30.06.2005	2 quarters 2005 01.01.2005 30.06.2005
C. Cash flows from financing activities				
I. Inflows	68 321	78 683	732	1 301
1. Issuance of shares and other capital securities and additional paid-in capital	67 958	68 319	-	-
2. Credits and loans	362	10 362	261	320
3. Issuance of debt securities	-	-	-	-
4. Other financial income	1	2	471	981
II. Expenses	(2 888)	18 972	5 762	19 286
1. Acquisition of own shares	-	-	428	428
2. Dividends and other payments to shareholders	3 430	3 430	1 192	2 675
3. Other than payments in favour of owners, expenses by virtue of profit distribution	-	-	-	-
4. Payments of credits and loans	(9 503)	9 244	1 247	9 056
5. Redemption of debt securities	-	-	-	-
6. Bv virtue of other financial liabilities	-	-	-	-
7. Liabilities payments by virtue of financial leasing agreements	500	910	359	704
8. Interests	2 685	5 388	2 536	4 932
9. Other financial expenses	-	-	-	1 491
III. Net cash flows from financing activities (I-II)	71 209	59 711	(5 030)	(17 985)
D. Total net cash flows (A.III+B.III+C.III)	57 012	73 226	4 114	(1 641)
E. Change in balance-sheet cash and cash equivalents	57 012	73 226	4 114	(1 641)
- of which change in cash and cash equivalents due to foreign exchange differences				
F. Cash and cash equivalents - beginning of period	42 428	26 214	16 470	22 225
G. Cash and cash equivalents - end of period (D+F)	99 440	99 440	20 584	20 584
- of which those with restricted availability				

Off-balance sheet items

	30.06.2006	31.03.2006	31.12.2005	30.06.2005
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	14 786	9 738	10 499	290 047
2.1. In favour of related entities (by virtue of)	11 981	2 198	1 959	2 237
- granted warranties and guarantees	11 981	2 198	84	2 237
- other	-	-	1 875	-
2.2. In favour of other entities (by virtue of)	2 805	7 540	8 540	287 810
- granted warranties and guarantees	2 805	3 640	4 640	283 810
- bill of exchange guarantees		3 900	3 900	4 000
2.3. Other (by virtue of)	10 000	42 929	37 681	22 400
- mortgage	10 000	14 250	12 000	12 000
- third party goods		6 698	5 200	3 900
- other		21 981	20 481	6 500
Total off-balance sheet liabilities	25 286	53 167	48 680	312 947

SECURITIES AND STOCK EXCHANGE COMMITTEE

Quarterly Report SA-Q 2/2006

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 the 2nd quarter of the current turnover year covering the period from 01.01.2006 to 30.06.2006
and for the 2nd quarter of the previous turnover year covering the period from 01.01.2005 to 30.06.2005

STALEXPORT Joint Stock Company			
(full name of the issuer)			
STALEXPORT S. A.	metal sector 17		
(abridged name of the issuer)	(sector acc. To Securities Stock Exchange in Warsaw)		
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SELECTED FINANCIAL DATA	thousand zloty		thousand EUR	
	2 quarters 2006	2 quarters 2005	2 quarters 2006	2 quarters 2005
	01.01.2006 30.06.2006	01.01.2005 30.06.2005	01.01.2006 30.06.2006	01.01.2005 30.06.2005
I. Net income from sale of products, goods and merchandise	269 740	242 707	69 161	62 229
II. Operating profit (loss)	-5 686	5 429	-1 458	1 392
III. Gross profit (loss)	-5 613	407	-1 439	104
IV. Net profit (loss)	3 387	1 012	868	259
V. Net cash flow from operating activity	-47 984	6 808	-12 303	1 746
VI. Net cash flow from investment activity	60 173	5 686	15 428	1 458
VII. Net cash flow from financial activity	54 812	-12 899	14 054	-3 307
VIII. Total net cash flow	67 001	-405	16 570	-100
IX. Total assets	571 655	516 137	141 380	127 649
X. Liabilities and reserves for liabilities	566 867	538 368	140 196	133 147
XI. Long-term liabilities	378 263	352 559	93 551	87 194
XII. Short-term liabilities	188 604	185 809	46 645	45 954
XIII. Shareholders' equity	4 788	-22 231	1 184	-5 498
XIV. Share capital	215 524	215 524	53 303	53 303
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)	0,03	0,01	0,01	0,00
XVII. Diluted profit (loss) per ordinary share (in zloty/ EUR)	-	-	-	-
XVIII. Book value per share (in zloty/ EUR)	0,04	-0,21	0,01	-0,05
XIX. Diluted book value per share (in zloty /EUR)	-	-	-	-

Komisja Papierów Wartościowych i Giełd

Balance sheet

	30.06.2006	31.03.2006	31.12.2005	30.06.2005
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ASSETS

I. Long-term assets	286 067	284 651	338 653	345 757
1. Tangible fixed assets	43 550	42 077	49 069	48 846
2. Intangible assets, including:	160	186	212	218
- goodwill				
3. Long-term receivables	439	470	509	972
4. Long-term investments	239 719	239 719	286 664	161 394
4.1 Real estates	10 000	10 000	56 945	83 603
4.2 Intangible fixed assets				
4.3 Long-term financial assets	229 519	229 519	229 519	77 591
a) in related companies	227 712	227 712	227 712	75 780
- of which shares in subordinated companies valued under the ownership rights method	32	32	32	32
b) in other entities	1 807	1 807	1 807	1 811
4.4. Other long-term investments	200	200	200	200
5. Assets available for sale	2 199	2 199	2 199	130 226
6. Deferred income tax assets				4 101
7. Other long-term deferred expenses				
II. Short-term assets	285 588	222 303	179 926	170 380
1. Inventories	49 930	64 573	43 810	48 189
2. Short-term receivables	162 909	147 206	130 814	113 896
3. Short-term investments	164	547	235	271
4. Cash and cash equivalents	71 659	9 170	4 658	6 273
5. Short-term deferred expenses	926	807	409	1 751
Assets in total	571 655	506 954	518 579	516 137

	30.06.2006	31.03.2006	31.12.2005	30.06.2005
LIABILITIES				
I. Shareholders' Equity	4 788	11 336	1 399	-22 231
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)	-22	-22	-23	-428
4. Reserve capital	38	38	35	
5. Revaluation capital	132 876	132 876	132 879	8 457
6. Other reserve capitals	51 016	51 016	51 016	6 147
7. Prior years' profit (loss)	-398 031	-398 031	-252 943	-252 943
8. Profit (loss) per shareholders of the Company	3 387	9 935	-145 089	1 012
9. Net profit write-downs during the financial year (negative value)				
II. Long-term liabilities	378 263	388 501	423 271	352 559
1. Credits and loans	59 775	61 100	78 040	99 373
2. Liabilities by virtue of financial leasing	770	941	995	1 216
3. Liabilities by virtue of trade account receivable				
4. Other liabilities	274 618	282 713	291 508	182 341
5. Reserve by virtue of the deferred income tax	29 687	29 720	38 687	9 472
6. Reserves for other liabilities	12 663	13 275	13 283	11 115
7. Long-term interperiod settlements	750	752	758	49 042
III. Short-term liabilities	188 604	107 117	93 909	185 809
1. Credits and loans	22 546	12 564	12 747	21 956
2. Liabilities by virtue of financial leasing				
3. Liabilities by virtue of trade account receivable	77 690	81 216	65 571	115 016
4. Other liabilities	79 474	5 885	4 360	15 825
5. Reserves for liabilities	3 597	4 363	5 459	10 604
6. Short-term interperiod settlements	5 297	3 089	5 772	22 408
Total liabilities	571 655	506 954	518 579	516 137

Book value	4 788	11 336	1 399	-22 231
Number of shares	107 762 023	107 762 023	107 762 023	107 762 023
Book value per one share (in zlotys)	0,04	0,11	0,01	(0,21)
Diluted number of shares				
Book value per one share (in zlotys) - diluted				

Profit and loss account

	2nd quarter 2006 01.04.2006 30.06.2006	2 quarters 2006 01.01.2006 30.06.2006	2nd quarter 2005 01.04.2005 30.06.2005	2 quarters 2005 01.01.2005 30.06.2005
I. Net incomes from sale of products, goods and merchandise	142 909	269 740	112 219	242 707
1. Net sales of products	17 925	31 298	13 424	21 447
2. Net sales of goods and merchandise	124 984	238 442	98 795	221 260
II. Cost of products, goods and merchandise sold	130 843	244 830	103 547	226 063
1. Manufacturing cost of products sold	17 550	29 613	12 898	19 618
2. Value of merchandise and goods sold	113 293	215 217	90 649	206 445
III. Gross profit (loss) on sales (I-II)	12 066	24 910	8 672	16 644
IV. Other operating incomes	2 507	5 168	11 976	17 241
V. Sales costs	5 848	10 012	2 282	5 313
VI. Costs of general management	7 706	15 669	8 542	15 021
VII. Other operating costs	4 719	10 083	6 620	8 122
VIII. Profit (loss) on operating activity (III+IV-V-VI-VII)	-3 700	-5 686	3 204	5 429
IX. Financial incomes	1 682	9 619	6 501	11 144
1. Dividends and shares in profits			279	1 471
2. Interests	986	1 893	2 378	5 791
3. Profit from investment sale	46	6 758	324	324
4. Updating the investment value	8	8	65	65
5. Other	642	960	3 455	3 493
X. Financial costs	4 563	9 546	9 528	16 166
1. Interests	3 474	7 838	8 933	14 599
2. Loss from investment sale				
3. Updating the investment value				
4. Other	1 089	1 708	595	1 567
XI. Gross profit (loss) (VIII + IX - X)	-6 581	-5 613	177	407
XII. Income tax	-33	-9 000	-480	-605
a) current part				
b) deferred part	-33	-9 000	-480	-605
XIII. Net profit (loss) (XI - XII)	-6 548	3 387	657	1 012
Net profit (loss)		3 387		1 012
Average weighted number of ordinary shares		107 762 023		107 762 023
Profit (loss) per one ordinary share (in zloty)		0,03		0,01
Average weighted diluted number of ordinary shares				
Diluted profit (loss) per one ordinary share (in zloty)				

Changes in shareholders' equity

	30.06.2006	31.03.2006	31.12.2005	30.06.2005
I. Shareholders' Equity at the beginning of period (opening balance)	1 399	1 399	-28 963	-28 963
a) changes in accepted accounting principles (policy)				
b) corrections of material faults				
La. Shareholders' Equity at the beginning of period (opening balance), after restatement to comparative data	1 399	1 399	-28 963	-28 963
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	-23	-23		
3.1. Changes in own shares in treasury	1	1	-23	-428
a) additions, of which:	0	0	-570	-570
- purchase of own shares			-570	-570
b) reductions, of which:	-1	-1	-547	-142
- issue for minority shareholders	-1	-1	-547	-142
3.2. Own shares in treasury at the end of period	-22	-22	-23	-428
4. Reserve capital at the beginning of period	35	35	42 343	42 343
4.1. Changes in reserve capital	3	3	-42 308	-42 343
a) additions, of which:	3	3	35	0
- shares issue above nominal value				
- distribution of profit				
- distribution of profit (in excess of value required by law)				
- other				
- sale, liquidation of fixed assets	3	3	35	
b) reductions, of which:	0	0	42 343	42 343
- loss coverage			42 343	42 343
- exclusion of surcharges to capital				
4.2. Reserve capital at the end of period	38	38	35	0
5. Revaluation capital at the beginning of period	132 879	132 879	8 457	8 457
5.1. Changes in revaluation capital	-3	-3	124 422	0
a) additions, of which:	0	0	153 651	0
- re-evaluation of fixed assets			153 651	
b) reductions, of which:	3	3	29 229	0
- disposal of fixed assets	3	3	35	
- reserve for deferred income tax by virtue of revaluation of the financial assets			29 194	
5.2. Revaluation capital at the end of period	132 876	132 876	132 879	8 457

	30.06.2006	31.03.2006	31.12.2005	30.06.2005
6. Other reserve capital at the beginning of period	51 016	51 016	95 979	95 979
6.1. Changes in other reserve capital	0	0	-44 963	-89 832
a) additions, of which:	0	0	51 016	6 147
- profit distribution				
- execution of arrangement liabilities, instalments repayment			51 016	6 147
b) reductions, of which:	0	0	95 979	95 979
- 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	51 016	51 016	6 147
7. Prior years' profit (loss) at the beginning of period	-398 031	-397 475	-391 266	-391 266
7.1. Prior years' profit at the beginning of period			12 876	12 876
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	0	0	12 876	12 876
a) additions, of which:	0	0	0	0
- prior years' profit distribution				
- other				
b) reductions, of which:	0	0	12 876	12 876
- transition to reserve capital				
- 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	398 031	397 475	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	398 031	397 475	404 142	404 142
a) additions, of which:	0	556	0	0
transition of prior years' loss to be covered				
- other		556		
b) reductions, of which:	0	0	151 199	151 199
- loss coverage by profit			151 199	151 199
7.6. Prior years' loss at the end of period	398 031	398 031	252 943	252 943
7.7. Prior years' profit (loss) at the end of period	-398 031	-398 031	-252 943	-252 943
8. Net profit (loss) falling to the shareholders of the company	3 387	9 935	-145 089	1 012
a) net profit per shareholders of the Company	3 387	9 935		1 012
b) net loss per shareholders of the Company			145 089	
c) charges on the profit				
II. Shareholders' Equity at the end of period (closing balance)	4 788	11 336	1 399	-22 231

Cash flow account (indirect method)

	2nd quarter 2006 01.04.2006 30.06.2006	2 quarters 2006 01.01.2006 30.06.2006	2nd quarter 2005 01.04.2005 30.06.2005	2 quarters 2005 01.01.2005 30.06.2005
A. Net cash flows from operating activities - indirect method				
I. Net profit (loss) per the Company's shareholders	-6 548	3 387	657	1 012
II. Total adjustments	-5 266	-51 371	1 708	5 796
2. Share in net (profits) losses of subordinated companies valued under the equity method				
2. Depreciation	570	1 224	660	1 098
- write-offs of goodwill of subordinated entities or neagtive goodwill of the subordinated entities				
3. (Gain) loss on foreign exchange differences				
4. Interests and shares in profits (dividends)	1 793	4 092	654	-967
5. Gain (loss) on investing activities	-71	-8 236	-344	-366
6. Change in provisions	153	-9 000	-9 438	-210
7. Change in inventories	14 643	-6 120	22 163	11 679
8. Change in receivables	-16 968	-32 024	56 359	49 913
10. Change in current liabilities excluding loans and bank credits	-6 804	2 025	-76 771	-15 915
10. Change in deferred and accrued expenses	713	-3 481	-262	-10 312
11. Other adjustments	705	149	8 687	-29 124
III. Net cash flows from operating activities (I + II)	-11 814	-47 984	2 365	6 808

	2nd quarter 2006 01.04.2006 30.06.2006	2 quarters 2006 01.01.2006 30.06.2006	2nd quarter 2005 01.04.2005 30.06.2005	2 quarters 2005 01.01.2005 30.06.2005
B. Net cash flows from investing activities				
I. Cash provided by investing activities	1 037	63 240	2 028	5 940
1. Disposal of intangible assets and tangible fixed assets	55	7 021	21	69
2. Disposal of investments in real-estate and intangible assets		55 041		
3. Disposal of financial assets, of which:	982	1 178	2 007	5 871
a) in related companies	0	0	279	1 471
- disposal of financial assets				
- dividends and shares in profits			279	1 471
- payment of long-term loans granted				
- interests				
- other income from financial assets				
b) in other companies	982	1 178	1 728	4 400
- disposal of financial assets	53	53	389	389
- dividends and shares in profits				
- payment of long-term loans granted	396	403	10	141
- interests	533	722	1 329	3 870
- other income from financial assets				
4. Other investing income				
II. Expenses	2 215	3 067	149	254
1. Purchases of intangible assets and tangible fixed assets	2 215	2 748	149	254
2. Investments in real-estate and intangible assets				
3. For financial assets, of which:	0	319	0	0
a) in related companies	0	319	0	0
- acquisition of financial assets				
- long-term loans granted		319		
b) in other entities	0	0	0	0
- acquisition of financial assets				
- 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)	-1 178	60 173	1 879	5 686

	2nd quarter 2006 01.04.2006 30.06.2006	2 quarters 2006 01.01.2006 30.06.2006	2nd quarter 2005 01.04.2005 30.06.2005	2 quarters 2005 01.01.2005 30.06.2005
C. Cash flows from financing activities				
I. Inflows	68 319	68 319	0	0
1. Net inflows from issuance of shares and other capital securities and additional paid-in capital	68 319	68 319		
2. Credits and loans				
3. Issuance of debt securities				
4. Other financial income				
II. Expenses	-7 162	13 507	4 063	12 899
1. Acquisition of own shares			428	428
2. Dividends and other payments for the benefits of the owners				
3. Other than payments in favour of owners, expenses by virtue of profit distribution				
4. Payments of credits and loans	-9 659	8 468	1 373	8 097
5. Redemption of debt securities				
6. By virtue of other financial liabilities				
7. Payments of liabilities by virtue of finance lease agreement	172	225		
8. Interests	2 325	4 814	2 262	4 374
9. Other financial expenses				
III. Net cash flows from financing activities (I-II)	75 481	54 812	-4 063	-12 899
D. Total net cash flows (A.III+B.III+C.III)	62 489	67 001	181	-405
E. Change in balance-sheet cash and cash equivalents	62 489	67 001	181	-405
- of which change in cash and cash equivalents due to foreign exchange differences	14	16		
F. Cash and cash equivalents - beginning of period	9 170	4 658	6 092	6 678
G. Cash and cash equivalents - end of period (D+F)	71 659	71 659	6 273	6 273
- of which those with restricted availability				

Off balance-sheet liabilities

	30.06.2006	31.03.2006	31.12.2005	30.06.2005
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	14 536	3 713	4 474	283 922
2.1. In favour of related entities (by virtue of)	11 731	73	84	111
- granted warranties and guarantees	11 731	73	84	111
- customs warranties				
- other				
2.2. In favour of other entities (by virtue of)	2 805	3 640	4 390	283 811
- granted warranties and guarantees	2 805	3 640	4 390	283 811
- opening of the letter of credit				
- bill of exchange guarantees				
2.3 Other (by virtue of)	0	0	0	4 000
- mortgage				
- third party goods				
- other				4 000
Total off-balance sheet liabilities	14 536	3 713	4 474	287 922

Commentary to the consolidated quarterly report of the Capital Group of Stalexport SA for the 2nd quarter of the year 2006

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 National Register KRS no 16854.

Core business: wholesale of metals and metal ores - PKD 5152.

The consolidated financial report for second quarter 2006 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 2nd quarter 2006 was drawn up according to the binding International Accounting Standards and International Financial Reporting Standards binding as at 30.06.2006. 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 2nd quarter 2006):

- | | |
|---|-----------|
| - Capital Group Stalexport Autoroute S.a.r.l. Luxemburg | (100,00%) |
| comprising: | |
| - Stalexport Autostrada Małopolska S.A. Mysłowice | (100,00%) |
| - Stalexport Transroute Autostrada S.A. | (55,00%) |
| - 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%) |

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.

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 in 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 date 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 revaluation as on the balance sheet date, according to stock exchange listing as on 30.06.2006 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 30.06.2006. 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 the 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, for evaluation of land in perpetual usufruct and other evaluations 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. Payments 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, received due payments on account of an increase in share capital, 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 2nd quarter 2006

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

The capital group of Stalexport S.A. for 2nd quarter 2006 shows consolidated gross profit in the amount of 12,115 thousand zloty including:

- gross profit on sale of products and services	41,260 thousand zloty
- sales and management costs	27,045 thousand zloty
- profit on other operating activity	462 thousand zloty
- loss on financial activity	- 2,562 thousand zloty
Consolidated net profit for 2nd qtr 2006 amounts to including:	9,694 thousand zloty
- profit per minority shareholders	1,296 thousand zloty
- profit per shareholders of the Company	8,398 thousand zloty

The consolidated financial result of 2nd quarter 2006 was affected by the financial results of the companies of the capital group, which for each companies were as follows:

- Stalexport S.A.	-6,547 thousand zloty
Stalexport Serwis Centrum S.A. Katowice	92 thousand zloty
- Stalexport Centrostal S.A. Lublin	89 thousand zloty
Stalexport Serwis Centrum Bełchatów S.A. Rogowiec	- 25 thousand zloty
Stalexport Metalzbyt Sp. z o.o. Białystok	61 thousand zloty
Stalexport Autostrada Małopolska S.A. Mysłowice	13,270 thousand zloty
Stalexport Transroute Autostrada S.A. Mysłowice	2,812 thousand zloty
tys. zł	
- Stalexport Autostrada Dolnośląska S.A. Katowice	- 30 thousand zloty

Financial results of the dominant entity - Stalexport SA

In 2nd quarter 2006 the incomes from sale of Stalexport S.A. amounted to 142,909 thousand zloty and were by 27 % lower in comparison with the analogous period of the previous year.

An increase in export sale and products (reinforcement elements) was the main factor of an increase in incomes from sale. After taking into account the sale and general management costs net loss on sale amounted to 1,488 thousand zloty in comparison with the loss which Stalexport S.A. noted in II quarter 2005 in the amount of 2,150 thousand zloty.

Establishing in the 2nd qtr 2006 the updating write off for commercial receivables in the amount of 3,255 thousand zloty had an impact upon the negative result on the operating activity in the amount of 2,212 thousand zloty.

Stalexport S.A. borne loss on financial activity in the amount of 2,881 thousand zloty. The interests on restructured credits (2,057 thousand zloty) and interests on executed arrangement instalment (1,195 thousand zloty) were the biggest items of the financial costs. The interests received in the discussed period amounted to 985 thousand zloty.

Summing up, Stalexport S.A. for 2nd quarter 2006 shows net loss in the amount of 6,547 thousand zloty, while for the 2nd quarter 2005 it achieved net profit in the amount of 658 thousand zloty.

For two quarters 2006 gross loss amounts to 5,613 thousand zloty, while net result show profit in the amount of 3,387 thousand zloty. Positive net financial result resulted from dissolving the reserve established in 2005 for income tax in connection with re-valuation of the right of perpetual usufruct of land in Warsaw at Obrzeźna Street, the sale of which was sold in the 1st half 2006.

Financial results of the commercial companies

The incomes from sale of 4 subsidiary companies conducting commercial activity in 2nd quarter 2006 were higher by 3,252 thousand zloty in comparison with 2nd quarter 2005. The financial results of three commercial companies were positive (242 thousand zloty) and the result of one company was negative (25 thousand zloty), what resulted in increasing the consolidated financial result by 217 thousand zloty.

Financial results of motorway activity

The motorway activity had an essential impact upon the consolidated financial result for 2st quarter 2006, which consists 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., and Stalexport Transroute Autostrada S.A. in Myslowice, the dominant entity of which is Stalexport Autoroute S.a.r.l. with seat in Luxembourg. Stalexport Autoroute S.a.r.l. is the subsidiary company of Stalexport S.A. in 100%.

Stalexport Autostrada Małopolska S.A. – which is the concessionaire – carries out the motorway investments. Stalexport Transroute Autostrada S.A. is dealing with current operating of motorway and on the behalf of SAM S.A. collects the tolls.

The consolidated revenues for 2nd quarter 2006 amounted to 29,799 thousand zloty and were by 40% higher in comparison with 2nd quarter 2005. This increase resulted from traffic increase.

Consolidated net profit of both companies for 2nd quarter 2006 amounts to 16,082 thousand zloty.

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

Stalexport S.A. the dominant company, 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 6,716 thousand zloty, and reserve by virtue of deferred income tax amounts to 1,849 thousand zloty.

The balance of reserves in the group as at 30.06.2006 amounts to 17,179 thousand zloty, out of which, including:

- long-term one - 12,781 thousand zloty
- short-term one - 4,398 thousand zloty

In comparison with 1st quarter 2006 the balance of reserves decreased by 1,301 thousand zloty, while in comparison with the analogous period of the previous year it decreased by 5,410 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 4,0434 zloty binding on 30.06.2006.

Specific items in the profit and loss account pertaining to 2nd quarter 2006 have been converted into EUR according to the rate 3,9002 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 two quarters 2006.

V. List of Shareholders having more than 5% of the total number of votes at the General Meeting of Shareholders on 11.08.2006

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	%
Autostrade S.p.A. with seat in Rome	34,159,378	21,65%
Narodowy Fundusz Ochrony Środowiska i Gospodarki Wodnej	18,022,835	11,42%
Powszechna Kasa Oszczędności Bank Polski S.A.	8,870,385	5,62%

VI. List of shares held by the group of persons managing and supervising the dominant entity as at 11.08.2006

Managing persons - 82.430 shares
 Supervising persons - do not hold any shares of Stalexport S.A.

VII. Specification of judicial proceedings pending in court as at 30.06.2006

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	5,106,379.63	Bike-Sport Sp z o.o. Gliwice Defendant	Adjudging judgement of 19.07.2001 payment to be enforced ca 4,135,410.85-zloty of main receivable and also interests and

proceedings costs.

By decision of court executive officer the executive proceedings were discontinued because of the change of seat 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 legally valid with executory formula
3.	73/03/Ba	1,366,061.00	SEBA Sp. z o.o.	Payment order of 27.01.2003. 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	full conversion of main receivables along with interests as on the date of declaring bankruptcy with possibility of concluding agreement, i.e. 27.04.2004. for all groups of creditors into shares of Centrozap S.A.
6.	25/04/Ba	2,006,500.00	Mirosław Cwięka FHP MIMEX Mielec	payment order of 11.04.2004 decision of court executive officer of 16.05.2006 -termination due to the fact that from enforcement one will not get higher sum than costs of enforcement.
7.		2,807,241.00	Hydrobudowa-6	course in action, run by lawyer's office S. Ligieza – Warszawa

On August 4, 2006, Stalexport S.A. filed two claims for total amount of 8,698,561.38 zloty against Mr. Arkadiusz Czerwiński from the Company TOP-AR in Piła and Mr. Marek Tutlewski from the company MEGA-Bis with seat in Wałcz.

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, and the date of a trial was assigned for September 20, 2006.

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 01.04.2006 to 30.06.2006.

- On 4th May 2006 Stalexport S.A. signed an agreement with the Bank Syndicate represented by ING Bank Śląski S.A. in Katowice, the Bank Syndicate consists of : Bank Millennium S.A. with its seat in Warsaw, Bank Gospodarki Żywnościowej S.A. with its seat in Warsaw, Bank Handlowy in Warszawa S.A. with its seat in Warsaw, Bank Ochrony Środowiska S.A. with its seat in Warsaw, PKO Bank Polski S.A. with its seat in Warsaw, Bank PEKAO S.A. with its seat in Warsaw, Kredyt Bank S.A. with its seat in Warsaw, Bank Zachodni WBK S.A. with its seat in Wrocław, ING Bank Śląski S.A. with its seat in Katowice. The above agreement is to settle the debts of the Bank Syndicate, by Stalexport S.A., by virtue of guarantees granted by the Company in order to secure the repayment of credits granted Walcownia Rur Jedność in Siemianowice Śląskie by the Bank Syndicate. Liabilities of the Bank Syndicate are, by virtue of law covered by the arrangement proceedings of Stalexport S.A., as liabilities of major creditors and they are subject to reduction by 40% of their amount. The total sum of liabilities of Stalexport S.A -after 40% reduction amounted from 33,447 thousand zloty to 65,160 thousand zloty, plus interests calculated since 4th March 2005 (date of termination of credit agreements of Walcownia Rur Jedność by the Bank Syndicate) to the date of the passing a resolution by the Management Board of Stalexport S.A. regarding an increase in the equity of the Company. The final amount of liabilities of Stalexport S.A. was determined by an Arbitration Court ad hoc during trial on May 22, 2006, (sentence dated May 26, 2006), The Court stated that the range of responsibility of the defendant Stalexport S.A. towards the plaintiffs is formed by the principle stipulated in point 7 of the Guarantee Agreement and it adjudged for the benefit of Bank Syndicate the amount of 33,447 thousand zloty along with interests calculated as from March 4, 2005, according to 3 months rate WIBOR + 1,5 % till June 5, 2006 when the Management Board of Stalexport S.A. passed the resolution of an increase in share capital of the Company from 215,524,046 zloty to 247,206,290 zloty. Simultaneously The Court of Conciliation dismissed the claim in the other range, i.e. to the

amount of 31,713 thousand zloty and it adjudged from the defendant for the benefit of the Bank Syndicate the amount of 58 thousand zloty, by virtue of refunding the half of advance payment paid and assigned to proceedings costs. The above decision of the Conciliation Court ad hoc totally settles the claims of the Bank Syndicate towards Stalexport S.A. by virtue of the a/m Guarantee Agreement. Settlement of all liabilities of the Bank Syndicate by Stalexport S.A. along with interests was carried out by a conversion into shares in the equity on June 9, 2006, when the agreement on shares subscription of new issue of shares were signed between Stalexport S.A. and the Bank Syndicate. The issue of shares was carried out with exclusion of the subscription right for the existing shareholders. The issue price was fixed on the basis of the market conditions, existing in this period, on the basis of the average WSE rate of shares of Stalexport S.A. for the period of six months previous to signing this agreement, however at the level not lower than 2 zloty per one share. Within the issue of shares of F series with numbers from F 107,762,024 to F 123,602,645. Stalexport S.A. issued in total 15,840,622 ordinary bearer shares with nominal value of 2 zloty each share. All shares of F series with the a/m numbers were subscribed at the issue price equal to 2.2458 zloty per one share and covered by non-cash contribution in a form of receivables due Bank Syndicate.

- On May 16, 2006 Stalexport S.A. signed with Fortis Bank Polska S.A. with seat in Warsaw two agreements: the Agreement on financing and the Agreement on non-renewable credit. The credit limit granted within the a/m agreements amounts to 10 m zloty, the security of the granted credit are: promissory note in blanco with promissory note declaration, maximum mortgage on real estate in Chorzow belonging to the Company as well as transfer of current and future receivables towards selected customers of the Company, register pledge on commercial goods, alienation of commercial goods till making legally valid entry of register pledge as well as the cession from insurance policy of the commercial goods. The credit is designed for financing the purchase of steel bars from the supplier of the Company and was granted till 30.08.2006. The credit will be repaid one-off at the end of crediting period, with the possibility of counting the repayments of debts being the security, on account of repayment of debts by virtue of credit. Interest rate amounts to WIBOR 1M plus bank margin. On May 26, 2006, Stalexport S.A. received the notification from the District Court in Chorzow VI Department of Land and Mortgage Register about making an entry – writing the maximum mortgage in the amount of 15 m zloty for the benefit of Fortis Bank Polska S.A.
- On May 22, 2006, Stalexport S.A. signed with PZU S.A. (Polish Public Insurance) with seat in Warsaw an agreement on periodic granting of the contract insurance guarantees. The Agreement covers granting by PZU S.A. within the determined renewable limit in the amount of 8 m zloty, contract insurance guarantees, securing claims of indicated beneficiaries, by virtue of breach of liabilities resulting from entering a tender by Stalexport S.A. , from concluded by Stalexport S.A. agreements on deliveries, services, or constructing works. The credit limit is in force till 21.05.2007 and it is renewable. The securities are: five sole blank bills, maximum mortgage on real estate with buildings in Częstochowa belonging to Stalexport S.A. and voluntary submission to execution under art. 777 Civil Law Code.
- On May 24, 2006 in the seat of the Company Stalexport S.A. the EGSM was held, the shareholders represented 32,531,495 votes out of total number of votes 107,762,023, what constituted 30,19 % of the share capital of the Company. The EGSM gave the consent to apply for admittance of the share of F series with numbers from F 107762024 to F 123602645 issued within the framework of an increase in equity of the Company, within the range of the

target capital, to the public trading on the regulated market at WSE and their dematerialisation, it authorised the Management Board of the Company to conclude with the National Depository for Securities an agreement on registering the shares of F series with the a/m numbers in the national depository for securities. The necessity to pass the a/m resolutions by the EGSM resulted from the law which is in force, and which imposes new duties on the issuers' of the securities. Simultaneously the EGSM changed the composition of the Supervisory Board of Stalexport S.A. Mrs. Krystyna Strzelecka and Mr. Bohdan Wyżnikiewicz were recalled and three new members were appointed, i.e. Katarzyna Galus, Tadeusz Sadowski and Jerzy Zieliński.

- On June 7, 2006, Stalexport S.A. signed with PEKAO LEASING Spółka z o.o. the Leasing Agreement, the subject of which is the leasing line for production of reinforcement for building industry. Net price amounts to 1,524 thousand zloty and it will be repaid in 48 monthly instalments. The criterion of recognising the agreement as the significant one is the value of this agreement subject which exceeds 10 % of the equity of the issuer.
- On June 26, 2006, Stalexport S.A. passed a resolution on an increase in equity of the Company within the target capital from the amount of 247,205,290 zloty to 315,524,046 zloty, by issuing shares of F series with numbers from F 123,602,646 to F 157,762,023 with nominal value of 2 zloty each share, depriving the right to acquire the a/m shares by the existing shareholders of the Company and their introducing to the public trading on the regulated market of WSE. The shares of F series with numbers 123,602,646 to F 157,762,023 will participate in dividend as from January 1, 2006. These share will be privately subscribed by placing an offer of subscription of shares of F series and its approval by Autostrade S.p.A., the Company established and acting according to Italian law with its seat in Rome, entered into the Register of Companies in Rome under no 1023691 and will be paid in cash. In connection with an increase in equity of the Company within the target capital by issuing shares of F series, the existing entries are changed in § 6 and § 7 point 1 of the Charter of the Company, as follows: Stock capital of the Company amounts to 315,524,046 zloty and it is divided to 157,762,023 ordinary bearer shares with nominal value of 2 zloty each share, including 8,341,030 of shares of A series with numbers from A 000.000.001 to A 008.341.030, shares of B series with numbers from B 008.341.031 to B 008.833.826, shares of D series with numbers from D 008.833.827 to D 012.833.826, shares of E series with numbers from E 12.833.827 to E 107.762.023 as well as shares of F series with numbers form F 107.762.024 to F 157.762.023.
- On June 26, 2006 Stalexport S.A. and Autostrade S.p.A. with seat in Rome signed an Investment Agreement. According to this agreement Autostrade S.p.A. will subscribe first 34,159,378 shares of new issue of Stalexport S.A. , issued in the range of an increase in equity within the target capital, what will constitute 21,7% in equity of the Company, after taking into account the registration of an increase in equity by issue of shares of F series, subscribed by the Bank Syndicate. The value of new issue of shares will amount to 68,318,756 zloty. According to the agreement Autostrade S.p.A. will subscribe the shares of the successive issue, issued under the resolution of the GSM of S.A , achieving finally at least 50% plus 1 share of total number of votes in stock capital of the Company. The subscription of shares will depend on fulfilling the following conditions: passing by the GSM the resolutions regarding an increase in equity of the Company by issue of shares with nominal value of 2 zloty each, at the issue price of 2 zloty per one share with depriving the right to acquire shares by the existing shareholders; the sale of steel business of the Company to the reliable buyer on the conditions satisfying the shareholders; obtaining the consent of the President of the Anti-Monopoly Office on the basis

of art.12 passage 3 point 1 of the Act dated 15.12.2000 „On protection of competition and consumers” (Ochronie Konkurencji i Konsumentów”). Autostrade S.p.A plans that Stalexport will keep the status of the company listed at WSE. The criterion of recognising the agreement as the significant one is the value of the subject of the agreement exceeding 10% of the value of the own capital of the issuer. .

- On June 26, 2006, within the private subscription, the agreement on subscription of shares of new series between Stalexport S.A. and Autostrade S.p.A. with seat in Rome was signed. Within the framework of the issue of shares of F series with numbers from F 123.602.646 to F 157.762.023 Stalexport S.A. issued in total 34.159.378 ordinary bearer shares with nominal value of 2 zloty per each share. All shares of F series with numbers from F 123.602.646 to F 157.762.023 were subscribed at the issue price equal to 2 zloty per each and were paid in cash.
- On June 29, 2006, Stalexport S.A. signed with „ZFI HAVRE” Sp. z o.o. under organisation with seat in Cracow a sale agreement of the right of perpetual usufruct of not built lots with area of 14,701 sq.m. for the net amount of 6.5 m zloty provided that the President of the City of Katowice will not exercise the pre-emption right due the Commune. The real estate is located in Katowice, at the streets: Sobieski, Zabrska and Dąbrówki. The agreement of transferring the right of perpetual usufruct is to be concluded up to 21 days, counting from the date of notifying the Seller of not exercising the pre-emption right by the President of the City of Katowice.
- On June 30, 2006, the XIII OGSM was held in the seat of the Company Stalexport S.A., the shareholders represented 28,193,637 shares of the total number of shares, what constituted 26.16% of share capital of the company. OGSM considered and approved the verified by an expert auditor the individual and consolidated financial reports of the Company for the turnover year 2005. Simultaneously OGSM granted discharge for the proper performance of duties in 2005 to the Management Board and the Supervisory Board of the company Stalexport S.A. (excluding former Chairman of the Supervisory Board which the Ordinary General Shareholders Meeting did grant the discharge). The OGSM acting on art. 408 § 2 of Commercial companies code decide to break the debate till July 21, 2006.

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

- § On July 10, 2006, Stalexport S.A. received the Decision of the District Court in Katowice, Economic Department of the National Judicial Register dated July 6, 2006, in regard to an increase in the share capital of the Company. The Court’s decision resulted in the increase in the share capital of the Company from the amount of 215,524,046 zloty to the amount of 247,205,290 zloty; an increase in number of shares from 107,762,023 to 123,602,645 ordinary bearer shares with nominal value of 2 zloty each share.
- § On July 10, 2006, Mr. Jacek Legutko resigned from the position in the Supervisory Board of Stalexport S.A.
- § On July 21, 2006, the OGSM of Stalexport S.A. was resumed, which was broken on June 30, 2006. OGSM passed the resolution in regard to an amendment to the Company’s Charter

concerning appointing and recalling the members of the Supervisory Board, at the motion of the shareholder - Narodowy Fundusz Ochrony Środowiska i Gospodarki Wodnej. The detailed contents of the resolutions of the OGSM was published in the current report no 45/2006.

§ On August 2, 2006 Stalexport S.A. received the Decision of the District Court in Katowice, Economic Department of the National Judicial Register dated July 27, 2006, in regard to an increase in share capital of the Company. The Court's Decision resulted in increasing the share capital of the Company from the amount of 247,205,290 zloty to the amount of 315,524,046 zloty, i.e. by the amount of 68,318,756 zloty; an increase in number of shares from 123,602,645 shares to 157,762,023 ordinary bearer shares with nominal value of 2 zloty each share.

§ At the beginning of the third quarter 2006 Stalexport S.A. concluded export contracts to Germany, Sweden, Belarus for the total amount of ca 7 m zloty. The a/m contracts will be executed in August 2006.

X. Contingent liabilities

Contingent liabilities of the capital group of Stalexport S.A. as at 30.06.2006 amount to 24,786 thousand zloty, out of which: :

- by virtue of granted warranties and guarantees, 14,786 thousand zloty
out of which for the benefit of:
 - related entities covered by consolidation 11,731 thousand zloty
 - related entities not covered by consolidation 250 thousand. zloty
 - other entities 2,805 thousand zloty
- by virtue of other liabilities, 10,000 thousand zloty
out of which for the benefit of :
 - related entities -
 - other entities 10,000 thousand zloty

The dominant company Stalexport S.A. possesses the contingent liabilities for the total amount of 14,536 thousand zloty, by virtue of:

- granted guarantees and warranties for the benefit of:
 - related entities 11,731 thousand zloty
 - other entities 2,805 thousand zloty

The amount of guarantees granted by Stalexport S.A. in comparison with 2nd quarter 2005 diminished by 273,386 thousand zloty. The liabilities decrease resulted in including to the balance sheet items, the guarantee granted Walcownia Rur Jedność Sp. z o.o. in Siemianowice Śląskie in the amount of 119,208 thousand zloty.

THE MANAGEMENT BOARD

**Chairman of MB, General Director
Emil Wąsacz**

11.08.2006

Date

Signature

**Vice-Chairman of MB, Financial Director
Mieczysław Skołożyński**

11.08.2006

Date

Signature

**Member of MB, Commercial Director
Urszula Dzierżoń**

11.08.2006

Date

Signature

**Person responsible for keeping
books:**

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

11.08.2006

Date

Signature