

„Accord’ab” Biegli Rewidenci Spółka z o.o.

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District Court for Wrocław-Fabryczna, 6th Economic Department KRS 0000087656

Initial capital PLN111.000,00 PLN, fully paid-up



INDEPENDENT CERTIFIED AUDITOR'S OPINION AND REPORT

ON THE FINANCIAL REPORT AUDIT CARRIED OUT

FOR THE CAPITAL GROUP WHOSE PARENT COMPANY IS

STALPRODUKT S.A. BASED IN BOCHNIA

FOR THE PERIOD FROM 1 JANUARY 2014 TO 31 DECEMBER 2014

WROCLAW, APRIL 2015

***Independent Certified Auditor's Report on the Review
of Annual Consolidated
Financial Report for the period
from 1 January 2014 to 31 December 2014***

for the Shareholders, Supervisory Board and Management Board of Stalprodukt S.A.

We have reviewed the enclosed Annual Consolidated Financial Report of the Stalprodukt S.A. Company Group (hereinafter referred to as the "Group"), wherein the parent company is Stalprodukt S.A. (hereinafter referred to as the "Parent Company"), based in Bochnia, ul. Wygoda 69, including:

- 1) consolidated balance sheet drawn up as of 31 December 2014, with total assets as well as liabilities and equity amounting to **PLN 3 144 555 thousand**;
- 2) consolidated profit and loss account for the period from 1 January 2014 to 31 December 2014 showing a net profit of **PLN 101 392 thousand**;
- 3) consolidated statement of comprehensive income for the period from 1 January 2014 to 31 December 2014 showing total income amounting to **PLN 101 392 thousand**;
- 4) statement of changes in the consolidated equity, consolidated cash flow statement for 2014 and additional information to the consolidated financial report.

The Parent Company's Management Board is responsible for preparing the Consolidated Financial Report and Report on the Group's Activities in compliance with the currently applicable regulations and for the correctness of accounting books. The members of the Parent Company Management Board and Supervisory Board are obligated to assure that the Consolidated Financial Report and the Report on the Group's Activities shall meet the requirements provided for in the Accountancy Act as of 29 September 1994 (Accountancy Act Journal of Laws 2013, item. 330, consolidated text).

Our task was to carry out an Audit of the enclosed Consolidated Financial Report and to express our opinion on its compliance, in all essential aspects, with the required accounting principles (policy) and if the same presents accurately and clearly, in all essential aspects, the Group's assets and its financial standing as well as on the Group's financial results.

The Audit has been carried out pursuant to the following provisions:

- 1) provisions of Chapter 7 of the Accountancy Act,
- 2) national financial audit standards issued by the National Council of Certified Auditors in Poland.

The Audit was planned and carried out in such a way that we could be sufficiently assured that the Consolidated Financial Report does not contain any essential errors or omissions. The audit consisted, among others, in the sample-based inspection of the evidence confirming the amounts and information items included in the Consolidated Financial Report. The Audit also embraced the assessment of the accounting principles applied by the Group and essential appraisals made during the preparation of the Consolidated Financial Report and also a general assessment of Report's presentation.

We think that the Audit provided a sufficient basis for this opinion to be issued.

In our opinion the audited Consolidated Financial Report in all its essential aspects:

- a) presents accurately and clearly all the information essential for the assessment of the property and financial standing of the audited Group as of 31 December 2014, as well as its financial results for the reporting year from 1 January 2014 to 31 December 2014 in compliance with the International Financial Reporting Standards approved by the European Union,
- b) is compliant, in respect of its form and content, with the legal provisions applicable to the Group,
- c) has been prepared on the basis of correctly kept consolidation documents.

The information included in the Report on the Group's Activities for the reporting year from 1 January to 31 December 2014 are compliant with the Regulation of the Minister of Finance as of 19 February 2009 on current and periodic information disclosed by issuers of securities and conditions for recognising as equivalent information required by the laws of a non-member state. (Journal of Laws as of 2014, item 133) and stand in accordance with the information contained in the audited Consolidated Financial Report.

Teresa Sadowska, Certified Auditor No 9358

Key Certified Auditor carrying out the Audit on behalf of:
"Accord'ab" Biegli Rewidenci Spółka z o.o.
53-234 Wrocław, ul. Grabiszyńska 241

Entity authorised to audit financial reports No 262

Wrocław, this day 28 April 2015.

COMPLEMENTARY REPORT
ON THE AUDIT
OF THE CONSOLIDATED FINANCIAL REPORT
OF THE CAPITAL GROUP, WHOSE PARENT COMPANY IS
STALPRODUKT S.A.
BASED IN BOCHNIA
FOR THE PERIOD FROM 1 JANUARY 2014 TO 31 DECEMBER 2014

I. REPORT GENERAL PART**1. Capital Group Identification Data****1.1 Name of Capital Group**

Stalprodukt S.A. Capital Group

1.2 Seat of the Parent Company

ul. Wygoda 69
32-700 Bochnia

Parent Company Registration in the National Court Register

Registration Court: District Court
Date: October 25, 2001
Register No: KRS 0000055209
VAT No: 868-000-07-75
National Statistical No REGON: 850008147

1.3 Parent Company's Ownership Structure

As of December 31, 2014, the parent company's ownership structure amounting to PLN 13,450.0 thousand is as follows:

Shareholder's Name	Number of shares (items)	Nominal Value	Structure
ArcelorMittal Poland S.A.	2 270 800	PLN 4 541,6 thou.	33,77%
STP Investment S.A.	1 959 725	PLN 3 919,4 thou.	29,14%
Stalprodukt Profil S.A.	614 065	PLN 1 228,2 thou.	9,13%
Pozostali	1 880 410	PLN 3 760,8 thou.	27,96%
Razem	6 725 000	PLN 13 450,0 thou	100,00%

1.4 Parent Company's Governing Body

The Company's governing body is the Management Board.

As of 31 December 2014, the Management Board consisted of:

1. Mr. Piotr Janeczek – President of the Board,
2. Mr. Józef Ryszka – Member of the Board.

2. Information on Companies Composing the Capital Group

2.1 Companies Included in the Consolidated Financial Report

As of December 31, 2014 the following companies included in the Capital Group were subject to consolidation:

Parent Company:

Stalprodukt S.A.

Subsidiary companies included in the consolidation performed with the complete method:

Company Name	Seat	Principal Object of Activities	Capital Share	Voting Share
Stalprodukt-Centrostal Kraków Spółka z o.o.	Bochnia	trade in steel products	100 %	100 %
Stalprodukt-Wamech Spółka z o.o.	Bochnia	manufacture of steel structures and spare part and rendering alteration services	100 %	100 %
STP Elbud Spółka z o.o.	Kraków	manufacture of steel structures and galvanizing services	100 %	100 %
Stalprodukt-Serwis Spółka z o.o.	Bochnia	alteration services, maintenance of machinery, installation services	100 %	100 %
Stalprodukt-Zamość Spółka z o.o.	Zamość	manufacture of construction joinery and trade in steel products	100 %	100 %
Stalprodukt-MB Spółka z o.o.	Bochnia	road and freeways construction and maintenance, assembly of safety road barriers	100 %	100 %
Zakłady Górniczo-Hutnicze BOLESŁAW S.A.	Bukowno	zinc production	90.07 %	90.07 %
Stalprodukt-Ochrona Spółka z o.o.	Bochnia	manufacture of steel structures	100 %	100 %
Anew Institute Spółka z o.o.	Kraków	designing sources of renewable energy	100%	100%
Cynk-Mal S.A.	Legnica	manufacture and treatment of metal products	51%	51%

3. Identification Data of the Key Certified Auditor and Company Authorized to Auditing Financial Reports

3.1 Key Certified Auditor's Identification Data

Name and surname: Teresa Sadowska

Register No: 9358

3.2 Identification Data of the Company Authorized to Audit the Financial Report

Company: Accord"ab Biegli Rewidenci Spółka z ograniczoną odpowiedzialnością
[Accord ab Certified Auditors Limited Liability Company]
Seat: 53-234 Wrocław, ul. Grabiszyńska 241
Register No: 0000087656

District Court: for Wrocław Fabryczna 6th Economic Department of National Court Register
VAT No: 899-000-70-79
Initial Capital 120,000.00
Accord'ab Biegli Rewidenci Spółka z ograniczoną odpowiedzialnością is registered as a company No 262 - authorized to carry out financial report audits.

4. Information on the Consolidated Financial Report for the Previous Reporting Year

The Consolidated Financial Report for the reporting year ending on 31 December, 2013 was audited by the company: Biegły.pl Kancelaria Biegłych Rewidentów Sp. z o.o. based in Wrocław, and was approved without any reservations.

The Consolidated Financial statements of Stalprodukt S.A. Capital Group for 2014 was approved by the General Meeting of Shareholders on 25 June 2014.

The Consolidated Financial Report for 2014 was submitted with the Registration Court on 1 July, 2014.

5. Scope of Work and Liability

The present report has been prepared for the General Meeting of Shareholders of Stalprodukt S.A. – company based in Bochnia, 69 Wygoda Street [*ul. Wygoda 69*] and is concerned with the consolidated balance sheet drawn up as of December 31, 2014, consolidated profit and loss account and consolidated statement of total comprehensive income, consolidated statement of changes in the Parent Company's separate equity and consolidated cash flow statement for the reporting year closed on the day concerned and notes appended to the Consolidated Financial Report.

The Parent Company prepares its consolidated financial reports pursuant to the decision of the General Meeting of Shareholders as of June 30, 2005, in accordance with the International Financial Reporting Standards, approved by the European Union.

The audit of the Consolidated Financial Report was carried out in accordance with the contract No 31/IX/2014, concluded pursuant to the Resolution of the Supervisory Board as of June 25, 2014 regarding the selection of the entity authorized to audit financial reports.

We have carried out the audit of the Consolidated Financial Report pursuant to Chapter 7 of the Accountancy Act, national accounting standards issued by the Polish Council of Certified Auditors and International Standards on Auditing.

The audit of the Consolidated Financial Report was carried out at the seat of the Parent Company in April 2015.

The Company's Management Board is responsible for the correctness of the accounting books as well as preparation and accurate presentation of the Consolidated Financial Report in compliance with the International Financial Reporting Standards, approved by the European Union, and other regulations applicable to issuers of securities admitted to public trading and official stock exchange quotations as well as other applicable regulations, and for the preparation of the Report on the Company's Activities.

Our task was to express our opinion on the Consolidated Financial Report on the basis of the carried out audit and prepare a complementary report in reference to the Consolidated Financial Report concerned.

On the day this report was issued, the Parent Company's Management Board made a statement on the accuracy and clarity of the audited Consolidated Financial Report and on non-occurrence of events, undisclosed in the Consolidated Financial Report, that might have significantly affected the data disclosed in the Consolidated Financial Report for the audited year.

During the Consolidated Financial Report audit, the Parent Company's Management Board submitted all the requested statements, explanations and information and furnished us with all the documents and information necessary to express our opinion and prepare the report.

Both the key auditor and the auditing company Accord'ab Biegli Rewidenci Spółka z ograniczoną odpowiedzialnością fulfill the requirement of independence from the companies, composing the audited Capital Group, as construed in Art. 56 par. 3 and 4 of the Act as of May 7, 2009 on Certified Auditors, their Self-Government, Entities Authorized to Audit Financial Reports and on Public Supervision (Journal of Laws No 77, item 649).

The scope of the work planned and performed has not been limited in any way. The scope of the audit carried out has resulted from the working documentation compiled and filed at the seat of our company „Accord'ab” Biegli Rewidenci Spółka z o.o.

6. Information on the Financial Report Audits Carried by the Companies Subject to Consolidation

6.1 Parent Company

The Parent Company's Financial Report for the reporting year concluded as of December 31, 2014, was audited by the company: Accord'ab Biegli Rewidenci Spółka z ograniczoną odpowiedzialnością, entity authorized to audit financial reports No 262 and was approved thereby without any reservations.

6.2 Other Companies Subject to Consolidation

Company Name	Type of Opinion on Financial Report	Entity Authorized To Audit the Financial Report	Balance Sheet Day, as of which the Financial Report was prepared
Stalprodukt Centrostal Kraków Spółka z o.o.	with reservations	Accord'ab Biegli Rewidenci Spółka z o.o. Wrocław	December 31, 2014
STP Elbud Spółka z o.o.	without reservations	Accord'ab Biegli Rewidenci Spółka z o.o. Wrocław	December 31, 2014
Stalprodukt Zamość Spółka z o.o.	without reservations	Accord'ab Biegli Rewidenci Spółka z o.o. Wrocław	December 31, 2014
Zakłady Górniczo-Hutnicze BOLESŁAW S.A.	without reservations	Accord'ab Biegli Rewidenci Spółka z o.o. Wrocław	December 31, 2014
Stalprodukt Serwis Spółka z o.o.	without reservations	Accord'ab Biegli Rewidenci Spółka z o.o. Wrocław	December 31, 2014
Cynk-Mal Spółka Akcyjna	without reservations	Accord'ab Biegli Rewidenci Spółka z o.o. Wrocław	December 31, 2014
Stalprodukt Wamech Spółka z o.o.	without reservations	Biuro Rachunkowe Wincenty Gonciarz Bochnia	December 31, 2014

Stalprodukt Ochrona Spółka z o.o.	without reservations	Biuro Rachunkowe Wincenty Gonciarz Bochnia	December 31, 2014
Anew Instytut Spółka z o.o.	the audit was not obligatory	Accord'ab Biegli Rewidenci Spółka z o.o. Wrocław	December 31, 2014
Stalprodukt MB Spółka z o.o.	without reservations	Biuro Rachunkowe Wincenty Gonciarz Bochnia	December 31, 2014

II. CAPITAL GROUP FINANCIAL ANALYSIS

1. Basic Financial Ratios

Assets and Financing Sources

- The 2014 Balance Sheet Total was increased in relation to the previous year by the amount of PLN 152 143 thousand, which is by 5.1 %.
- The tangible fixed assets account for 55.4% of the Balance Sheet Total and the dominating components in this group of assets are: buildings and structures (33 %), technical equipment and machinery (54 %) and capital work in progress (9 %).
- The current assets account for 38.5 % of the Balance Sheet Total and their share in total assets increased by 2.5% compared to the previous year. The increase was mainly achieved due to increases in inventory level (by 14.2%) and short term financial assets level (by 63.4%). The inventories (48 %) and short-term receivables (32 %) account for a significant share of the current assets.
- The structure of financing sources was changed as well as the equity share in gross fixed capital formation was decreased by 3.7%.

Sales and Costs

- The Capital Group achieved a net profit at the level of PLN 101 392 thousand, i.e. by 30.9 % higher compared to the previous year.
- The Group finances its activities from its own funds, commercial (open account) credits and, to a slight degree, from bank credits. The charge of financial costs was increased by PLN 13 977.0 thousand over 2013.

Efficiency and Financial Liquidity

- The profitability ratios recorded in the analyzed year are favorable, and they were increased compared to 2013. The liquidity ratios are maintained at an optimal level.
- The receivables turnover was reduced by 3 days, while payment period was decreased by 8 days compared to 2014.
- Group's debt ratio in 2014 was maintained at a fixed level compared to 2013 and amounted to 41,3%.

Continued Activities

As a result of the carried out audit, including the financial analysis, no threats were detected for the continuation of economic activities in the year to follow the audited year, the same likely to be caused by an intended or compulsory abandonment, or substantial limitation of the Capital Group's present activities.

2. General Analysis of the Consolidated Financial Report

Capital Group Analytical Balance Sheet

PLN thou.

ASSETS		2014		2013		2012		DYNAMICS (%)	
		VALUE	%	VALUE	%	VALUE	%	14/13	13/12
I. Fixed Assets		1 933 721	61,5	1 914 100	64,0	1 370 290	66,0	101,0	139,7
1.	Intangible assets, including:	101 409	3,2	95 185	3,2	42 273	2,0	106,5	225,2
2.	Tangible fixed assets	1 743 162	55,4	1 740 220	58,2	1 019 993	49,1	100,2	170,6
3.	Long-term receivables	321	0,0	258	0,0	0	0,0	124,4	x
4.	Long-term investments	59 690	1,9	53 958	1,8	306 125	14,7	110,6	17,6
4.1	Real estate	5 196	0,2	5 752	0,2	0	0,0	90,3	x
4.2	Long-term financial assets	54 494	1,7	48 206	1,6	306 125	14,7	113,0	15,7
5.	Long-term prepayments	29 139	0,9	24 479	0,8	1 899	0,1	119,0	1 289,0
5.1	Deferred income tax assets	22 310	0,7	16 446	0,5	1 899	0,1	135,7	866,0
5.2	Other prepayments	6 829	0,2	8 033	0,3	0	0,0	85,0	x
II. Current Assets		1 210 834	38,5	1 078 312	36,0	706 026	34,0	112,3	152,7
1.	Inventory	578 748	18,4	506 632	16,9	328 302	15,8	114,2	154,3
2.	Short-term receivables	388 758	12,4	409 953	13,7	293 674	14,1	94,8	139,6
3.	Short-term investments	229 265	7,3	152 389	5,1	77 512	3,7	150,4	196,6
3.1	Short-term financial assets	197 768	6,3	120 999	4,0	77 512	3,7	163,4	156,1
	a) loans	0	0,0	0	0,0	25	0,0	x	x
	b) short-term securities	28 758	0,9	9 246	0,3	0	0,0	x	x
	c) cash and cash equivalents	169 010	5,4	111 753	3,7	77 487	3,7	99,9	113,6
3.2	Other short-term investments	31 97	1,0	31 390	0,0	0	0,0	x	x
4.	Short-term prepayments	14 063	0,4	9 338	0,3	6 538	0,3	150,6	142,8
C. Fixed assets held for sale		0	0,0	0	0,0	0	0,0	x	x
TOTAL ASSETS		3 144 555	100,0	2 992 412	100,0	2 076 316	100,0	105,1	144,1

LIABILITIES		2014		2013		2012		DYNAMICS (%)	
		VALUE	%	VALUE	%	VALUE	%	14/13	13/12
I.	Equity	1 846 650	58,7	1 756 328	58,7	1 577 220	76,0	105,1	111,4
1.	Equity attributable to shareholders of the Parent Company	1 739 906	55,3	1 627 830	54,4	1 565 113	75,4	106,9	104,0
1.1	Share capital	13 450	0,4	13 450	0,4	13 450	0,6	100,0	100,0
1.2	Own shares	-140	0,0	-140	0	-140	0	100,0	100,0
1,3	Reserve capital	180 606	5,7	120 035	4	123 040	5,9	150,5	97,6
1.4	Reserve capital from revaluation	4 592	0,1	4 521	0,2	5612	0,3	101,6	80,6
1.5	Other reserve capital	1 461 024	46,5	1 434 185	47,9	1 372 368	66,1	101,9	104,5
1.6	Retained profit (loss)	-10 691	-0,3	-16 974	-0,6	-12 647	-0,6	63,0	134,2
1.7	Net profit (loss)	91 065	2,9	72 753	2,4	63 430	3,1	125,2	114,7
2.	Minority capital	106 744	3,4	128 498	4,3	12 107	0,6	83,1	1 061,4
II.	Liabilities and provisions for liabilities	1 297 905	41,3	1 236 084	41,3	499 096	24,0	105,0	247,7
1.	Provisions for liabilities	247 392	7,9	213 478	7,1	20 910	1,0	115,9	1 020,9
1.1	Provision for deferred income tax	57 326	1,8	49 179	1,6	15 117	0,7	116,6	325,3
1.2	Other provisions	190 066	6,0	164 299	5,5	5 793	0,3	115,7	2 836,2
	a) long-term	151 305	4,8	141 160	4,7	4 266	0,2	107,2	3 309,0
	b) short-term	38 761	1,2	23 139	0,8	1 527	0,1	167,5	1 515,3
2.	Long-term liabilities	415 448	13,2	453 760	15,2	121 420	5,8	91,6	373,7
2.1	Long-term credits and loans	92 252	2,9	90 010	3	80 831	3,9	102,5	111,4
2.2	Other long-term liabilities	27 081	0,9	67 635	2,3	40 589	2,0	40,0	166,6
2.3	Contingent liabilities due to the purchase of ZGH	296 115	9,4	296 115	9,9	0	0	100,0	X
3.	Short-term liabilities	623 290	19,8	564 435	18,9	356 058	17,1	110,4	158,5
3.1	Short-term credits and loans	113 609	3,6	64 079	2,1	36 916	1,8	177,3	173,6
3.2	Current part of long-term credits and loans	20 000	0,6	30 963	1,0	20 000	1,0	64,6	154,8
3.3	Trade liabilities	307 225	9,8	367 593	12,3	268 763	12,9	83,6	136,8
3.4	Income tax liabilities	11124	0,4	214	0	134	0	5 198,1	159,7
3.5	Other short-term liabilities	171 332	5,4	101 586	3,4	30 245	1,5	168,7	335,9
4.	Accruals	11 775	0,4	4411	0,1	708	0	266,9	623,0
C.	Fixed assets held for sale	0	0,0	0	0	0	0	X	X
	TOTAL LIABILITIES	3 144 555	100	2 992 412	100	2 076 316	100	105,1	144,1

Capital Group Analytical Profit and Loss Account

PLN thou.

CONTENT	PERFORMANCE FOR			DYNAMICS (%)	
	2014	2013	2012	14/13	13/12
Net sales of products, goods and materials, including	2 858 537	2 806 523	1 808 717	101,9	155,2
Net sales of products	2 735 050	2 635 042	1 700 206	103,8	155,0
Net sales of goods and materials	123 487	171 481	108 511	72,0	158,0
Costs of sold products, goods and materials, including:	2 498 118	2 567 709	1 593 841	97,3	161,1
Production cost of products sold	2 380 291	2 403 604	1 493 339	99,0	161,0
Value of goods and materials sold	117 827	164 105	100 502	71,8	163,3
Gross profit (loss) on sales	360 419	238 814	214 876	150,9	111,1
Selling costs	76 217	74 439	68 386	102,4	108,9
General and administrative costs	130 066	121 810	69 601	106,8	175,0
Profit (loss) on sales	154 136	42 565	76 889	362,1	55,4
Other operating income	23 351	50 379	5 445	46,4	925,2
Other operating costs	34 136	12 225	7 145	279,2	171,1
Profit (loss) on operating income	143 351	80 719	75 189	177,6	107,4
Financial income	20 435	30 598	12 351	66,8	247,7
Financial costs	28 475	14 498	10 144	196,4	142,9
Gross profit (loss)	135 311	96 819	77 396	139,8	125,1
Income tax	33 919	19 374	17 307	175,1	111,9
Gross attributable to minority Shareholders	0	0	0	X	X
Net profit (loss)	101 392	77 445	60 089	130,9	128,9
1. Attributable to Shareholders of the Parent Company	91 065	72 753	63 430	125,2	114,7
2. Attributable to minority Shareholders	10 327	4 692	-3 341	220,1	-140,4

Ratios Characterizing the Capital Group Activities

Ratio	Content		2014	2013	2012
Return on Assets	net financial result	%	3,2	2,6	2,9
	total assets				
Return on Equity	net financial result	%	5,5	4,4	3,8
	equity				
Net Return on Sales	net financial result	%	3,5	2,8	3,3
	sales of products and goods				
Gross Return on Sales	products and goods sales result	%	5,4	1,5	4,2
	net sales of products and goods				
Liquidity – Cash Ratio I	total current assets	x times	1,8	1,8	2,0
	liabilities and short-term provisions				
Liquidity – Quick Ratio II	current assets – inventory	x times	1,0	1,0	1,1
	Liabilities and short-term provisions				
Liquidity – Current Ratio III	short-term investments	x times	0,3	0,3	0,2
	liabilities and short-term provisions				
Receivables Turnover	trade receivables x 365	days	44	47	50
	net sales of products, goods and materials				
Payables Turnover	Trade liabilities x 365	days	44	52	61
	value of sold goods and materials + production costs of products sold				
Inventory Turnover	Inventory x 365	days	84	72	75
	value of sold goods and materials				
Equity to Fixed Assets	equity	%	95,5	91,8	115,1
	fixed assets				
Sustainability of Financing Structure	equity + liabilities and long-term provisions	x times	0,8	0,8	0,8
	total liabilities				
Net Current Assets	current assets minus liabilities and short-term provisions	PLN thou.	548 783,0	490 738,0	348 441,0
Debt Ratio	liabilities and provisions for liabilities	%	41,3	41,3	24,0
	liabilities				

III. REPORT DETAILED PART

1. Accounting Principles

The Parent Company is in possession of updated documentation describing the accounting principles applied in the Capital Group, and approved by the Parent Company's Management Board.

The adopted accounting principles have been presented in the notes appended to the Consolidated Financial Report, in the scope required by the International Financial Reporting Standards, approved by the European Union.

Separate financial reports of the companies subject to the Consolidated Financial Report were prepared at the end of the same reporting period as the Parent Company's separate Financial Report.

2. Legal Basis of the Consolidated Financial Report

The Consolidated Financial Report of the Stalprodukt S.A. Capital Group has been prepared in accordance with the International Financial Reporting Standards, approved by the European Union and other applicable regulations.

The Consolidated Financial Report was based on the consolidation documentation, drawn up pursuant to the requirements contained in the Regulation of the Minister of Finance dated September 25, 2009 concerning detailed rules of preparation of consolidated financial reports of capital groups by entities other than banks, insurance and reinsurance companies (Journal of Laws as of 2009, No 169, item 1327).

3. Consolidation Method

The consolidation methods have been presented in the additional documentation appended to the Consolidated Financial Report.

4. Capital Consolidation and Calculation of Non-Controlling Interests

The initial capital of the Capital Group is the Parent Company's initial capital.

The Capital Group's equity components were calculated by adding certain equity components, of the subsidiary companies included in the Consolidated Financial Report, corresponding to the Parent Company's percentage share in the subsidiary companies' equity as of the end of the reporting period, to specific components of the Parent Company's equity,

The Capital Group's equity embraced only those components of the subsidiary companies' equity which have come into existence since the day the same were taken over by the Parent Company.

The calculation of the non-controlling interests in the subsidiary companies, included in the Consolidated Financial Report, were based on the non-controlling interests' percentage share in the subsidiary companies' equity as of the end of the reporting period

5. Consolidation Exclusions

Some consolidation exclusions were made, concerning intra-group settlements.

During the consolidation process some exclusions were made, concerning the transactions of sale performed between the Group's entities, other intra-group operating income and costs as well as financial income and costs.

The data underlying the exclusions were obtained from the accounting books of Stalprodukt S.A. or its subsidiary companies and reconciled with the information obtained from the subsidiary companies.

6. Notes Appended to the Consolidated Financial Reports

The data contained in the notes appended to the Consolidated Financial Report, containing the description of the significant accounting principles and other explanatory information, were presented completely and correctly in all essential aspects. The data concerned constitute an integral part of the Consolidated Financial Report.

7. Report on Capital Group's Activities

The Report on Capital Group's Activities covers, in all essential aspects, information referred to in art. 49 par. 2 of the Accountancy Act and the Regulation of the Minister of Finance as of February 19, 2009 on current and periodic information disclosed by issuers of securities and equivalence conditions for information disclosures required by the legal provisions of non-member states (Journal of Laws as of 2009, No 33, item 259 with subsequent amendments) and stand in accordance with the information contained in the Consolidated Financial Report.

Teresa Sadowska, Certified Auditor No 9358

Key certified auditor carrying out the audit on behalf of
„Accord'ab” Biegli Rewidenci Spółka z o.o./ *Certified Auditors - limited liability company*
ul. Grabiszyńska 241, 53-234 Wrocław
Entity authorized to audit financial reports No 262.

Wrocław, April 28, 2015