Semi-Annual Report on Stalprodukt S.A. Capital Group Activities

For the Period

from 1 January 2013 to 30 June 2013

Bochnia 2013

Contents:

1. Capital Group's Structure

The Stalprodukt S.A. Capital Group embraces the parent company and 11 subsidiary entities, pursuing activities in the following segments:

- **Stalprodukt-Centrostal Kraków sp. z o.o. –** wholesale and retain sale of metal products
- **Stalprodukt-Wamech sp. z o.o. –** production of steel structures and spare parts as well as providing repair services
- **Stalprodukt-Serwis sp. z o.o. –** repair services
- **Stalprodukt-Zamość sp. z o.o. –** production of construction carpentry and trade in metallurgical products
- **Stalprodukt-MB sp. z o.o. -** construction and maintenance of roads, mounting of road safety barriers
- **STP Elbud sp. z o.o. –** production of steel structures and galvanizing services
- **Stalprodukt-Ochrona sp. z o.o.** – personal and property security services
- **Cynk-Mal S.A.** – production of galvanized hoop iron and galvanized wire
- **ZGH "Bolesław" S.A.** - non-ferrous metals mining and zinc and lead production
- **Anew Institute sp. z o.o.** - designing sources of renewable energy.
- **Stalprodukt-Warszawa sp. z o.o. in liquidation** – trade in steel products

The Parent Company shares in the subsidiary entities account for:

- in Cynk-Mal – 51 %
- in ZGH "Bolesław" – 86.92 %
- in the remaining entities - 100 % each.

The basic object of the parent company's activities is the production of highly processed steel products, ie. electrical sheets and strips used in production of transformers, cold formed sections, road safety barriers, torroidal cores and hot- and cold-rolled steel sheets and strips.

The Parent Company and all the other Capital Group entities were subject to consolidation, except for Stalprodukt-Warszawa sp. z o.o. in liquidation. Pursuant to Art. 55, par. 6a of the Accountin Act as of 29 September 1994 (Journal of Laws of 2002, No 76 item 694 as amended) the Issuer has been preparing consolidated financial reports for the periods starting from 1 January 2005 in compliance with IFRS.

2. Assessment of Economic and Financial Conditions

In the first half of 2013, our total revenues reached the level of PLN 1,404 million. The Capital Group generated PLN 43 million of operating profit, with net profit accounting for PLN 33 million.
During this period, EBITDA amounted to PLN 105 million.

In the 1st half of 2013 the return on sales at particular levels presented itself as follows:

Itemization	1st half of 2012	1st half of 2013
Return on Sales	8.2	3.1
Operating Profit Margin	8.3	3.1
Gross Profit Margin	8.2	3.2
Net Profit Margin	6.5	2.4

For Return on Assets and Return of Equity see the following values:

Itemization	1st half of 2012	1st half of 2013
Return on Assets	3.2	1.1
Return on Equity	3.9	1.6

The liquidity ratios reached the following levels:

Itemization	1st half of 2012	1st half of 2013
Current Ratio	2.6	2.1
Quick Ratio	1.4	1.2

In the reporting period, the Group recorded an increase of the consolidated sales by PLN 435,129 thousand, i.e. by 46 %, compared to the results achieved in the analogical period of the previous year. This increase resulted from the inclusion in consolidation of the Bukowno-based ZGH “Bolesław” S.A. Capital Group, purchased from the State Treasury, as of 1 January 2013.
However, the financial results achieved by the Group, significantly deviate from the ones achieved in the first half of the previous year, reaching an average level of 55 %.

The level of the total results achieved was markedly affected by the poorer results in the Electrical Sheets Segment and Profiles Segment. The decisive factors affecting the results in the above mentioned segments were, both concerned with the lower sales volumes, and lower selling prices achieved.
The sales volumes decline was particularly hard felt in the Segment of Profiles, in which an almost 20-per cent volume decline was recorded, having been induced by the adverse market conditions, characterized by a significant slow-down in the construction and infrastructure sectors, especially on the domestic market.
In the Electrical Sheets Segment the sales volumes were lower by 13%, yet it was the maximum level achievable, considering the switch-off of approx. 30% of the production equipment, related to the modernization works aimed at the launching of the advanced transformer sheets (HiB) technology. However, it was the prices that recorded very unfavorable levels. The average transformer sheet prices achieved in the reporting period were by over 18 % lower than the ones achieved in the first half of 2012. Considering the underlying conditions, the achievement of positive results in the electrical sheets segment should be given a favorable assessment.

The prices decline in the profiles segment was smaller as it only reached 11-per cent, but accompanied by the significant sales volume reduction, it contributed to the 25 %- lower sales in the segment concerned and a 45%-lower result compared to the 1st half of the previous year.

In the 1st half of the year, good results were recorded in the Zinc Segment, comprising the activities of the Bukowno-based Zakłady Górniczo-Hutnicze "Bolesław" S.A. Group. Although the information on the results achieved in the segment does not have any reference to the earlier periods (consolidation started in the 1st quarter of 2013), it should be stated that the results achieved in the 1st half of the current year by the ZGH "Bolesław" Group were much better than the ones achieved in the analogical period of the previous year.
In the reporting period a sales increase was recorded over the 1st half of the previous year as well as the operating profit and net profit figures were improved. The production of zinc, the ZGH staple product, was 21% higher in the first half of the year.

The financial standing of the Stalprodukt Group is good and stable, which is confirmed by the basic economic and financial ratios, characterizing the economic activities, whose level corresponds to the present market conditions. The Group does not suffer from payment gridlocks, consistently following its adopted risk-management policy. Both the Issuer and most of the Capital Group companies enjoy good liquidity and credit capacity. Only the company Stalprodukt-Centrostal sp. z o.o. and also the Legnica-based company Cynk-Mal S.A. have been suffering from difficulties connected with the poorer economic and steel trade conditions,.

In the ZGH "Bolesław" Group, the "Gradir Montenegro" Company found itself in a difficult financial situation, which was connected with the unfavorable financial backlogs, high financial costs and lack of appropriate working capital. The recently made purchase of shares from another to-date shareholder, should enable the ZGH company to optimize its activities in Montenegro.

Due to the inclusion of the ZGH "Bolesław" S.A Group in the consolidation., some significant changes in the Group's assets level and its financing sources were recorded in the reporting period. The assets increased by PLN 848 million, i.e. by 41 %, including fixed assets by 39 %, and current assets by 45 %. The growth of assets was accompanied by the increase of the financing sources, in the "Equity" position by the amount of PLN 467 million, i.e. by 30 % and "Liabilities" by 76 % (PLN 382 million). In the "Assets" structure no significant changes were recorded, whereas in the "Liabilities", the equity share increased by 6 %, at the cost of "liabilities" and "provisions for liabilities".
As a result of the above changes, the book value per share was increased from PLN 234.53 to PLN 303.94 i.e. by PLN 69.41 (29.6 %).

Throughout the entire reporting period, the Group enjoyed very good financial liquidity, which is confirmed by the liquidity ratios sustained at a very high level, it punctually settled all its liabilities, both in favor of its employees and suppliers, as well as the state's budget and financial institutions.
The Group isn't indebted and only, periodically, benefits from current credits, the consumption of which, as of the balance sheet day, amounted to PLN 58,633 thousand, and related only to subsidiaries Stalprodukt-Centrostal sp. z o.o., Cynk-Mal S.A. and Group ZGH "Bolesław".
In the reporting period, only the previously mentioned companies: Cynk-Mal S.A., Stalprodukt-Centrostal sp. z o.o. and "Gradir Montenegro" d.o.o. based in Niksic (Montenegro) suffered from problems related to their financial liquidity and credit capacity.

In the assessment of the financing banks, the Stalprodukt S.A. Capital Group continues to enjoy good creditworthiness, and the results achieved as well as transparent property and ownership status allow the Group to obtain multiform financing for its activities.
All the credit lines which were described in detail in the recently published consolidated financial report for the year 2012 have still been in use and are extended by the banks at the scheduled dates.

Most of these lines are used as limits helping to finance the current account guarantees and letters of credit, additionally, securing the Group's external financing.

New efforts focused on the restructuring of the financing sources, expansion onto new supply and sale markets, rational reserves management and cost reduction are being undertaken in order to maintain the good financial standing and liquidity.

The achieved and planned financial results indicate that the implementation of the undertaken investment projects will be unthreatened.
The financial resources management should be recognized as correct, which is confirmed by the achievement of good results and economic ratios and maintenance of financial liquidity and credibility as well as punctual settlement of the liabilities incurred.

3. Results in Particular Group Segments

3.1. Segment of Electrical Sheets

Transformer Sheets and Strips

In the first half of 2013, almost 40 thousand tons of transformer sheets were sold for PLN 211 million. This result stands for a 13% volume decline in relation to the analogical period of the previous year and a 30% value decline, accompanied by an almost one-fifth decline in average prices.

The domestic sales decreased by almost two thirds (both in terms of the sales volume and value) whereas export sales dropped by 9 % (in terms of volume) and 27 % (in terms of value). As a result of the above changes, the current exports share accounts for 96.4% in the total sales structure while domestic sales share only for 3,6%.

In the first half of 2013, the main (above 5 %) transformer sheets export directions embraced: India (19.6 % export volumes), Germany (14.2 %), China (12.5 %), Austria (7.6 %), Brazil (6.3 %), Italia (6.2 %) and Croatia (5.9 %).

During the initial five months of the year, almost 7.5 tons of transformer sheets were imported into Poland, which accounts for a 5-per cent decline in volume compared to the analogical period of the previous year.

During the initial five months of the current year, the main import directions based on the country of origin embraced:

- in respect of strips: Japan (45 %), Italy (27 %) and Germany (13.9 %)
- in respect of wide steel coils: the Republic of Korea (23.8 %), Germany (21.7 %) and the Czech Republic (21.4 %)

Competitive Conditions

All the world-renowned manufacturers of electrical grain-oriented steel sheets, without any exceptions, suffer from the clearly deteriorating conditions in the metallurgical industry. The recently published results for the 2nd quarter, and the entire 1st half of the year, show that all businesses are affected by the unfavorable market conditions, including the Chinese manufacturers, so powerful in the preceding years. The low level of conventional sheet prices, maintained for several months, deteriorating financial results and the worryingly growing overproduction lead to the aggravation of “price wars”. Consequently, the decline in prices, present over the recent years, both in respect of conventional, and high (HiB) steel grades, exceeded 50 %. The excessive production capacity is the main underlying cause of the falling prices; according to the official sources, the global grain-oriented steel production capacity totaled the level of 3 million tons in 2012 whereas the estimated demand is between approx. 2.4 – 2.6 million tons.

In view of the continually growing overproduction and dramatically falling prices, the industry’s prospects seem to raise serious concern. The pessimistic forecasts also seem to be strongly confirmed by the information about ThyssenKrupp’s resignation from the Group’s key, long-lived Electrical Steel division. The ThyssenKrupp Steel Europe Supervisory Board decided to sell the plants processing grain-oriented electrical steel, i.e.. at Gelsenkirchen (Germany), Isbergues (France) and Nashik (India). The three above mentioned factories jointly provide employment to over 1 800 persons. According to the sources, the actual reason behind the sale of the electrical steel division are the high production costs and very high remunerations in the German and French departments.

India certainly is a prospective market therefore all transformer sheets producers, willing to sell their materials on the market concerned, are made to go through the certification process conducted by the Bureau of Indian Standards (BIS). The final registration date is 30 September 2013. So far such companies as: POSCO, JFE Steel, Nippon Steel & Sumitomo Metal Corp. and the ThyssenKrupp Indian Department Maharashtra have already received such certificates whereas, soon, two departments of AK Steel, ThyssenKrupp German and French Departments, NLMK and VIZ-Stal, Baosteel, ArcelorMittal Ostrava and Stalprodukt should also get such certificates.

Long-term forecasts predict a come-back of an intensified demand for transformer sheets. Global population is still growing, which is accompanied by the demand for electrical energy and power transformers. However, overproduction still remains to be the key problem. If Chinese producers stop their expansionist policy, the recovery of the supply-demand balance will be possible, unfortunately, a serious risk exists that, if the Chinese do not manage to sell all their materials on the domestic market, then they are likely to shift massive volumes to exports. If such a scenario came true, a further aggravation of the „price war” should be expected.

Toroidal Cores

In the 1st quarter of 2013, almost 470 tons of transformer cores and laminations were sold, which fully correlates with the 1st half of 2012. The sales structure changed to the benefit of the domestic sales, whose share increased against the total sales of toroidal cores. At present, our domestic sales account for 51 % of total sales (in the previous year 46 %, and two years before 38 %). This upward trend in domestic sales is beneficial for many reasons, and among others, because of the prices which are more favorable than export ones.

3.2. Segment of Profiles

Cold-Formed Sections

In the 1st half of 2013, 108 thousand tons of cold formed profiles and round tubes were sold, that is by 15 % less than in the 1st half of the previous year. In terms of value the sales were lower in this product range by 23 %.

The declining demand was the main reason underlying the falling sales volumes and prices. It should be noted, however, that the domestic sales recorded a bigger decline than exports.

According to the data published by the Metallurgical Chamber of Industry and Commerce, in the period from January to June 2013, 417 thousand tons of tubes were produced in Poland (decrease by 13%), including:
- seamless tubes output totaled 66 thousand tons (decrease by 20 %),
- welded tubes output totaled 351 thousand tons (decrease by 11 %), including cold formed closed profiles - 259 thousand tons (decrease by 9 %).

Whereas the apparent consumption of tubes in the period January-May 2013, was as follows:
- total apparent consumption of tubes 447 thousand tons (decrease by 11 %), including seamless tubes 73 thousand tons (decrease by 23 %); welded tubes 384 tons (decrease by 6 %), including cold formed closed profiles 214 thousand tons (decrease by 15 %).

In the first half of the year, a clear decline in demand was observed, not only in Poland, but also throughout Europe. After the initial five months of the current year, slightly more than 70 thousand tons of round tubes and profiles were imported into Poland. This result is equivalent to a 14 % decline in imports, compared to the previous year.

The share of domestic distribution network sales reached the level of 78 %, although, in terms of volume, the sales to the distribution network were by over 10 thousand tons lower than in the analogical period of 2012.

The cold formed profiles market conditions were very difficult in the first half of 2013. Both the demand decline, which was bigger than in the case of flat products, and the excessive production capacity, mainly contributed to the decreasing results.

According to the Eurofer publications, in the first quarter of the current year, the output of tubes decreased in Europe by 6 per cent. This resulted, on the one hand, from the winter which was harsher and longer than expected, and on the other, from the intensified activity on the part of the extra-EU exporters. The tubes imports to the EU territory increased (except for welded tubes of large diameters) while it was still falling in the analogical period of the previous year.

The decline of demand and overproduction directly affect the aggressive price competition, and such a policy further causes low profit margins for all the market players.

The prospects are not favorable for the second half of the year either. Eurofer expects that the segments of welded tubes with small and medium-sized diameters as well as precision tubes will suffer from the lower levels of activity expected in the sectors of their key recipients, such as the construction sector, motor industry, machine industry and metal products industry. A slight increase of demand, expected in the construction industry, is supposed to affect tubes and closed profiles. According to Eurofer, distributors' purchases will stay at a low level for fear of warehouse surpluses and because of difficult financing conditions.

All in all, Eurofer expects this year will see a 5% decline in tubes production output although, according to the forecasts, the downward trend will be getting increasingly weaker in the second half of 2013.

The prospects for the next year are slightly more favorable. The growing requirements for tubes, from the industrial sectors using them, and the necessity to supplement inventories, are supposed to increase the overall demand by 2.5%.

Experts predict that an apparent reversal of the unfavorable trend may occur in our country as late as in the first half of 2014. At that time, the cumulative effects of all the planned investment projects will be felt. In the years to come, quite a number of such projects are expected.

The government plan for transmission grids development, prepared for the years 2010 - 2025 assumes investments totaling PLN 23 billion, including PLN 8.2 billion within 2016. The investments channeled into power transmission grids will cover a construction of 4.6 thousand km of new power lines and modernization of 2.5 thousand km of the existing ones. Moreover, 17 new power station facilities are going to be built and 21 existing power and switching stations are going to be modernized. New cross-border connections will be established with the German and Lithuanian power systems.

Road Safety Barriers

The dynamics of road barrier sales were very poor in the first half of 2013 compared to the analogical period of 2012 (sales decrease by o 63 %). One should, however, remember that that 2012 market conditions markedly deviated from average (mainly due to the EURO 2012 preparations and intensification of key road projects). Weather conditions – ranging from the prolonged winter to the period of intensified storms and temporary submersions, etc. – constituted an additional factor adversely affecting road barrier sales in the first half of 2013.

Some successful efforts were taken to increase export sales, inducing a slow change in the sales structure – at present exports account for approx. 11 % of total barrier sales whereas in the previous year it only constituted approx. 3 %.

Products of Steel Service Centers

We are still unsuccessful in developing steel service center sales at a planned pace and the differences between particular product ranges offered are significant.

Although a 2% sales volume increase was recorded, the sales value dropped by 8%.

The imports of steel sheets, both the cold- and hot-rolled ones, decreased in the first half of 2013 – the former decreasing by 20 %, and the latter by 19 %.

The market conditions in the flat products processing sector have been systematically deteriorating since 2012. After the long winter, steel professionals expected a traditional spring revival, which did not, however, come. Yet, one should not be surprised, considering that in 2012, and at the beginning of 2013, the main customers of steel service centers (SCC) i.e. the motorization or machine sectors, or producers of steel structures, were rather preoccupied with thinking on how to survive and not how to expand their activities.

The SCC production capacity, developed over the recent years, apparently diverts from the needs of their potential recipients. According to the status as of June 2013, the production capacity of the steel service centers associated in the Polish Union of Steel Distributors totaled almost 3.2 million tons per annum. In the companies included in the PUSD breakdown, 66 new production lines were installed altogether, including: 28 slitting lines and 38 cut-to-length lines.

The potential of the entire Polish SCC market - based on the production capacity - totals approx. 6.5 million tons. The real level of SCC production capacity in Poland is assessed at approx. 4.5 million tons, which exceeds the market needs by approx. 100% in the opinion of experts. The consequences of this situation are painful for the companies belonging to the sector. Strong competition between businesses forces them to introduce more and more reduced prices, which horrendously affects the profitability and financial results of particular companies.

More and more industry professionals notice the fatal consequences of the continuous expansion of the already over-expanded, production capacity. As a result, domestic steel service centers alter their development directions. It becomes increasingly important for the centers to raise the processing level of the materials and services offered.

The companies involved in the processing of flat products cannot count on a fast reversal of market conditions. A slight bounce back might well take place in the second half of the year, yet a dramatic breakthrough in the unfavorable trend will, most probably, occur as late as in spring 2014. The growth of GDP dynamics should affect market conditions in such sectors as: production of rolling stock, containers, agricultural equipment, household appliances, construction and motorization. The improvement in the above mentioned sectors should automatically influence the situation of steel processing companies.

3.3. Segment of Zinc

In the 1st half of 2013 the net sales of this segment amounted to PLN 677,798 thousand and increased by 7.1% in relation to the comparable period of the previous year when the sales totaled PLN 632,794 thousand.
The net sales achieved in the 1st half of 2013 reflect the relatively low level of prices, sustained at the London Metal Exchange (LME). The prices of metals for ZGH "Bolesław" S.A. and its subsidiary companies fluctuated as follows:

<u>1st half of 2013</u>	
Average LME zinc price	USD/ton 1937
Average LME lead price	USD/ton 2177
Average LME silver price	USD/ounce 26.6
USD Exchange rate	PLN 3.1803
<u>1st half of 2012.</u>	
Average LME zinc price	USD/ton 1978
Average LME lead price	USD/ton 2035
Average LME silver price	USD/ounce 31.1
USD Exchange rate	PLN 3.2740

The LME PLN-converted base price of zinc dropped from by 4.88 %, from PLN 6,475.01 in the 1st half of 2012 to PLN 6,158.96 in the current period. Over 70 % of the ZGH and its subsidiaries' turnover is dependent on the price of zinc.
The LME PLN-converted base price of lead increased by 3.91 % - from PLN 6,663.91 in the 1st half of 2012 to PLN 6,924.47 in the current period. Approximately 20% of the ZGH and its subsidiaries' turnover is dependent on the price of lead.

The LBM PLN-converted base price of silver dropped by 16.74 % from PLN 101.71 in the 1st half of 2012 to PLN 84.68 in the current period. Approximately 5 % of the ZGH and its subsidiaries' turnover is dependent on the price of silver.

The staple products sold by the ZGH Group are electrolytic zinc, rectified zinc and zinc alloys. Despite the market price decline, a significant sale increase, induced by the growth of volumes, was recorded in this sector.
In the first half of 2013, total sales of zinc products reached the level of 70,996 tons and were higher by 13.74 % compared to the 1st half of 2012 (62,419 tons). The sales value increased by 8.86 % to the level of PLN 473.2 million from PLN 434.7 million in 2012. The average selling prices achieved in the reporting period dropped by 4.29 % compared to the 1st half of 2012.

Among the natural sales directions, referring to the staple products in this segment (electrolytic zinc, rectified zinc, zinc alloys), apart from Poland, there are: Czechs, Slovakia, Austria and Hungary. The ZGH Group has stabilized recipients in these countries and does not predict any significant changes in the directions of its deliveries.

4. Description of Fundamental Threats and Risks Connected with Remaining Months of Reporting Year.

4.1. Domestic and Global Economic Conditions

According to the Institute for Market Economics' forecasts, the 2013 **Gross Domestic Product** growth rate in Poland will stand at 1.2 per cent, which means that it will be lower than in the previous year. After the first, poor, half of the year, an economic revival may be expected in the second half – the economic growth rate will reach 1.5 per cent in the third quarter and 1.9 per cent in the fourth one. The accelerated growth rate in the second half of the year will be caused by a more significant increase of the domestic demand, and individual consumption in particular.

The improved domestic market growth rate will positively influence the situation in such sectors as construction and industry, which will be positively converted into the Group's sales volumes, especially in the segment of cold formed profiles (mostly in respect of cold formed sections and products of steel service centers).

4.2. Steel Industry Market Conditions and Environment

A possible persistence of low demand for steel products in the 2nd half of 2013, and, consequently, low level of their prices, will not contribute to the improvement of the steel companies' operating conditions. This is also true for the Stalprodukt Group. The threats are concerned with the two main production segments, i.e. transformer sheets and cold formed profiles although the specific factors, affecting the Group's standing, are different in each of the segments.

In the recent years, the dynamic expansion of the global transformer sheets production capacity and its level exceeding the recorded demand, is the main problem concerning the electrical steel segment. The situation may go even worse if further investment projects are implemented, aimed at the production capacity development; such a scenario cannot be excluded at present. The excessive expansion of transformer sheets production capacity resulted in an abrupt reduction of their prices and, consequently, reduction of their profit margins – down to the loss-generating level.

In the case of the profiles segment, the threats are mostly connected with the domestic and European markets. A clear slowdown present in the Polish economy in the 1st half of 2013 was converted into a significant sales volume and value decline, referring to the key segment products, i.e. cold formed profiles, and their price reduction. Moreover, the aggravating competition in this market segment causes further reduction of the sales profit margins achieved.

A possible absence of market condition improvement in the 2nd half of 2013 and, primarily, absence of increased demand for the segment products, will result in the persistence of the negative trends originated in the 1st half of the year, and even their reinforcement.

This year's significant reduction of road investment expenses, caused, on the one hand, by road works intensification in the previous year (i.e. before EURO 2012), and, on the other, by the approaching completion of the currently implemented EU Financial Perspective (years 2007-2013), will make the barriers sales conditions much more difficult than in the previous year, which is, already, demonstrated by the semi-annual results. Thus, the barriers group will not be able to make up, even partly, for the equally difficult sales conditions present in the segment of profiles and steel service centers this year.

4.3 Exchange Market Levels of Zinc and Lead Prices

The results achieved by the new segment, significantly affecting the Stalprodukt Group's activities, namely the Segment of Zinc, are closely connected to the exchange market prices of such metals as: zinc, lead or silver. The Group has no influence on their price level fluctuations as they are dependent on numerous external factors. The sustained low level of exchange market metal prices results in reduced profit margins achieved by the segment of zinc, and, consequently, affects the financial results of the entire Stalprodukt Group. This risk is partly minimized by the hedging transactions (relating to both the price itself and exchange rate) applied by ZGH "Bolesław" S.A. and its subsidiary companies.

5. Other Information

5.1. Changes in Group's Structure

No changes occurred in the Group's structure in the reporting period.

5.2. Management Board's Standpoint on Potential Implementation of Previously Published Forecasts

The Capital Group does not publish any financial result forecasts.

5.3. Indication of Shareholders Authorized Direcly or Indirectly through Subsidiaries to at least 5 % of Total Number of Votes in General Meeting

- ArcelorMittal Poland S.A. holding 2,270,800 shares, accounting for 33,77 % of capital and 6,846,800 shares, accounting for 38,20% of the total number of votes at the General Meeting of Shareholders,

- STP Investment S.A., holding 1,959,725 shares, accounting for 29,14 % of capital and 5,899,941 votes, accounting for 32,92% of the total number of votes at the General Meeting of Shareholders,
- Stalprodukt Profil S.A., holding 619,065 shares, accounting for 9,21 % of capital and 941,349 votes, accounting for 5,25 % of the total number of votes at the General Meeting of Shareholders.

5.4. List of Managing and Supervising Officers Holding Stalprodukt Shares

1. Managing officers:
   - Piotr Janeczek - holds 114 865 shares
   - Antoni Noszkowski - holds 2 040 shares
   - Józef Ryszka - holds 504 shares

2. Supervising officers:
   - Stanisław Kurnik - holds 2 900 shares
   - Maria Sierpińska - holds 11 880 shares
   - Kazimierz Szydłowski - holds 7 012 shares
   - Janusz Bodek - holds 62 640 shares

The above data stand in accordance with the Company's knowledge as of the day the report was prepared.

5.5. Indication of Proceedings Pending in Court, Arbitration Agency or Public Administration Agency

The Group is not a party to any pending court proceedings, whose subject would be the Parent Company's or subsidiary company's liabilities or debts valued at, minimum, 10 % of the Parent Company's own capital.

5.6. Transactions with Related Entities

The transactions with associated entities in the 1st half of 2013 are mainly concerned with:
- sales of products and goods to Stalprodukt S.A, Capital Group companies,
- services rendered by subsidiary companies to Stalprodukt S.A..

These are typical and routine transactions, rendered in a continuous manner, concluded according to market conditions within the capital group and resulting from the on-going operating activities.
Any other significant transactions with associated companies did not occur.

5.7. Information on Granted and Received Loans, Sureties and Guarantees

In the reporting period the Stalprodukt Company and its subsidiaries did not grant any loans or credits, sureties or guaranties, constituting overall at least 10 % of the Issuer's equity.

5.8. Other Information Essential for Assessment of Staffing, Assets, Financial Standing, Financial Result and Changes Thereof and Essential for Assessment of Group's Ability to Settle its Liabilities

All the information, which is essential for the assessment of the staffing, property and financial standing, financial result and related changes, and are essential for the assessment of the Group's capacity to fulfill its obligations or settle liabilities, are contained herein and in the "Additional Information" sheet.

5.9. Factors Likely to Influence Group's Results within at least Successive Quarter

In the assessment of the Issuing Entity, the factors likely to affect the Group's results, to be achieved during, at least, the quarter to come, shall be:

- transformer sheets price fluctuations,
- fluctuating raw material prices,
- fluctuating Company's product prices and demand, especially in the segment of sections,
- exchange market price levels of such metals as: zinc and lead,
- fluctuating exchange rates,
- economic conditions in Europe and worldwide, connected with the present financial crisis.

5.10. Composition of Management Board and Supervisory Board

<u>Composition of Management Board</u>

In the period from 1.01.2013 to 21.06.2013 the Stalprodukt Management Board was composed of:

Piotr Janeczek	- President of the Board
Antoni Noszkowski	- Member of the Board
Józef Ryszka	- Member of the Board

Pursuant to the decision taken by the Supervisory Board as of 21 June 2013, Piotr Janeczek was again appointed to the position occupied so far, for a new three-year term of office.

Since 21 June 2013, the Stalprodukt Management Board has been composed of:

Piotr Janeczek	- President of the Board
Józef Ryszka	- Member of the Board

<u>Composition of Supervisory Board</u>

In the period from1.01.2013 to 21.06.2013 r. the Supervisory Board was composed of:

Stanisław Kurnik	- Chairman of the Board
Maria Sierpińska	- Vice-Chairman of the Board
Kazimierz Szydłowski	- Secretary
Janusz Bodek	- Member of the Board

Sanjay Samaddar	- Member of the Board
Augustine Kochuparampil	- Member of the Board
Tomasz Plaskura	- Member of the Board

Pursuant to the Resolution of the General Meeting of Shareholders adopted as of 21 June 2013, the following persons were appointed as members of the Supervisory Board:

Maria Sierpińska
Stanisław Kurnik
Kazimierz Szydłowski
Sanjay Samaddar
Janusz Bodek
Tomasz Plaskura
Tomasz Ślęzak

....	....
Piotr Janeczek	Józef Ryszka
President of the Management Board – Chief Executive Officer	Member of the Management Board – Marketing Director