Semi-Annual Report

on Stalprodukt S.A.

Capital Group's Activities

For the period from 1.01.2015 to 30.06.2015

Bochnia, August 2015

Contents:

1. Capital Group's Structure

The Stalprodukt S.A. Capital Group embraces the Parent Company and 10 Subsidiary Companies involved in the below-mentioned segments of activity:

- **Stalprodukt-Centrostal Kraków sp. z o.o. -** wholesale and retail trade of metal products
- **Stalprodukt-Wamech sp. z o.o. -** production of steel constructions, spare parts and rendering alteration services
- **Stalprodukt-Serwis sp. z o.o. -** alteration services
- **Stalprodukt-Zamość sp. z o.o. -** production of construction woodwork
- **Stalprodukt-MB sp. z o.o. -** road construction and maintenance, erection of road safety barriers
- **STP Elbud sp. z o.o. –** production of steel constructions and galvanizing services
- **Stalprodukt-Ochrona sp. z o.o.** - personal and property security services
- **Cynk-Mal S.A.** - production of galvanized hoop iron and wire
- **ZGH "Bolesław" S.**A. - excavation of non-ferrous metal ores and zinc and lead production
- **Anew Institute sp. z o.o. -** designing renewable energy sources

The Level of Parent Company's Shareholding in Subsidiary Companies is as follows:

- in Cynk-Mal – 51 %
- in ZGH "Bolesław" – 92.07 %
- in other companies – 100 % shares each.

The Parent Company's main object of activity is the manufacture of highly processed steel products, i.e. electrical and transformer sheets and strips, cold formed profiles, road safety barriers, toroidal cores and hot- and cold-rolled steel sheets and strips.

The Parent Company and all the Capital Group's Subsidiary Companies were subject to consolidation.

Pursuant to art. 55 of the Accountancy Act as of 29.09.1994 (consolidated text Journal of Laws as of 2009, No 152, item 1223 with subsequent amendments), the Issuer prepares consolidated financial reports in reference to the periods beginning as of 1 January 2005 in accordance with IFRS.

Additionally, in 2015 ZGH 'Bolesław' had shareholdings in the following subsidiary companies (in brackets, ZGH' shareholding in share capital of those companies):

- Zinc Smelter - Huta Cynku "Miasteczko Śląskie" S.A. (91,58 %) – production of rectified zinc, lead and cadmium,
- Bolesław Recykling Sp. z o.o. (100 %) – zinc-bearing materials processing and recycling services as well as production and sales of non-ferrous metal concentrates,
- Bol-Therm Sp. z o.o. (100 %) – power supply-, laboratory-, mechanics and construction-related services, transport-equipmpent and forwarding services, production of dolomite aggregates, zinc products and zinc alloys,
- Gradir Montenegro d.o.o. (99,56 %) – zinc ores mining and concentrate production,
- Agencja Ochrony Osób i Mienia "Karo" Sp. z o.o. (100 %) – bodyguard and property security services.

Furtermore, Boloil company had 99.71 % in share capital of Przedsiębiorstwo Robót Drogowych Olkusz Sp. z o.o.
F&R Finanse Sp. z o.o. was established in 2014 roku and registered under entry no. KRS 0000506742. Bolesław Recycling Sp. z o.o. has taken over 49 % of shares in the newly created entity.
F&R Finanse runs a business activity in the area of financial services and financial advisory.

2. Assessment of Economic and Financial Standing

In the first half of 2015, the return on sales (ROS) was recorded as follows on particular levels:

Itemization	1st half of 2015	1st half of 2014
Return on sales	10.2	3.5
Operating margin	9.5	4.3
Gross margin	9.0	4.0
Net margin	7.0	2.9

The recorded values of return on assets (ROA) and return on equity (ROE) were as presented below:

Itemization	1st half of 2015	1st half of 2014
Return on assets	3.3	1.3
Return on equity	5.5	2.3

The recorded values of financial liquidity, calculated according to the static approach, were as presented below:

Itemization	1st half of 2015	1st half of 2014
Current ratio	2.2	2.0
Quick ratio	1.3	1.0

In the reporting period, the Group recorded an increase of consolidated sales by PLN 178 577 thousand i.e. by 13.0 over the analogical period of the previous year. The increase was achieved thanks to the growing volumes and prices in the Electrical Sheets Segment and the PLN-quoted prices in the Zinc Segment.

The Electrical Sheets Segment recorded a sales volume increase by 14.6 %. The volume increase accompanied by price increases resulted in the significant increase of sales and a significant improvement of the Segment's performance. In relation to the 1st half of 2014, the Electrical Sheets Segment recorded a sales volume increase by PLN 92 344 thousand, i.e. by 42.9 %, accompanied by the performance improved by PLN 40 328 thousand. The improved performance of the Electrical Sheets Segment reflects the earlier market signals suggesting the expected increase of demand and the positive adjustment of prices. It should be reminded that during the 1st half of 2014, and precisely in its 1st quarter, the prices of electrical sheets dropped to the lowest level ever recorded in the past ten years, whereas a clearly marked bounce-back of the prices took place in the 2nd half of 2014.

Additionally, favorable currency exchange rates, and especially that of the American Dollar, also influenced the improvement of the achieved sales prices.
The Segment of Profiles recorded a decrease in the sales volumes by 1.9 %, however, in the key group of cold formed profiles, the Company managed to increase the sales volumes by 6.4 % in relation to the 1st half of 2014. Thus, the decrease of sales volumes in the Segment concerned mainly affected the products of the steel service centers and road barriers. The decrease of the sales volumes was accompanied by the decrease of average prices, which resulted in the sales decrease by PLN 38 449 thousand and the decrease of the Segment's performance by PLN 7 083 thousand.

The Group's financial standing is good and stable. This is indicated by the basic economic and financial ratios characterizing economic activities, whose level corresponds to the current market conditions. The Group does not experience any payment back-logs, consistently pursuing the adopted risk-management policy. Both the Issuer and the majority of the Capital Group companies enjoy financial liquidity and credit capacity.

Compared to the status as of 31.12.2014, some slight changes affected the assets level and their financing sources. The assets value increased by 3.6 %. At the same time, current assets increased by 8.3 %. Equity increased by PLN 128 500 thousand, i.e. by 6.9 %. The liabilities and provisions for liabilities decreased by PLN 14 787 thousand, i.e. by 1,1 %.
The structure of assets and liabilities did not undergo any major changes. Whereas the structure of liabilities was subject to a financing shift from trade liabilities to short-term bank credits.
Compared to the status as of 31.12.2014, there was an increase of the book value per single share from PLN 274.59 to PLN 293.70.

During the entire reporting period the Group enjoyed very good financial liquidity, which is confirmed by the liquidity ratios maintained at high levels, the Group punctually settled all its liabilities, both in respect of the employees and suppliers, as well as towards the state budget and financial institutions.

In the assessment of the financing banks, the Stalprodukt Capital Group is continuously enjoying credit capacity which allows the Group to obtain multi-form financing for its activities. All the credit lines, which were precisely described in the last Consolidated Financial Report for 2014, are still functioning and are extended by the banks in due time. Most of these credit lines are used as limits for guarantees and letters of credit, and for overdrafts in current accounts. They, additionally, secure the Group's internal financing sources.

In order to maintain the good financial and liquidity standing, further restructuring undertakings are being carried out in respect of the Company's activities, aimed at the improved management of inventories and reduction of costs as well as expansion to new supply and sales markets.

3. Sales of Basic Products

3.1 Electrical Sheets Segment

In the 1st half of 2015, the total sales of the Electrical Sheets Segment amounted to PLN 307.6 million, which accounts for the increase by 42.9 % over the performance achieved in the 1st half of 2014.

The 1st half of 2015 saw the increase of the transformer sheets sales value by 44.0 % (up to PLN 302.2 million) in relation to the 1st half of 2014. In this period the sales volumes increase reached the level of 14.8 %. After a long period of price decreases a clear upward trend was marked – the prices increased by 25.4% over the 1st half of 2014.

The domestic sales were significantly increased (mainly through the sales to corporate customers), which was reflected both in the change of the sales structure (at present the domestic sales share stands at 6.8% and it used to be 2.7%), and the share in the domestic transformer sheets market (increase from 12 % to 27%).

Market Environment

The first half of 2015 was a period of a dynamic growth of both the prices and demand on the market of electrical grain-oriented (GOES) sheets. This upward trend already started in the previous year, when all the world manufacturers, and the Asian ones as the leaders, realized that the extremely low price levels, maintained for a longer time, were harmful to all the CRGO sheets producers. Many manufacturers operated at the break-even level. This year, the price increases were even more dynamized. There were many reasons behind this and among others: the EU Regulation EcoDesign – Tier 1, effective since July. The EcoDesign regulation imposes an obligation on the producers of distribution transformers to use higher grades of electrical sheets, characterized with low loss parameters. In connection with the above, many manufacturers who applied conventional sheets (CGO) in the production process were forced to secure their inventories by purchasing large volumes of such materials in the 1st half of the year.

In August 2014, the European Steel Association EUROFER, acting on behalf of the transformer sheets (GOES) producers, brought in an anti-dumping action directed against the EU imports of electrical silicon flat-rolled grain-oriented sheets from the People's Republic of China, Japan, Republic of Korea, Russian Federation and the United States of America. The complaint contained evidence confirming the dumping practices, and the substantial harm resulting thereof, which were recognized as satisfactory reasons underlying the institution of the anti-dumping proceedings. On 13 May 2015, an Executory Order 2015/763 of the (EU) Commission as of 12 May 2015 was published, imposing provisional anti-dumping duties on the imports of certain flat-rolled electrical silicon steel grain-oriented products from People's Republic of China, Japan, Republic of Korea, Russian Federation and the United States of America. The level of the provisional duty charges ranges from 21.6 % for Russian manufacturers up to 35.9 % for Japanese manufacturers. The provisional anti-dumping duties will be effective for the period of six months. After this period the European Commission in cooperation with the EU Member States will decide about further imposing or non-imposing of the definitive anti-dumping duties.

On 23 July the Chinese Ministry of Trade disclosed that that further to the petition of the biggest Chinese market players (Wuhan and Baosteel) it decided to institute anti-dumping proceedings regarding the imports of electrical grain-oriented sheets marked with codes CN 72251100 and 72261100. Japan, Korea and the EU countries will act as parties to the proceedings.
This is the third big action in a row regarding the GOES sheets during the last two years (one was brought in by the American producers in 2013 and the other was instituted by the European Commission in the previous year).

The powerful dynamics of the global GOES markets strongly testifies to the fact that, despite the improvement of the prices and demand levels, the overproduction, its insufficient consumption and the unfavorable geographical balance of supply (eg. the Japanese production capacity exceeds the domestic needs 11 times) are still the major headaches of the GOES industry.
The regions suffering from the biggest overproduction make efforts to allocate their surpluses on other markets, and the markets most exposed to such dealings try to take various protectionist actions against the excessive imports and price-targeted dumping practices or against the inflow of steel sheets characterized with very low magnetic parameters (2nd class products, waste).

Toroidal Cores

In the 1st half of 2015, the toroidal cores and laminations sales value totaled PLN 5.4 million, which practically stands for maintaining the level reached in the 1st half of 2014. Considering the sales volume decrease by several percentage points, this means, at the same time, that sales volume decrease was counter-balanced by the increase of the prices.

The sales structure changed in favor of the domestic sales. At present, the domestic sales share totals 46.6 % (formerly 39.1 %).

Market Environment

The toroidal cores market conditions varied. Export customers clearly shifted their demand from toroidal cores to laminations. Due to short production series, pressure on short delivery times and access to transformer sheets available at lower prices (production from 2nd quality class materials, imports from Russia), some of the recipients decided to start the cores production on their own and they markedly reduced or gave up their purchases from Stalprodukt. The intermediating companies recorded big difficulties in acquiring new orders.

The increase of domestic sales resulted from the Stalprodukt's acquisition of new contracts (mainly from the German market due to the limited access to ThyssenKrupp sheets and raised toroidal cores prices).

3.2 Profiles Segment

In the 1st half of 2015, the total sales in the Profiles Segment reached PLN 348.3 million and was by almost 10 % lower than in the analogical period of 2014.

- **Cold Formed Profiles**

In the 1st half of 2015 the Group's sales value totaled PLN 277 919 million. Such a result accounts for a decrease by 1.6 per cent, compared to the performance recorded in the 1st half of 2014, considering the 6.4-per cent volume increase.

The sales structure has remained unchanged for a long time: 2/3 stand for the domestic sales, and 1/3 stands for the imports. According to the data disclosed by the Metallurgical Chamber of

Industry and Commerce, in the period January-June 2015, 411 thousand tubes were produced in Poland (decrease by 7%), including the output of:
- seamless tubes totaling 64 thousand tons (decrease by12 %),
- welded tubes totaling 347 thousand tons (decrease by 7 %), including cold formed closed profiles 249 thousand tons (decrease by 9 %).

Sales to Commercial Companies

The share of domestic sales rendered through the distribution network reached the level of 80 % of the total domestic sales.

Market Environment

In the 1st quarter of 2015, the EU tubes output increased by almost 4 %. However, the volume differences between particular countries are considerable. This has resulted both from the product range offered, and the target markets intended for particular product groups as well as the exposure to international competition.
The tubes output in France decreased by almost 38 %, and in Spain by over 15 %. The output decrease in Italy was smaller whereas in Germany and in Great Britain the outputs slightly increased.
Except for Hungary and Poland, the Central Europe's output also increased.

The market conditions have remained difficult during the last several months. Eurofer detects signals suggesting that throughout 2015 a 2-percent decrease of tubes output can be estimated compared to 2014.
There is no indication that the market conditions would undergo any substantial changes in the second half of the year. The Segment's prospects for big-sized welded tubes are only moderate.

The domestic market conditions are still very difficult for cold formed profiles, reflecting the current conditions on the broadly-viewed steel market. In the 1st half of the year, one could observe the decrease of steel apparent consumption, the decrease of imports as well as prices.

As far as cold formed profiles are concerned, the companies involved in such activities for many decades now are the ones with the State Treasury capital share, such as: Pietrzak Holding, Ferrum, the Łabędy Steelworks *[Huta Łabędy]* and the Pokój Steelworks *[Huta pokój]*, in whose activities the Węglokoks Group, owner of the Łabędy Steelworks, is getting increasingly involved. In April Węglokoks was granted a consent by the Office for Competition and Consumer Protection (UOKiK) for the take-over of the Pokój Steelworks.

Road Safety Barriers

In the 1st half of 2015, the value of road barrier sales was by 41 % lower than in the same period of 2014 and totaled PLN 27.9 million. The results achieved account for the decrease of sales volumes by 38.0% in relation to the analogical period of 2014, considering the over 5-per cent decrease of the prices.

The sales structure was significantly changed in favor of the exports. At present, the exports account for 26.4 % (in the analogical period of 2014 it stood at 7 %), and the domestic sales account for 73.6 % (in the previous year 93.0% respectively).

Market Environment

The significant decrease of the road barrier sales in 2015, especially on the domestic market, has been predicted by Stalprodukt since long before. It is connected with the workflow of road investment projects which require the delivery and installation of road barriers in their last implementation phases. In an attempt to reduce the impact of what is happening on the domestic market, exports sales have been developed since 2012 when the first StalPro Rail systems were worked out. It will be possible to observe the positive effects of these activities throughout 2015.

Due to the significant decrease of the demand for barriers, all the Stalprodukt S.A.'s biggest competitors, as well as the companies involved in the erection of barriers, have been suffering from the lack of orders. Consequently, in the 1st half of 2015, one could observe significant reductions of prices for the barriers offered.

In spite of the significant turnover decrease, the 1st half of 2015 was the period, during which the Group offered a very huge number of road-bridge projects with their completion dates within 2015 – 2018. The value of the contracts acquired in the 1st half of the current year exceeded PLN 40 million. It should be expected that, thanks to the very wide and constantly developed offer range, with time Stalprodukt will acquire contracts enabling the restoration of the barrier sales achieved in the years 2013 – 2014.

- **Products of Steel Service Centres**

As regards the sales conducted by the steel service centers, significant decreases were recorded both in terms of the sales value (by 25.0 %), and sales volumes (by 18.6 %), compared to the analogical period of 2014. In the 1st half of 2015, the total sales of the steel service centers reached the level of PLN 42.4 million.

The sales were mainly directed to the domestic market (84.8 % of total sales).

Market Environment

The low return-on-sales still remains to be the greatest problem of the companies processing flat steel products. Low profit margins hinder the development of almost all steel service centers (SSC). At the present moment, the SSC are far from their full workload. There is huge competition on the market and imports only deepen the problem of the already present, massive overproduction. Moreover, the already existing, excessive production capacities are being further developed (e.g. in the previous year a new line of the capacity of approx.12-15 thousand tons/month was put into operation at the Tesko Steel SSC whereas in the 2nd quarter of the current year the ArcelorMittal Distribution Solutions Poland (Kraków) launched a cut-to-length line transferred from Ostrava).

3.3. Zinc Segment

In the 1st half of 2015, the Zinc Segment sales totaled PLN 772.3 million and increased by 17.8 % over the comparable period in 2014 when the sales totaled PLN 655,8 million.

The reasons underlying the Segment's significant sales increase in the reporting period were the London Metal Exchange (LME) prices higher by over 4%, compared to the 1st half of 2014. Due to the exchange rates fluctuations and the strengthening of the American Dollar, the increase of zinc base prices reached the level of 26.7 % in PLN. However, in the reporting period a significant decrease of LME lead prices should be noted, reaching almost 11 per cent.

The prices of basic metals for ZGH “Bolesław” S.A. and its subsidiary companies fluctuated as follows:

1st half of 2015
Average LME zinc price 2134 USD/ton
Average LME lead price 1873 USD/ton
Average LBM silver price 16.55USD/ounce
USD exchange rate – PLN 3.7155

The LME base zinc price, converted to PLN, increased by 26.7%, from PLN 6248 in the 1st half of 2014 to PLN 7916 in the current reporting period.

1st half of 2014
Average LME zinc price 2051 USD/ton
Average LME lead price 2101 USD/ton
Average LBM silver price 20.05 USD/ounce
USD exchange rate – PLN 3.0466

The higher sales, exceeding the comparable period figures, were primarily caused by the increase of the LME zinc prices. The sales increase was, additionally, intensified by the strengthening of the American Dollar in relation to the Polish Zloty. In the case of lead, in spite of the falling LME quotations, the PLN prices increased by 8.6% thanks to the strengthening of the American Dollar. Regarding the zinc and lead sales volumes, they remained at almost unchanged levels, compared to the 1st half of 2015 (increase below 1%).

4. Basic Threats and Risks Associated with the Remaining Months of the Reporting Year

4.1. Global and Domestic Economic Conditions

The Gross Domestic Product growth rate will reach the level of 3.7 per cent in Poland, in 2015, which means it is going to be higher than in the previous year. According to the forecast issued by the Market Economy Research Institute (IBnGR), in the successive quarters of 2015 the economic growth rate will be accelerating, but the differences between particular quarters will only be slight – in the third quarter the GDP will grow by 3.7 per cent, and in the fourth one by 3.9 per cent.

4.2. Steel Industry Condition and Market Environment

The data on the EU steel sector output in the 1st quarter of 2015 have shown a very slight, only 0.4-per cent increase over the analogical period in 2014, although intensive activities could be pursued thanks to very mild winter conditions in entire Europe.

The moods remained rather stable in the industry. On the one hand, low crude oil prices were translated into the lower energy and transport costs, however, on the other, the impact of the weakened EURO on the exports, did not allow for the expected profits to be yielded because of the slow increase of the international trade in the initial months of the year.

In the 1st quarter of the current year, the apparent steel consumption was stabilized at the same level as in the year before. The estimates for the 2nd quarter and 2nd half of 2015 suggest a slight increase. One can expect a significant increase in the motor sector, in opposition to the construction sector, which stopped to be the upward-lifting force for the apparent steel consumption in Europe.

The prospects for the 2nd half of 2015 and for the year 2016 assume a gradual strengthening of the EU apparent steel consumption. The year 2016 will offer new opportunities for the dynamic strengthening of investments after several years of relative underinvestment. In terms of tangible effects, one should expect the increase of EU apparent steel consumption to the level of 1.4 % in 2015 and 2 % in 2016.

As it was feared, the suppliers from third countries took more advantage from the extra volumes present on the EU market than the native European suppliers. The imports of finished steel products increased, year to year, by 8 % in the 1st quarter. However, it should be stressed that he products processed in the highest degree (i.e. flat products), attracted the growth of imports of as much as 12 % accompanied by the 8-per cent decrease of long products imports. As a result, the domestic supplies dropped by almost 1%.

The data initially recorded for the 2nd quarter indicate that the consumption increased by approx. 1.5 %, however, the import pressure is not weakening – the trade data in respect of April and May indicate that the imports of finished products increased both in relation to the previous quarter, and in relation to the analogical period of 2014.

Gradual improvements are expected on the EU steel market in the 2nd half of 2015 thanks to the anticipated mild increase of the apparent steel consumption. And the apparent steel consumption should increase by 1.5% in 2015. Unfortunately, due to the expected increase of the total imports by almost 6 %, European steel suppliers are rather unlikely to benefit from that.

Market Developments Forecasts for Group's Particular Operating Segments

Electrical Sheets Segment

In spite of the generally favorable prospects for the Electrical Sheets Segment in 2015 (significant increase of prices and delivery volumes in the 1st half of 2015), one should also point to the potential risks. The most important among them are:

- markedly lower HiB sheets volumes compared to the earlier estimates, connected with the unstable quality of the hot-rolled charge material;
- early signals from the Asian markets regarding the conventional sheets CGO price adjustments;
- lack of self-confidence concerning the final shape and effectiveness of the market protection solutions undertaken in connection with the anti-dumping procedure conducted by the European Commission against the GOES imports to the EU market.

Profiles Segment

The Profiles Segment's products remain under a strong price pressure coming from the domestic competition and from the imports (this mainly concerns such product groups as profiles and products of steel service centers). The competition present in these product areas is subject to further aggravation, and the competing conditions are becoming increasingly difficult. One of the facts leading to such a conclusion is the take-over of the Spanish producer of tubes and profiles (Condesa company), a big player on the European market, by ArcelorMittal (jointly with a bank consortium). Considering the above, the maintenance of the current sales level and Segment's performance will be a challenge.

4.3 Zinc and Lead Exchange Market Price Levels

The results of the Zinc Segment are closely connected with the exchange market prices quoted for such metals as: zinc, lead or silver. The group has no influence on the fluctuation of these prices because they depend on many external factors.

The 1st half of 2015 was advantageous, considering the fluctuation of the exchange market prices of zinc, which is the basic and most important product of this Segment. Unfortunately, the beginning of the 3rd quarter of 2015 brought a reversal of this favorable tendency and initiated a dynamic downward trend in the prices. Considering the generally unfavorable conditions present on the raw materials market, this trend can be expected to last for the several months to come. Therefore the acquisition of such good results by the Zinc Segment may be very difficult in the 2nd half of the year. At the same time, it should be underlined that the negative impact of the exchange market prices is partly levelled by a high USD exchange rate and the protection policy actively pursued by the ZGH Group.

4.4 The Impact of the Ukrainian Crisis on Supply Markets

Ukrainian steelworks are important providers of charge material for the Profiles Segment. The deepening of the Ukrainian crisis might limit the access to such material from this direction, which would be unfavorable, considering the Group's optimization policy in respect of charge material costs (i.e. primarily hot- and cold-rolled sheets in coils).

5. Other Information

5.1. Changes in the Group's Structure

In connection with the process of repurchase of ZGH "Bolesław" employees' shares consistently pursued by Stalprodukt S.A., and also the company's initial capital being raised by the amount of PLN 40 million, the Issuer's share in the company's initial capital was increased towards the end of the 1st half of 2015 up to 92.07 % (compared to 86.92 % at the end of June 2014).

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

The Capital Group does not publish any forecasts of financial results.

5.3. Listing of Shareholders, Entitled Directly or Indirectly Through Subsidiaries, To At Least 5% of the General Number of Votes at the General Meeting of Shareholders

1. ArcelorMittal Poland S.A. holding 2 270 800 shares, accounting for 33.77 % of capital share and 6 846 800 votes, accounting for 38.20 % of the total number of votes at the General Meeting of Shareholders.
2. STP Investment S.A. holding 1 949 985 shares, accounting for 29.0 % of capital share and 5 891 241 votes, accounting for 32.92 % of the total number of votes at the General Meeting of Shareholders.
3. Stalprodukt-Profil S.A., holding 612 497 shares, accounting for 9.11 % of capital share and 970 509 votes, accounting for 5.42 % of the total number of votes at the General Meeting of Shareholders.

5.4. Listing of Managerial and Supervisory Officers Holding Stalprodukt Shares

1. Managerial Officers:
- Piotr Janeczek - holding 114 865 shares
- Józef Ryszka - holding 504 shares

2. Supervisory Officers:
- Stanisław Kurnik - holding 2 900 shares
- Maria Sierpińska - holding 11 880 shares
- Kazimierz Szydłowski - holding 7 012 shares
- Janusz Bodek - holding 62 640 shares

The above information stand in accordance with the Company's status of knowledge as of the day the report was issued.

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

The Group is not a party to any pending court proceedings, the object of which are liabilities or receivables of the Parent Company or any subsidiary company thereof, of value amounting to at least 10 % the Parent Company's equity.

5.6. Transactions with Associated Companies

The transactions with associated companies in the 1st half of 2015 are concerned with:

- sales of products and goods to the companies within the Stalprodukt Capital Group,
- rendering services to Stalprodukt S.A. by its subsidiary companies.

These are typical and routine transactions, rendered on a continuous basis, concluded according to market conditions, within the Capital Group and resulting from the on-going operating activities.

No other material transactions with associated companies took place in the reporting period.

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

In the reporting period, the Stalprodukt Company and its subsidiary companies did not grant any loans or credits, guarantees or sureties, jointly amounting to at least 10 % of the Issuer's equity.

5.8. Other Information Essential for the Assessment of the Staffing, Property and Financial Standing, Financial Result and Changes Thereof and Essential for the Assessment of the Group's Capacity to Settle Liabilities

All the information essential for the assessment of the staffing, property and financial standing, financial result and changes thereof and essential for the assessment of the Group's capacity to settle its liabilities, are included herein or in the „Additional Information" sheet.

5.9. Factors Likely To Affect the Group's Results In the Perspective of At Least the Coming Quarter

In the Issuer's assessment, the factors likely to affect the Group's results in the perspective of, at least, the coming quarter shall be:

- fluctuating transformer sheets price levels,
- fluctuating charge material prices,
- political developments in the eastern Ukraine,
- fluctuating prices and demand for the Company's products, especially in the profiles segment,
- exchange market metal price levels, in respect of such metals as zinc and lead,
- fluctuating currency exchange rates,
- global and European economic conditions connected with the continued financial crisis.

5.10. Composition of Management Board's and Supervisory Board

<u>Management Board Composition</u>

In the period from 1 January 2015 to 30 June 2015, the Stalprodukt Management Board was composed of:

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

<u>Supervisory Board Composition</u>

In the period from 1 January 2015 to 30 June 2015, the Stalprodukt Supervisory Board was composed of:
Stanisław Kurnik - Chairman of the Supervisory Board
Maria Sierpińska - Vice-Chairman of the Supervisory Board
Kazimierz Szydłowski - Secretary
Janusz Bodek - Member
Sanjay Samaddar - Member
Tomasz Plaskura - Member
Tomasz Ślęzak - Member

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