Stalprodukt S.A.

The Stalprodukt S.A. Capital Group

Consolidated Financial Report of Stalprodukt S.A. Capital Group for the accounting year 2014

Prepared in compliance with the International Financial Reporting Standards (IFRS) approved by the European Union

Bochnia, April 2015

Consolidated Financial Report of Stalprodukt S.A. Capital Group
for the accounting year 2014

Selected financial data

SELECTED FINANCIAL DATA	thousand x PLN		thousand x EUR	
	2014	2013	2014	2013
I. Net sales of products, goods and materials	2 858 537	2 806 523	682 342	666 474
II. Operating profit (loss)	143 351	80 719	34 218	19 169
III. Profit (loss) before taxation	135 311	96 819	32 299	22 992
IV. Net profit (loss)	101 392	77 445	24 203	18 391
- attributable to shareholders of the parent company	91 065	72 753	21 738	17 277
- net profit attributed to non-controlling interests	10 327	4 692	2 465	1 114
V. Net cash flow from operating activities	203 288	222 360	48 526	52 805
VI. Net cash flow from investment activities	-161 324	-135 474	-38 509	-32 172
VII. Net cash flow from financial activities	15 293	-52 620	3 650	-12 496
VIII. Total net cash flow	57 257	34 266	13 667	8 137
IX. Total assets	3 144 555	2 992 412	737 760	721 550
X. Liabilities and provisions for liabilities	1 297 905	1 236 084	304 508	298 053
XI. Long-term liabilities	415 448	453 760	97 470	109 414
XII. Short-term liabilities	623 290	564 435	146 233	136 100
XIII. Shareholders' equity	1 846 650	1 756 328	433 252	423 497
- equity attributable to shareholders of the parent company	1 739 906	1 627 830	408 208	392 513
- equity attributed to non-controlling interests	106 744	128 498	25 044	30 984
XIV. Share capital	13 450	13 450	3 156	3 243
XV. Number of shares	6 725 000	6 725 000	6 725 000	6 725 000
XVI. Profit (loss) for one ordinary share (in PLN)	15,23	11,64	3,64	2,76
XVII. Book value per share (PLN)	274,59	261,16	64,42	62,97
XVIII. Declared or paid-out dividend for one share in (PLN/EUR)	0,60	1,00	0,14	0,24

1. Average exchange rates of zloty in NBP during the periods covered by the financial report and comparable financial data in relation to the Euro amounted to:
a) rate of exchange at end of 2014 and 2013, 4.2623 and 4.1472 respectively
b) the average rate, calculated as the arithmetical average of the exchange rates valid on the last day of each month of the year 2014 and 2013, 4.1893 and 4.2110 respectively
c) the lowest rate for 2014 and 2013, 4.0998 and 4.0671 respectively
d) the highest rate in 2014 and 2013, 4.3138 and 4.3432 respectively.

2. Basic items of the balance sheet, profit and loss account and cash flow statement were converted into Euro and presented in selected financial data.

For conversion of currency in PLN into Euros, the following rates of EUR were used, according to the following rules:
- items of assets and liabilities were converted into Euros according to the average exchange rate announced by the NBP as at 31.12.2014 and amounting to 4.2623 and 4.1472 as at 31.12.2013. (section 1a)

- items of profit and loss account and cash flows statement were converted into Euros according to the average rate which is an arithmetic average of average EUR rates announced by the NBP on the last day of each month covered by the report and amounting to 4.1893 for the year 2014 and 4.2110 for the year 2013. (section 1b)

3. For profit-per-share calculation the number of 6,655,267 shares was adopted. In accordance with IAS, 33, 69,733 own shares purchased by the Issuer were excluded from the calculation.

4. In item XVIII the dividend-per-share level was presented, as disbursed by the Issuer in 2014 in respect of 2013.

Bochnia, 28 April 2015

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Józef Ryszka — Member of the Board –Marketing Director

Piotr Janeczek — President of the Board – Chief Executive Officer

CONSOLIDATED BALANCE SHEET	Note	thousand x PLN	
		2014	2013
Assets			
I. Fixed assets		**1 933 721**	**1 914 100**
1. Intangible assets, including:	1	101 409	95 185
- right of perpetual land use		66 292	63 751
2. Property, plant and equipment	2	1 743 162	1 740 220
3. Long-term receivables		321	258
4. Long-term investments	3	59 690	53 958
4.1. Real estates investments		5 196	5 752
4.2. Intangible and legal assets			
4.3 Long-term financial assets		54 494	48 206
4.4. Investments in affiliated entities			
4.5. Other long-term investments			
5. Long-term accruals		29 139	24 479
5.1. Assets on account of deferred income tax	4	22 310	16 446
5.2. Other accruals		6 829	8 033
II. Current assets		**1 210 834**	**1 078 312**
1. Stocks	5	578 748	506 632
2. Short-term receivables	6	388 758	409 953
3. Short-term investments	7	229 265	152 389
3.1 Short-term financial assets		197 768	120 999
a) loans			
b) short-term securities		28 758	9 246
c) monetary resources and their equivalents		169 010	111 753
3.2. Other short-term investments		31 497	31 390
4. Short-term accruals	8	14 063	9 338
Assets in total		**3 144 555**	**2 992 412**
Liabilities			
I. Equity		**1 846 650**	**1 756 328**
1. Equity assigned to the shareholders of the dominating entity		1 739 906	1 627 830
1.1. Share capital	9	13 450	13 450
1.2. Treasury shares (negative value)	10	-140	-140
1.3. Supplementary capital	11	180 606	120 035
1.4. Capital from revaluation	12	4 592	4 521
1.5. Other supplementary capitals	13	1 461 024	1 434 185
1.6. Profit (loss) from previous years		-10 691	-16 974
1.7. Profit (loss) net		91 065	72 753
2. Capital non-controlling interests	14	106 744	128 498
II. Liabilities and provisions for liabilities		**1 297 905**	**1 236 084**
1. Provisions for liabilities	15	247 392	213 478
1.1. Provision on account of deferred income tax		57 326	49 179
1.2. Other provisions		190 066	164 299
a) long-term		151 305	141 160
b) short-term		38 761	23 139
2. Long-term liabilities	16	415 448	453 760

2.1. Long-term credits and loans		92 252	90 010
2.2. Other long-term liabilities		27 081	67 635
2.3. Contingent liabilities due to the purchase of ZGH		296 115	296 115
3. Short-term liabilities	17	623 290	564 435
3.1. Short-term credits and loans		113 609	64 079
3.2. Short-term part of long-term credits and loans		20 000	30 963
3.3. Liabilities for supplies and services provided		307 225	367 593
3.4. Liabilities on account of current income tax		11 124	214
3.5. Other short-term liabilities		171 332	101 586
4. Accrued liabilities	18	11 775	4 411
Liabilities in total		**3 144 555**	**2 992 412**

Book value		**1 846 650**	**1 756 328**
Number of shares (in items)		**6 725 000**	**6 725 000**
Book value for one share (in PLN)	19	**274,59**	**261,16**

Bochnia, 28 April 2015

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Józef Ryszka — Member of the Board –Marketing Director

Piotr Janeczek — President of the Board – Chief Executive Officer

Consolidated Financial Report of Stalprodukt S.A. Capital Group for the accounting year 2014

PROFIT AND LOSS ACCOUNT01.01.2014 – 31.12.2014

CONSOLIDATED PROFIT AND LOSS ACCOUNT	Note	thousand x PLN	
		2014	2013
I. Net revenue from sale of products, goods and materials, including:		**2 858 537**	**2 806 523**
1. Net revenue from sale of products	20	2 735 050	2 635 042
2. Net revenue from sale of goods and materials	21	123 487	171 481
II. Costs of sold products, goods and materials, including:		**2 498 118**	**2 567 709**
1. Cost of manufacture of sold products	22	2 380 291	2 403 604
2. Value of sold goods and materials		117 827	164 105
III. Profit (loss) gross on sales		**360 419**	**238 814**
IV. Costs of sales		76 217	74 439
V. General administrative costs		130 066	121 810
VI. Profit (loss) on sales		**154 136**	**42 565**
VII. Other operational revenue	**23**	23 351	50 379
VIII. Other operational costs	**24**	34 136	12 225
IX. Profit (loss) from operational activity		**143 351**	**80 719**
X. Financial revenue	**25**	20 435	30 598
XI. Financial costs	**26**	28 475	14 498
XIII. Profit (loss) gross		**135 311**	**96 819**
XIV. Income tax	**27**	33 919	19 374
XVI. Profit (loss) net, including:	**28**	**101 392**	**77 445**
1. Attributable to shareholders of the parent company		91 065	72 753
2. Attributed to non-controlling interests		10 327	4 692
Profit net		**101 392**	**77 445**
Profit (loss) for one ordinary share (in PLN)	29	**6 725 000**	**6 725 000**
Weighted average number of ordinary shares		**6 655 267**	**6 655 267**
The weighted average number of ordinary shares adjusted against own shares		**15,23**	**11,64**

TOTAL COMPREHENSIVE INCOME 01.01.2014 – 31.12.2014

TOTAL COMPREHENSIVE CONSOLIDATED INCOME	thousand x PLN		
	Note	2014	2013
Net result		101 392	48 624
Gain from a bargain purchase			**28 821**
Total Comprehensive Income		**101 392**	**77 445**
Total Comprehensive Income attributable to the parent company shareholders		91 065	72 753
Total Comprehensive Income attributable to non-controlling interests		10 327	4 692

Bochnia, 28 April 2015

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Józef Ryszka
Member of the Board – Marketing Director

Piotr Janeczek
President of the Board – Chief Executive Office

Statement of changes in equity for the period 01.01.2014 – 31.12.2014

Statement of changes in equity for the period from 1st January to 31st December 2014 and 2013	thousand x PLN								
	Share capital	Own shares at purchase price	Supplementary capital	Capital from revaluation	Other supplementary capitals	Retained profit from previous years	Retained profit from current year	Capital non-controlling interests	Equity in TOTAL
Balance on this 01.01.2014 (opening balance)	**13 450**	**-140**	**120 035**	**4 521**	**1 434 185**	**55 779**		**128 498**	**1 756 328**
Profit distribution			**43 178**		**7 111**	**-50 289**			**0**
Intercapital and consolidation transfer			17 393	71	19 728	-12 039		-32 081	-6 928
Dividend						-4 142			-4 142
Inclusion in consolidation Capital Group ZGH "Bolesław"									
Total comprehensive income for period 1.01 - 31.12.2014							91 065	10 327	101 392
Balance on this 31.12.2014 (closing balance)	**13 450**	**-140**	**180 606**	**4 592**	**1 461 024**	**-10 691**	**91 065**	**106 744**	**1 846 650**
Balance on this 01.01.2013 (opening balance)	**13 450**	**-140**	**123 040**	**5 612**	**1 372 368**	**50 783**		**12 107**	**1 577 220**
Profit distribution			**-2 397**		**61 817**	**-59 420**			**0**
Intercapital and consolidation transfer			-608	-1 091		-665		400	-1 964
Dividend						-7 672			-7 672
Inclusion in consolidation Capital Group ZGH "Bolesław"								111 299	111 299
Total comprehensive income for period 1.01 - 31.12.2013							72 753	4 692	77 445
Balance on this 31.12.2013 (closing balance)	**13 450**	**-140**	**120 035**	**4 521**	**1 434 185**	**-16 974**	**72 753**	**128 498**	**1 756 328**

Bochnia, 28 April 2015

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Józef Ryszka
Member of the Board – Marketing Director

Piotr Janeczek
President of the Board – Chief Executive Officer

CONSOLIDATED CASH FLOW ACCOUNT	thousand x PLN	
	2014	2013
A. Cash flow from operational activity - indirect method		
I. Profit (loss) net	101 392	77 445
II. Adjustments in total	101 896	144 915
1. Share in (profit) loss net of the subordinate entities valuated with equity method		
2. Depreciation	135 563	128 895
3. Profit (loss) on account of differences in rates	-492	255
4. Interest and shares in profit (dividend)	9 792	9 322
5. Profit (loss) from investment activity	22 781	-15 765
6. Change of provisions level	35 050	-7 623
7. Change of stock level	-72 116	-31 490
8. Change of receivables level	21 195	84 038
9. Change of short-term liabilities level, except for loans and credits	-39 362	15 698
10. Change of accruals level	439	3 435
11. Other adjustments	-10 954	-13 029
12. Adjustment in respect of ZGH purchase price reconciliation		-28 821
III. Cash flow net from operational activity	**203 288**	**222 360**
B. Cash flow from investment activity		
I. Revenue	11 117	33 451
1. Sale of intangible and legal assets and property, plant and equipment	2 231	1 205
2. Sale of investments in real estates and intangible and legal assets		
3 From financial assets, including:	8 886	32 246
- sale of financial assets	5 882	32 063
- dividend and share in profit	4	8
- payment of granted long-term loans		
- interest	3 000	175
- other revenue from financial assets		
4. Other investment revenue		
II. Expenses	-172 441	-168 925
1. Acquisition of intangible and legal assets and property, plant and equipment	-130 437	-122 976
2. Investments in real estates and intangible and legal assets		
3 For financial assets, including:	-41 960	-36 286
- acquisition of financial assets	41 960	-36 286
- granted long-term loans		
4. Other investment expenses	-44	-9 663
III. Cash flow net from investment activity	**-161 324**	**-135 474**
C. Cash flow from financial activity		
I. Revenue	83 601	19 682
1. Net revenue from the issuance of shares and other capital instruments and additional equity contributions		

2. Credits and loans	83 571	19 188
3. Issuance of debt securities		
4. Other financial revenue	30	494
II. Expenses	-68 308	-72 302
1. Acquisition of treasury shares		
2. Dividend and other payments for the holders	-4 142	-7 672
3. Other, than the payments for holders, expenses on account of the allocation of profit		
4. Payment of credits and loans	-41 737	-44 359
5. Redemption of debt securities		
6. On account of other financial liabilities	-6 769	-6 734
7. Payment of liabilities on account of financial leasing contracts	-2 856	-4 032
8. Interests	-12 798	-9 502
9. Other financial expenses	-6	-3
III. Cash flow net from financial activity	**15 293**	**-52 620**
D. Net cash flow, total	**57 257**	**34 266**
E. Balance sheet change in cash, including:	**57 257**	**34 266**
- change in cash due to exchange rates fluctuations		
F. Cash (beginning of period)	**111 753**	**77 487**
G. Cash (end of period), including:	**169 010**	**111 753**
- of limited access and disposal		

Bochnia, 28 April 2015

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

Cash at beginning of the reporting period represent the amount of PLN 111,753 thousand, including cash at hand PLN 372 thousand, on bank accounts PLN 111,381 thousand and at the end of the reporting period PLN 169,010 thousand, including PLN 309 thousand cash at hand and PLN 168,701 thousand on bank accounts.

Operating activities consist of the basic (main) activities of the Group, i.e. production, trade and service and other not classified as investing or financing activities. Net cash from operating activities is a revised financial result of the Group.

The Group's investment activity is related to acquisition and sale of tangible fixed assets of a financial and proprietary nature (fixed assets, intangible assets, shares and stocks).The Group’s financial activities consist of acquisition and use of equity and foreign capital, including the short and long term credits.

The inconsistency between the status changes declared in the balance sheet and status changes declared in the operating cash flow statement is related to the liabilities and arises from the exclusion of the change in the liabilities relating to the purchases of fixed assets and recognition of the same in the cash flow from investment activities as well as exclusion of the change in the credits and leasing status and recognition of the same in the cash flow from financial activities.

Additional Information on the adopted accounting principles (policy) and other explanatory information

1. General information

Company's identification data

Name:	**Stalprodukt S.A.**
Legal form:	**Joint Stock Company**
Seat:	**Bochnia, Wygoda 69**
Country of Registration:	**Poland**
Registering Agency:	**District Court for Kraków-Śródmieście, National Court Register (KRS) No 0000055209**
Basic object of activities:	**Production of flat cold rolled sheets Polish Classification of Economic Activities (PKD) No 2432Z**

Stalprodukt SA was established on 01.07.1991, in the process of restructuring of Tadeusz Sendzimir Steelworks (now the Branch of ArcelorMittal Poland S.A.), using an innovative path of privatization. The Company started its operations on 01.07.1992, with a 60-percent participation of employees and a 40-percent participation of Tadeusz Sendzimir Steelworks in Krakow. Upon the commencement of business the Company acquired against consideration of HTS materials, inventory, work in progress and finished goods, and equipment and intangible assets of the former Metallurgical Processing Plant HTS. In 1995-1996, the Company purchased all the assets leased from Tadeusz Sendzimir Steelworks, including the right of perpetual usufruct of land, buildings, structures, machinery and equipment.

The Company's shares were introduced into public trading and the stock exchange. They are listed on the Warsaw Stock Exchange since 06.08.1997.

The Company is the manufacturer of highly processed steel products such transformer sheets and strips, cold formed profiles and tubes, hot and cold rolled sheets and strips, road safety barriers and toroidal cores. The production plants are located in Bochnia, Krakow and Tarnow. Significant part of the production goes to export markets, mainly to EU countries.

The sales of products are pursued directly by the Company and by the national sales network with departments localized all over the country, managed by the subsidiary company Stalprodukt-Centrostal Kraków Sp. z o.o. based in Bochnia.

Internal organizational units (subsidiaries) which prepare independent financial reports are not included in the Company's enterprize. Stalprodukt S.A. is the Parent Company and prepares a consolidated financial report.

The Stalprodukt S.A. Capital Group is established for an unlimited time.

The consolidated financial statements are presented for the year 2014, and comparable financial data for the year 2013

Composition of Management Board and Supervisory Board of the Parent Company

In the period from 01 January 2014 to 31 December 2014, the Stalprodukt Management Board of the Parent Company was composed of:

Piotr Janeczek - President of the Board

Józef Ryszka - Member of the Board

In the period from 1 January 2015 to 30 June 2015, the Stalprodukt Supervisory Board of the Parent Company 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

Certified Auditor

„Accord'ab" Biegli Rewidenci Sp. z o.o.

Ul. Grabiszyńska 241

53-234 Wrocław

Banks

Bank Pekao S.A.

Bank Handlowy w Warszawie S.A.

PKO Bank Polski S.A.

BNP Paribas Bank Polska S.A.

Societe Generale S.A. Oddział w Polsce

Listing on the regulated market

The Company's shares are traded on the Warsaw Stock Exchange from 06.08.1997 r.

Significant Shareholders of the Parent Company

As of 31.12.2014 r. the shareholders entitled to above 5 % of votes at the General Meeting of Shareholders:

- 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.

- STP Investment S.A. holding 1 959 725 shares, accounting for 29.14 % of capital share 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 614 065 shares, accounting for 9.13 % of capital share and 936 349 votes, accounting for 5.22 % of the total number of votes at the General Meeting of Shareholders.

Subsidiary

In the reporting year, the Stalprodukt Capital Group embraced the following subsidiary companies subject to audit pursuant to IFRS 10:

	thousands of PLN							
	a	b	c	d	e	f	j	k
No	Name (company) of the unit, indicating its legal form	Seat	Object of the enterprise	nature of the relation (subsidiary, interdependent unit, associate, with specification of direct and indirect relations)	the applied method of consolidation/ equity valuation method, or indication that the unit is not subject to consolidation/ equity valuation method	date of take-over of control/ joint control/ obtaining a significant impact	percentage of capital held	share of the total number of votes at a general meeting
1.	Stalprodukt-MB sp. z o.o.	Bochnia	Construction and maintenance of roads and highways	subsidiary	full consolidation	17.10.1997	100	100
2.	Stalprodukt-Wamech sp. z o.o.	Bochnia	production of spare parts and repair services	subsidiary	full consolidation	05.12.1997	100	100
3.	Stalprodukt-Centrostal sp. z o.o.	Kraków	trade of metallurgical products	subsidiary	full consolidation	29.12.1997	100	100
4.	Stalprodukt-Serwis sp. z o.o.	Bochnia	services of installation, repair and maintenance of machinery	subsidiary	full consolidation	29.12.1998	100	100
5.	Stalprodukt-Zamość sp. z o.o.	Zamość	woodwork production and trade of metallurgical products	subsidiary	full consolidation	09.12.1997	100	100
6.	Stalprodukt-Ochrona sp. z o.o.	Bochnia	protection of property and persons	subsidiary	full consolidation	06.10.2000	100	100
7.	STP Elbud sp. z o.o.	Kraków	manufacture of structures and galvanizing services	subsidiary	full consolidation	01.06.2005	100	100
8.	Cynk-Mal S.A.	Legnica	hoop iron production and lightning protection wire and galvanizing services	subsidiary	full consolidation	01.10.2008	51	51
9.	Anew Institute Sp. z o.o.	Kraków	designing sources of renewable energy	subsidiary	full consolidation	30.05.2012	100	100
10.	ZGH "Bolesław" SA	Bukowno	non-ferrous metals mining and zinc and lead production	subsidiary	full consolidation	31.12.2012	90,07	90,07

2. Compliance with the International Financial Reporting Standards

From January 1, 2005 Stalprodukt SA, The Issuer of securities, admitted to public trading in accordance with the Accounting Act dated 29 September 1994 (uniform text of Polish Journal of Laws Dz.U. of 2009, No. 152, item. 1223, as amended) and pursuant to the Resolution of AGM dated 30 June 2005, draws up the individual financial statements in accordance with IAS/IFRS, adopted by the European Union and related interpretations published in the form of regulations of the European Commission. The Group applied MSSF1 "the application of the international financial reporting standards for the first time" in the Annual Report for the year ended 31 December 2005. Date of transition to IFRS was 1 January 2004.

These consolidated financial statements have been drawn up in all material respects in accordance with IAS/IFRS, and in the scope not regulated by these standards, as required by the Act of 29 September 1994 on Accounting (Polish Journal of Laws Dz.U. of 2009, No. 152, item 1223, as amended) and in accordance with the requirements specified in the Regulation of the Minister of Finance dated 19 February 2009 on current and periodic information disclosed by issuers of securities and the conditions for recognition as equivalent the information required by the laws of a non-member state (Polish Journal of Laws Dz.U. of 2009, No. 33, item 259).
The presented financial statements and comparable financial data include recommendations given by an entity authorized to audit.

Assumptions for the Continuation of Economic Activities

The Report was prepared with the assumption that the Group's economic activities would be continued and no circumstances indicate that such activities are threatened. As of the report signing day, the Company's Management Board does not record any facts or circumstances which would indicate a threat to the continuation of the economic activities to be pursued by the Issuer in the 12-month period following the balance-sheet day.

Functional and Presentation Currency

The currency in use, as the basic currency of the economic environment in which the Group operates is the Polish zloty. This currency is also the currency used in the consolidated financial statements.

Consolidation Method

At the Parent Company's level, all the Capital Group's companies undergo full consolidation.

3. Applicable accounting rules (policy)

Since 01.01.2005, the Group has been applying the accounting rules (policy), including methods of valuation of assets and liabilities, as well as revenues and expenses, determining the financial result and drawing up financial statements in accordance with IFRS, adopted by the European Union, and in matters not governed by IFRS, pursuant to the Polish Accounting Act.

To ensure a clear and full understanding of these consolidated financial statements, there are presented below the basic principles of valuation of assets and liabilities, determination of financial result and other accounting policies adopted in the Group.

Fixed assets

a) as of the date of transition to international standards, in accordance with MSSF1 "the application of International Financial Reporting Standards for the first time", the Company adopted a valuation of previously used tangible fixed assets at fair value and decided to use this value as expected (implied) cost as of this day. Revaluations were made in-house with technical staff, based on their technical and market knowledge, taking into account the previous lifetime of the assets, the degree of wear and tear, made improvements, modernization and repairs. The following lifetimes and depreciation rates were adopted for the tangible fixed assets used in the Company prior to the date of transition to IFRS: buildings 20 years (5%), structures 10 years (10%), boilers 5 years (20%), machinery and equipment for general use 5 years (20%), metallurgical machinery and equipment 10 years (10%) and other technical equipment 5 years (20%).

b) Difference (surplus) due to the initial revaluation was applied to equity as retained earnings.

c) items of tangible fixed assets, qualified as assets, initially (at time of adoption for use) are measured at cost or production cost.

The initial value of tangible fixed assets comprises their purchase price or production cost plus any costs directly related to the purchase and adaptation of the asset to a state suitable for production use.

The initial value of fixed assets is increased by the value of the expenditures on their improvement (reconstruction, development, reconstruction, modernization).

d) after the initial recognition of items of tangible fixed assets as assets, they are disclosed on the balance sheet by the cost model, i.e. the purchase price or production cost less the amount of accumulated depreciation and any accumulated impairment losses. Decrease in amortization does not apply to own land, for which there is no amortization write-offs.

e) each of the components of tangible fixed assets, purchase price or production cost of which is significant when compared to the purchase price or production cost of the whole item, and the expected lifetime of which differs significantly from the expected lifetime of the whole item, is depreciated separately.

f) assets of the unit initial value up to PLN 3,500 are depreciated once, writing their value off as costs when transferring such assets to use.

g) other fixed assets or their separate and significant components are depreciated with a straight-line method based on rates estimated based on the expected period of use, taking into account the residual value, if the amount is significant. The residual value is the estimated amount that an entity has obtained from the sale of an asset, after deducting the estimated costs of disposal if the asset was as old and in such condition as expected at the end of its lifetime. There were no significant residual values identified for previously used fixed assets.

The Groups adopts the lifetime of new investments in the form of machinery and equipment 10 - 20 years.

Depreciation rates are reviewed annually for compliance with the economic lifetime of fixed assets. The residual value of fixed assets is also subject to verification.

h) fixed assets under construction are valued in the amount of total costs directly arising in connection with their acquisition or construction, less any impairment losses. Assets under construction are not depreciated until the completion of their construction and putting into use.

I) overhaul costs of fixed assets are capitalized and amortized in equal periods of repair cycles. Maintenance costs of fixed assets and their maintenance affect the result of the financial period in which they are incurred.

j) intangible assets are recognized if it is probable that they will ensure the Group the benefit in the future, which can be directly related to those assets.

They are shown at acquisition or production cost less accumulated amortization and the total amount of any impairment losses. They are amortized with a straight-line method over a period of use, which should be determined reliably. Intangible assets with an indefinite lifetime are not amortized but tested for impairment. The lifetime of intangible assets is subject to verification on the balance sheet date.

The expenses incurred for the acquisition of perpetual usufruct of land are classified by the Company as intangible assets because the title concerned, alike land, does not lose in value and is valid for an indefinite period of time. It is not subject to depreciation or redemption either.

k) if there are any indications of possible loss in value of tangible fixed assets and intangible assets, an impairment test shall be carried out and the determined revaluation write-offs shall reduce the balance sheet value of an asset, to which they refer, and they shall be included in the profit and loss account. The amount of revaluation write-offs is determined as the excess of the balance sheet value of these items over their recoverable value. The recoverable value is the higher of the following values: net selling price or value in use measured by generated cash flows of a given asset or cash-generating unit, discounted to the present value using a discount rate, which reflects current market prices of the money value over time and the risks of a given asset.

The amounts recognized as revaluation write-offs are reversed if the reasons for their creation cease to appear. The effects of such reversal are recognized in the profit or loss account as other operating income.

l) long-term loans and receivables are measured by the adjusted purchase price (amortized cost) with the use of the effective interest method, observing the principle of materiality.

The realized gains and losses arising from changes in value are recognized in the profit or loss account in the period in which they arose.

m) investment real properties (leased fixed assets) are valued in the same manner as fixed assets by the cost model, i.e. the purchase price or production cost less the amount of accumulated depreciation (amortization) and accumulated impairment losses.

n) long-term financial assets (shares) are valued at purchase prices less their impairment losses.

Current assets

a) inventories - are valued according to the actual purchase prices or production costs, not higher than their net realization values (net selling prices). Net realization value is the estimated selling price in the ordinary course of business, less estimated costs to complete the inventory item and the costs necessary to make the sale.

Total disbursements are measured by the prices of these items, which were acquired as first (FIFO principle "first in - first out").

Cost of producing finished goods and work in progress includes the cost of direct materials, labour and other costs, as well as the appropriate mark-up of indirect production costs determined on the assumption of normal capacity utilization, excluding borrowing costs.

The production costs do not include costs:

- arising from the unused production capacity and production losses,

- of general management, not associated with developing the product to a form and place in which it is found at the valuation date.

Any write-offs of inventories to net realizable value and all losses of inventories are recognized as operating costs of the period in which the write-off or loss occurred. If the circumstances, which led to the reduction of inventories, cease to prevail or if there is clear evidence of increase in net realization value, the amount of previously made write-off shall be restored (reversal of write-off). The amount corresponding to the restored value of inventories due to higher net realization value, is recognized as a reduction in inventory costs recognized in the profit and loss account in the period in which the value was restored.

The Group keeps a record of material values and quantities. It is allowed to recognize the purchase of materials as costs without keeping the record of values and quantities provided that such materials will be transmitted to use immediately after purchase.

Spare parts for machinery and equipment of long-term lifetime are disclosed in the balance sheet under tangible fixed assets.

b) short-term debts and claims for supplies and services - are recognized according to the amounts originally invoiced including write-offs for bad debt charged to other operating costs.

Denominated in foreign currency receivables are valued on the balance sheet date according to the average rate for that day, for the valuation are assumed the rates of the bank in which the Parent Company has the largest turnover of foreign exchange. While transactions in foreign currencies are valued at the rate of immediate execution at the transaction date. The foreign exchange differences resulting from the valuation are recognized in the profit and loss account, in the period in which they arise (revenues/expenses).

According to the accepted principles (policy), the Parent Company creates revaluation write-offs to:

- national debts not paid within 6 months, and the export receivables of more than 9 months,
- disputed receivables and receivables related to the liquidation and bankruptcy proceedings, as well as arrangements and compositions,
- interest on receivables, accrued but not paid.

c) cash and cash equivalents include cash at bank and in hand, short-term deposits and other instruments with a high degree of liquidity. They are valued at their nominal value. Denominated in foreign currency cash is valued on the balance sheet date at the closing rate, which is the immediate exchange rate. Resulting foreign exchange differences are classified as financial income or expense.

Equity

Equity of the Group includes: share capital, capital reserve, supplementary capital, revaluation reserve, retained earnings from previous years and the result of the current period. All capital is valued at nominal value. The value of own shares is deducted from equity.

a) Share capital is included in the amount specified in the contract or statute, and entered in the court register. Declared but not paid capital is recognized as a called-up capital. Share capital represents ordinary bearer shares and privileged registered shares.

b) Capital is created in the Parent Company obligatorily (by the operation of law) and is intended to cover any lack of share capital. Pursuant to the Commercial Companies Code, the Parent Company must allocate at least 8% of annual net profits to the capital reserve until it reaches one third of the share capital.

c) The capital reserve is increased by surpluses while the shares are issued above their nominal value and the difference from the revaluation of fixed assets that were liquidated or sold. In addition, the capital reserve was increased in 2005 due to the revaluation of fixed assets to fair value at the date of transition to IFRS, as retained earnings.

d) The revaluation reserve includes the differences from the revaluation of fixed assets, land and perpetual usufruct of land, except the value resulting from the revaluation as of the date of transition to IFRS, which was disclosed in the capital reserve as retained earnings. In the case of disposition or liquidation of an asset, the relevant part of revaluation reserve is transferred to the capital reserve. A write-off due to the impairment of fixed assets that had previously been subject to the revaluation reduces the revaluation reserve to the amount of the reserve, which refers to such fixed assets.

e) Other supplementary capital is created from profit, the distribution of which is determined by the General Meeting of Shareholders. These serve to finance investments and current assets, and cover potential losses. Their use is determined by the General Meeting of Shareholders.

The minority capital, accounting for the equity shares of the subsidiaries other than the ones subject to consolidation, is shown as a separate item within the Liabilities sheet of the Financial Report.

Liabilities

a) Bank credits, loans and other financial liabilities (leasing) are disclosed at amortized cost (corrected purchase price) with an effective interest rate method, observing the principle of materiality. Interest cost is allocated to the respective periods and disclosed in the profit and loss account.

b) Short-term trade liabilities are recognized according to the amounts originally invoiced. Liabilities denominated in foreign currencies are valued at the rate of the immediate implementation (exchange), which is the closing price on the balance sheet date. The resulting exchange differences are disclosed in the financial income or expense in the profit and loss account.

Provisions

Provisions are created when there is:

- an obligation (legal or constructive) on the balance sheet date resulting from past events,

- a probability that funds shall have to be spent,

- a possibility of making a reliable estimate calculation.

According to the accepted principles (policy), the Group creates provisions for:

- temporary income tax differences resulting from the fact that the moment when income was recognised as gained or cost as incurred was different, pursuant to the accounting law and tax regulations,

- employee benefits (retirement),

- other provisions for the expected or probable losses from business operations having a significant influence on earnings, observing the principle of materiality.

a) Provision for income taxes is created using the liability method for all temporary differences existing on the balance sheet date between the tax bases of assets and liabilities and their balance sheet amounts shown in the financial statements. Provision for deferred tax is created in relation to temporary gains, and deferred tax assets are recognized in relation to temporary losses.

In terms of depreciation, the provision (assets) for the differences between the tax and balance sheet depreciation is created for the last reporting period.

The balance sheet value of assets due to the deferred tax is reviewed on the balance sheet date and reduced as appropriate, if gaining the taxable income sufficient to realize the asset due to the deferred income tax is no longer probable. The difference between the balance of provisions and deferred tax assets at the end and the beginning of financial year affects the financial result or equity if the provisions and assets relate to operations settled directly with equity.

b) Provision for retirement benefits is determined with the actuarial method, and its amount depends on the previous period of employment specifying the degree of benefit development and the rotation rate of employment, the likelihood of payment and the discount rate. Provisions for employee benefits are accounted for on the balance sheet date, ending the financial year.

c) Pre-payments and accruals. The Group makes prepayments, if they relate to future reporting periods. Accrued expenses payable are made in the amount of probable liabilities attributable to the current reporting period.

Profit and loss account

a) revenues from sales includes the fair value of revenues from sales of products, goods and services, net of tax on goods and services.

Revenues are recognized in two major categories:

- sale of products (including services),

- sale of goods and materials.

Revenues are recognized in the amount in which it is probable that the Group shall gain the economic benefits associated with the transaction and the amount of revenue can be measured reliably.

b) cost of products and services sold, goods and materials include costs directly related to their production or purchase.

Own cost is presented as broken down into two basic categories:

- cost of products sold (including services),

- value of goods and materials sold.

Cost of sales includes the costs of trade and the costs of representation and advertising. General and administrative costs include costs associated with managing the unit and the costs of administration and representation.

c) moreover, the financial result is also influenced by:

- other operating income and operating expenses indirectly related to the activities in such areas as gains and losses on disposal of non-financial fixed assets, revaluation of non-financial assets, the creation and termination of provisions for future risks, penalties, fines and compensation, receipt or transfer of donations,

- financial income from dividends (profit sharing), interest, gains on disposal of investments, revaluation of investments, surplus from foreign exchange benefits over foreign exchange losses,

- the financial costs of interest, loss on disposal of investments, revaluation of investments, the surplus of foreign exchange losses on the positive

- mandatory financial burden as a result of income tax.

The balances of: realized exchange differences arising from positive and negative settlements, revaluation of receivables and provisions, provisions for employee benefits are reconciled against the costs of the products sold or value of goods and materials sold as presented in the profit and loss account.

d) a write-off (provision) in a full amount is created according to the accruals principle, observing the precautionary principle, for interest income. Interest received according to the cash principle is disclosed in the profit and loss account.

e) operating expenses are recorded in the period to which they relate.

Borrowing costs directly related to the acquisition or construction of assets that require a longer period of time in order to be fit for use or resale, are added to the manufacturing costs of such assets until the hand-over of these assets to use.

All other borrowing costs are disclosed directly in the profit and loss account in the period in which they are incurred. (IAS 23).

f) income tax disclosed in the profit and loss account includes some current and deferred tax. Current tax is the tax liability in respect of taxable income for the given financial year, determined using tax rates applicable on the balance sheet date and tax adjustments for previous years. Deferred tax is described under par. 1.6.

g) there was adopted the principle of cost grouping by type in the accounts under group 4 and settling them by type of activity under group 5. The Group uses and reports the calculation variant of the profit and loss account.

Leasing

Fixed assets used under financial leasing agreements, which transfer to the Group substantially all benefits and risks associated with the possession of assets, are disclosed in the balance sheet by the cost model, as all the components of tangible assets. Lease payments are allocated between finance charges and reduction of the outstanding liability. Financial expenses are accounted for directly in the profit and loss account. Fixed assets used under financial leasing are depreciated over their lifetime. Leasing agreements, under which all the risks and benefits are borne by the lessor, are classified as operating leasing agreements. Cost of leasing payments are related linearly in the profit and loss account during the contract period.

Negative goodwill

According to IFRS No. 3, negative goodwill at the time of its creation is once written off in revenues. Negative goodwill which arose before the date of transition to IFRS, was removed from the balance sheet and written off in full in the undistributed profit from previous years, thus increasing equity. Negative goodwill arising after the date of 01.01.2004 is referred directly to the profit and loss account (increased financial results).

Principles Governing the Preparation of the Financial Report

a/ The Consolidated Financial Report and consolidated comparable data were prepared by means of the full consolidation method as follows:

- the consolidated balance sheet was drawn up by adding all the items belonging to the Assets and Liabilities of the companies subject to consolidation and by eliminating the items related to mutual settlements, earnings retained in inventories and value of the shares held in subsidiary companies in conjunction with their share capitals,
- the Consolidated Profit and Loss Account and Comprehensive Income Statement were drawn up by adding all the income and cost items relating to the consolidated companies in the reporting period and by excluding the revenues from the intercompany transactions and earnings retained in inventories,

- the Report on Changes in Equity was drawn up by adding all the changes in equity in respect of the consolidated companies, related to the transactions with equity owners, and by excluding the intercompany transactions,
- the Consolidated Cash Flow Statement was drawn up adding all the accounting items in respect of the reporting period and excluding consolidation procedures of the Balance Sheet and Profit and Loss Account.

b/ the consolidated net profit consists of the Parent Company's net profit, subsidiary companies' net profit in the part in which the Parent Company owns these companies and the profit share in the associated companies in the part in which the Parent Company owns these companies.

The consolidated net profit embraces:

- operating result, including other operating income and operating costs,
- financial operations result,
- write off of the subsidiaries' goodwill,
- statutory encumbrances on the financial result in respect of the income tax,
- share of profit (loss) in subsidiary companies accounted for with the equity method,
- minority profit (loss).

Professional opinion, estimates and assumptions.

While drawing up the consolidated financial statements in conformity with IFRS, the Management Board has the obligation to express its professional opinion, prepare estimates and assumptions that affect the adopted rules and presented values of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and other factors, which are considered reasonable in the circumstances, and their results provide the basis to express professional opinion as to the balance sheet amounts of assets and liabilities, which do not result directly from other sources. Actual results may differ from the estimate. The estimates and associated assumptions are subject to ongoing review. Changes in accounting estimates are recognized in the period in which they were made.

Key assumptions and estimates in the process of applying the rules (policies) concerning the balance sheet amounts are:

a) revaluation write-offs of receivables,

b) revaluation write-offs of inventories,

c) provisions for retirement,

d) assets and deferred tax liabilities,

e) periods of depreciation of fixed assets,

f) settlement of the ZGH “Bolesław” S.A. purchase price and valuation of the take-over-related liabilities.

According to our knowledge, there is no significant risk of adjustments to the balance sheet amounts of assets and liabilities within the next financial year in connection with the estimates made.

4. Changes of the applicable accounting rules (policies)

The accounting principles applied in the preparation of the present Report are coherent with the ones applied for the preparation of the Financial Report for the year ended on 31 December 2013, except for the application of the following changes in the standards and new interpretations published by the International Accounting Standards Board and approved by the European Union, applicable for the annual periods starting on or after 1 January 2014:

• IFRS 10 “Consolidated Financial Statements”, approved in the EU on 11 December 2012 (applicable for the annual periods starting on or after 1 January 2014),

• IFRS 11 “Joint Arrangements”, approved in the EU on 11 December 2012 (applicable for the annual periods starting on or after 1 January 2014),

• IFRS 12 “Disclosure of Interests in Other Entities”, approved in the EU on 11 December 2012 (applicable for the annual periods starting on or after 1 January 2014),

• IAS 27 (revised in 2011) “Separate Financial Statements”, approved in the EU on 11 December 2012 (applicable for the annual periods starting on or after 1 January 2014),

• IAS 28 (revised in 2011) “Investments in Associates and Joint Ventures”, approved in the EU on 11 December 2012 (applicable for the annual periods starting on or after 1 January 2014),

• Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Arrangements” and IFRS 12 “Disclosure of Interests in Other Entities” – explanations concerning the transitional provisions, approved in the EU on 4 April 2013 (applicable for the annual periods starting on or after 1 January 2014),

• Amendments to IFRS 10 “Consolidated Financial Statements, IFRS 12 “Disclosure of Interests in Other Entities” and IAS 27 “Separate Financial Statement” – Investment Entities, approved in the EU on 20 November 2013 (applicable for the annual periods starting on or after 1 January 2014),

• Amendments to IAS 32 “Financial Instruments Presentation” – Compensating Financial Assets and Financial Liabilities, approved in the EU on 13 December 2012 (applicable for the annual periods starting on or after 1 January 2014),

• Amendments to IAS 36 “Impairment of Assets” – Disclosure of Recoverable Amounts of Non-Financial Assets, approved in the EU on 19 December 2013 r (applicable for the annual periods starting on or after 1 January 2014),

• Amendments to IAS 39 “Financial Instruments: Recognition and Measurement” – Novation of Derivatives and Continuation of Hedge Accounting, approved in the EU on 19 December 2013 (applicable for the annual periods starting on or after 1 January 2014).

The application of the above standard amendments did not have a significant impact on the Entity's accounting principles as applied to date.

The standards and interpretations which have already been published and approved by the EU, but have not taken effect yet.

• Amendments to various standards “IFRS - Annual Improvements (2010-2012 cycle)” – introduced procedural changes concerning the introduction of annual amendments to IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) mainly focused on solving inconsistencies and disambiguating terminology – approved in the EU on 17 December 2014 (applicable for the annual periods starting on or after 1 February 2015),

• Amendments to various standards “IFRS – Annual Improvements (2011-2013 cycle)” – introduced procedural changes concerning the introduction of annual amendments to IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) mainly focused on solving inconsistencies and disambiguating terminology – approved by the EU on 18 December 2014 (applicable for the annual periods starting on or after 1 January 2015),

• Amendments to IAS 19 “Employee Benefits” – Defined Benefit Plans: Employee Contributions – approved in the EU on 17 December 2014 (applicable for the annual periods starting on or after 1 February 2015),

• IACS interpretation 21 “Charges” (applicable for the annual periods starting on or after 17 June 2014),

The Entity has not decided upon an earlier introduction of any standard, interpretation or amendment, which has already been published, but has not taken effect yet.

Standards and Interpretations approved by the International Accounting Standards Board, but not approved for the application in the EU.

The IFRS in the form approved by the EU do not significantly differ from the provisions adopted by the International Accounting Standards Board (IASB), except for the undermentioned standards, amendments to standards and interpretations, which have not been approved for application in the EU as of the Financial Report publication day (the undermentioned dates refer to the standards in their full versions):

• IFRS 9 “Financial Instruments” (applicable for the annual periods starting on or after 1 January 2018),

• Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosures on Interests in Other Entities” and IAS 28 „Investments in Associates and Joint Ventures” – Investment Entities: Applying the Consolidation Exception (applicable for the annual periods starting on or after 1 January 2016),

• Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint ventures” – Sale or Contribution of Assets between an Investor and its

Associate or Joint Venture (applicable for the annual periods starting on or after 1 January 2016),

• IFRS 14 “Regulatory Deferral Accounts” (applicable for the annual periods starting on or after 1 January 2016),

• IFRS 15 “Revenue from Contracts with Customers” (applicable for the annual periods starting on or after 1 January 2017),

• Amendments to IFRS 11 “Joint Arrangements” – Accounting for Acquisitions of Interests in Joint Operations (applicable for the annual periods starting on or after 1 January 2016),

• Amendments to IAS 1 “Presentation of Financial Statements” – Disclosure Initiative (applicable for the annual periods starting on or after 1 January 2016),

• Amendments to IAS 16 “Tangible Fixed Assets” and IAS 38 “Intangible Assets” – Clarification of Acceptance Methods of Depreciation (applicable for the annual periods starting on or after 1 January 2016),

• Amendments to do MSR 16 “Tangible Fixed Assets” and IAS 41 “Agriculture: Bearer Plants” (applicable for the annual periods starting on or after 1 January 2016),

•Amendments to IAS 27 “Separate Financial Statements” – Equity Method in Separate Financial Statements (applicable for the annual periods starting on or after 1 January 2016),

• Amendments to various standards “IFRS Annual Improvements (2012-2014 cycle)” – introduced procedural changes concerning the introduction of annual amendments to IFRS (IFRS 5, IFRS 7, IFRS 19 and IAS 34) mainly focused on solving inconsistencies and disambiguating terminology (applicable for the annual periods starting on or after 1 January 2016).

According to the Entity's estimates, the above standards, interpretations and amendments to standards would not have had any significant impact on the Financial Report if the same had been applied by the Entity as of the balance sheet day.

At the same time, in addition to the provisions adopted by the EU, there still remains hedge accounting for the portfolio of financial assets and liabilities, whose underlying principles have not yet been approved for use in the EU.

According to the Entity's estimates, the application of hedge accounting for the portfolio of financial assets or liabilities in line with IAS 39 “Financial Instruments: Recognition and Measurement” would not have had a significant impact if the same had been applied as of the balance sheet day.

5. Notes

NOTE 1a - INTANGIBLE ASSETS	thousand x PLN	
	2014	2013
a) costs of completed developmental works	2 552	1 971
b) goodwill	18 670	18 670
c) concessions, patents, licenses and similar	12 860	9 930
- computer software	5 027	4 876
d) other intangible assets	1 035	863
e) advance payments for intangible assets	66 292	63 751
Intangible assets, total	**101 409**	**95 185**

All intangible assets are owned by the Company Stalprodukt. The Company does not rent or lease intangible assets.

1b NOTE - Changes of intangible assets (by group type)	thousand x PLN						
	a	b	c		d	e	
	cost of completed developmental works	goodwill	concessions, patents, licenses and similar values, including:		other intangible assets	advance payments for intangible assets	Intangible assets, total
				- computer software			
I. gross value of intangible assets at the beginning of the period	2 139	18 670	20 569	5 825	2 360	63 751	107 489
1. increase (due to)	598		4 137	623	12 533	2 659	19 927
- consolidation							
- purchase	598		4 137	623	775	2 515	8 025
- value from valuation survey						144	144
- obtaining free-of-charge right to CO^2 emission					11 758		11 758
2. decrease (due to)			47	44	6 743	118	6 908
- liquidation			47	44			47
- sales						118	118
- obtaining free-of-charge right to CO^2 emission					6 743		6 743
II. gross value of intangible assets at the end of the period	2 737	18 670	24 659	6 404	8 150	66 292	120 508
1. accumulated depreciation (amortization), at the beginning of the period	168		10 639	949	1 497		12 304
2. depreciation for the period (due to)	17		1 160	428	5 618		6 795
- depreciation allocated to the costs	17		1 160	428	5 618		6 795
- decrease due to liquidation							
III. accumulated depreciation (amortization) at the end of the period	185		11 799	1 377	7 115		19 099
1. charges for permanent loss of value at the beginning of the period							
- increase							
- decrease							
2. write-offs for permanent loss of value at the end of the period							
IV. net value of intangible assets at the end of the period	2 552	18 670	12 860	5 027	1 035	66 292	101 409

NOTE 2a - TANGIBLE FIXED ASSETS	thousand x PLN	
	2014	2013
1. fixed assets, including:	**1 588 072**	**1 564 755**
a) land	22 663	22 866
b) buildings, premises, civil engineering objects	580 210	607 318
c) Plants and machinery	949 710	897 164
d) means of transport	27 198	29 182
e) other fixed assets	8 291	8 225
2. fixed assets under construction	155 090	175 465
3. advance payments on fixed assets under construction		
Tangible fixed assets, total	**1 743 162**	**1 740 220**

As of the balance sheet day, the undermentioned real properties are encumbered by mortgage:
- the real estate located at Wadowicka Street in Cracow is encumbered with a joint mortgage of up to PLN 150 000 thousand, supposed to secure the repayment of a long-term investment credit incurred at the PKO BP Bank based in Warsaw amounting to PLN 100 000 thousand appropriated for the majority stake of ZGH "Bolesław" S.A. in Bukowno.

- the properties of the Cynk-Mal S.A. company in Legnica were encumbered by mortgage in favor of Bank Śląski in respect of credit agreements. The mortgage amounted to PLN 3,000 thousand. Additionally, in connection with the fact that the right of perpetual usufruct was transformed into an ownership title, a mortgage, amounting to PLN 373 thousand, was established in favor of the State Treasury, as a security for the transformation fee.

Moreover, some of the Cynk-Mal S.A. production equipment and production lines are subject to registered pledges, amounting to PLN 4,275 thousand in various banks.

As of the balance sheet day, the undermentioned real properties owned by the ZGH "Bolesław" S.A. Capital Group, are encumbered by the following mortgages acting as property collaterals:
- contractual mortgage established on the right of perpetual usufruct in respect of a plot of land No . 435/8 and on ownership right to the industrial building covered by a separate ownership title, recorded in the Land and Mortgage Register No GL1T/00094659/8, kept by the District Court of Tarnowskie Góry, amounting to PLN 36 956 thousand, increased by the interest due in respect of the Loan Agreement dated 11.12.2013, No 818/2013/Wn-12/OZ-UI-go/2014, concluded by HCM S.A with the National Fund for Environmental Protection and Water Management in Warsaw.

Also the PRD Olkusz company's tangible fixed assets transfer agreement is in force as of the balance sheet day:
- vibration roller AV 20-2 No ser. 10891 year of production 2008 valued at PLN 66 thousand,
- vibration roller AV 85-2 No ser. 106698/0339 year of production 2008 valued at PLN 199 thousand.

Also the fixed assets of the Bolesław Recycling Sp. z o.o. Company, purchased with the loan funds, loan agreement No 426/2004, concluded with the National Fund for Environmental Protection and Water Management in Warsaw. The loan amounts to PLN 45 140 thousand. As of the balance sheet day the amount of PLN 7 140 thousand was still left to repay.

Other tangible assets are not encumbered with mortgages, registered pledges and ownership transfers. Tangible fixed assets are valued according to cost, i.e. the purchase price (production cost) less accumulated depreciation (amortization). As of the balance sheet date no write-offs were made due to impairment of the value of fixed assets, as there was no indication proving it. In the reporting year it has been noted full use of the fixed assets, and volume of sales of all products was by 2,4 per cent lower than in the previous year.

2b NOTE - CHANGE OF FIXED ASSETS (BY GROUPS)	thousand x PLN					
	- land (including perpetual usufruct)	- buildings, premises, civil engineering objects	- plants and machinery	- means of transport	- other fixed assets	Fixed assets, total
a) gross value of fixed assets at the beginning of the period	22 866	937 156	1 297 491	49 799	16 749	2 324 061
b) increase (due to)	184	16 062	131 702	3 410	1 632	152 990
- investment	184	7 651	113 006	966	979	122 786
- leasing		7 975	18 413	2 444	653	29 485
- change of spare parts included in fixed assets			283			283
- appraisal value		436				436
c) decrease (due to)	387	2 710	4 762	873	361	9 093
- sale	387		71	513		971
- liquidation		2 710	4 691	360	361	8 122
- post-revaluation amount (change in gross value)						
- transfer to investment properties						
- changes resulting from IAS application						
d) gross value of fixed assets at the end of the period	22 663	950 508	1 424 431	52 336	18 020	2 467 958
e) accumulated depreciation (amortization), at the beginning of the period		329 838	400 327	20 617	8 524	759 306
f) depreciation for the period (due to)		40 460	74 294	4 521	1 205	120 480
- depreciation included in costs		42 021	79 554	5 257	1 486	128 318
- reduction due to sale			477	623		1 100
- reduction due to liquidation		1 561	4 783	113	281	6 738
- reduction due to inventory shortages						
- reduction due to contribution						
g) accumulated depreciation (amortization) at the end of the period		370 298	474 621	25 138	9 729	879 786
h) write-offs for permanent loss of value, at the beginning of the period						
- increase						
- decrease						
i) write-offs for permanent loss of value, at the end of the period						
j) net value of fixed assets at the end of the period	22 663	580 210	949 710	27 198	8 291	1 588 072

NOTE 2c – BALANCE SHEET FIXED ASSETS (OWNERSHIP STRUCTURE)	thousand x PLN	
	2014	2013
1. own assets	1 582 947	1 557 423
2. assets used under rental, lease, tenancy or other types of agreements, including leasing agreement, including:	5 125	7 332
- leasing agreement	5 125	7 332
Total balance sheet fixed assets	**1 588 072**	**1 564 755**

The position 'tangible fixed assets', includes technical equipment and machinery and means of transport which are subject to financial leasing. The Company, as the benefiting leaseholder, defined the basic accounting principles referring to leasing in section 3 of this Additional and Explanatory Information. The initial value of the objects of leasing amounts to PLN 8,310 thousand, subject to the depreciation of PLN 2,015 thousand, and the net value as of the balance sheet day is PLN 6,295 thousand. The liabilities in respect of the leasing amount to PLN 4,022 thousand, including: long-term ones PLN 2,436 thousand, and short-term ones PLN 1,586 thousand.

NOTE 3a – LONG-TERM INVESTMENT	thousand x PLN	
	2014	2013
1) investment properties	5 196	5 752
2) long-term financial assets	54 494	48 206
a) stocks and shares	11 899	8 206
b) long-term loans	40 000	40 000
c) other long-term financial assets	2 595	
Long-term investment, total	**59 690**	**53 958**

NOTE 3b - CHANGE IN THE BALANCE OF LONG- TERM FINANCIAL ASSETS (BY GROUP TYPES)	thousand x PLN	
	2014	2013
1. balance at the beginning of the period	48 206	306 125
a) shares	8 206	266 125
b) loans granted	40 000	40 000
c) other short-term financial assets		
2. increase (due to)	7 510	
a) contribution in kind		
b) purchase of shares	4 900	
c) other short-term financial assets	2 600	
d) consolidation	10	
3. decrease (due to)	1 222	257 919
a) reclassification of securities to short-term securities	1 222	
b) consolidation		257 919
4. balance at the end of the period	54 494	48 206

The purchase of stocks and shares concerns the Bolesław Recycling Sp. z o.o. Company's acquisition of 49% of stocks in the F&R Sp. z o.o. Company. The Company is subject to consolidation by equity method at the level of the ZGH "Bolesław" S.A. Capital Group.

NOTE 3c – ISSUER'S STOCKS OR SHARES IN SUBSIDIARY COMPANIES SUBJECT TO CONSOLIDATION

thousand x PLN

	a	b	c	d	e	f	g	h	i	j	k	l
No	Name (company) of the unit, indicating its legal form	Seat	Object of the enterprise	nature of the relation (subsidiary, interdependent unit, associate, with specification of direct and indirect relations)	the applied method of consolidation/ equity valuation method, or indication that the unit is not subject to consolidation/ equity valuation method	date of take-over of control/ joint control/ obtaining a significant impact	the value of shares according to the cost of purchase	value adjustments (total)	book value of shares	percentage of capital held	share of the total number of votes at a general meeting	indication, other than those referred to in par. j) or k), bases for control/ joint control/ significant impact
1.	Stalprodukt-MB sp. z o.o.	Bochnia	Construction and maintenance of roads and highways	subsidiary	full consolidation	17.10.1997	2 604	0	2 604	100	100	
2.	Stalprodukt-Wamech sp. z o.o.	Bochnia	production of spare parts and repair services	subsidiary	full consolidation	05.12.1997	1200	0	1 200	100	100	
3.	Stalprodukt-Centrostal sp. z o.o.	Kraków	trade of metallurgical products	subsidiary	full consolidation	29.12.1997	10 797	0	10 797	100	100	
4.	Stalprodukt-Serwis sp. z o.o.	Bochnia	services of installation, repair and maintenance of machinery	subsidiary	full consolidation	29.12.1998	900	0	900	100	100	
5.	Stalprodukt-Zamość sp. z o.o.	Zamość	woodwork production and trade of metallurgical products	subsidiary	full consolidation	09.12.1997	2 450	0	2 450	100	100	
6.	Stalprodukt-Ochrona sp. z o.o.	Bochnia	protection of property and persons	subsidiary	full consolidation	06.10.2000	600	0	600	100	100	
7.	STP Elbud sp. z o.o.	Kraków	manufacture of structures and galvanizing services	subsidiary	full consolidation	01.06.2005	20 864	0	20 864	100	100	
8.	Cynk-Mal S.A.	Legnica	hoop iron production and lightning protection wire and galvanizing services	subsidiary	full consolidation	01.10.2008	32 960	0	32 960	51	51	
9.	Anew Institute Sp. z o.o.	Kraków	designing sources of renewable energy	subsidiary	full consolidation	30.05.2012	10 219	695	9 524	100	100	
10.	ZGH "Bolesław" S.A.	Bukowno	non-ferrous metals mining and zinc and lead production	subsidiary	full consolidation	31.12.2012	259 232	0	259 232	90,07	90,07	

NOTE 3c' – STOCKS OR SHARES OF ZGH "Bolesław" S.A. IN SUBSIDIARY COMPANYS SUBJECT TO CONSOLIDATION

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Lp.	a	b	c	d	e	f	g	h	i	j	k	l
	Name (company) of the unit, indicating its legal form	Seat	Object of the enterprise	nature of the relation (subsidiary, interdependent unit, associate, with specification of direct and indirect relations)	the applied method of consolidation/ equity valuation method, or indication that the unit is not subject to consolidation/ equity valuation method	date of take-over of control/ joint control/ obtaining a significant impact	the value of shares according to the cost of purchase	value adjustments (total)	book value of shares	percentage of capital held	share of the total number of votes at a general meeting	indication, other than those referred to in par. j) or k), bases for control/ joint control/ significant impact
1.	Bolesław Recycyling Sp. z o.o.	Bukowno	management of scrap andmetal waste	subsidiary	full consolidation	01.03.2004	12 259	-5 522	6 737	100	100	
2.	BOLTHERM Sp. z o.o.	Bukowno	Production and distribution of heat, alteration services, production of dolomite aggregates, zinc products, transport- and equipment-reated services	subsidiary	full consolidation	01.03.2004	16 262	-10 068	6 194	100	100	
3.	Karo Sp. z o.o.	Bukowno	Detective- ,investigation- and security-related activities	subsidiary	full consolidation	01.03.2004	304		304	100	100	
4.	Huta Cynku Miasteczko Śląskie S.A.	Miasteczko Śląskie	Production and sales of zinc and lead and alloys of these metals	subsidiary	full consolidation	29.09.2010	17 120		17 120	91,58	91,58	
5.	Gradir Montenegro d.o.o. Niksic	Novaka Ramowa	Excavation and production of zinc and lead concentrates	subsidiary	full consolidation	11.07.2011	129 205	-100 981	28 224	99,56	100,00	
6.	Przedsiębiorstwo Robót Drogowych Olkusz Sp. z o.o.	Olkusz	Road construction and repairs	subsidiary company	full consolidation at the level of the Bolesław Capital Group	01.09.2010	7 786	-3 286	4 500	99,71	99,71	

NOTE 3c''- STOCKS OR SHARES OF ZGH "Bolesław" S.A. IN SUBSIDIARY COMPANIES SUBJECT TO CONSOLIDATION ACCORDING TO EQUITY METHOD

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Lp.	a	b	c	d	e	f	g	h	i	j	k	l
	Name (company) of the unit, indicating its legal form	Seat	Object of the enterprise	nature of the relation (subsidiary, interdependent unit, associate, with specification of direct and indirect relations)	the applied method of consolidation/ equity valuation method, or indication that the unit is not subject to consolidation/ equity valuation method	date of take-over of control/ joint control/ obtaining a significant impact	the value of shares according to the cost of purchase	value adjustments (total)	book value of shares	percentage of capital held	share of the total number of votes at a general meeting	indication, other than those referred to in par. j) or k), bases for control/ joint control/ significant impact
1.	F&R Finance Sp. z o.o.	Myslenice, Jawornik	Service activities excluding insurance and pension funds	subsidiary company	Consolidation with the equity method at the level of the ZGH Bolesław Capital Group	23.04.2014	4 900	11	4 911	49,00	49,00	

NOTE 3d – ISSUER'S STOCKS OR SHARES IN SUBSIDIARY COMPANIES SUBJECT TO CONSOLIDATION																		
	thousand x PLN																	
	a	m							n			o			p	r	s	t
		Equity of the unit, including:							Liabilities and provisions for liabilities of the unit, including:			Receivables of the unit, including:						
						Other equity, including:												
No	name of entity		- share capital	- calledup share capital (negative value)	- supplementary capital		Previous years' profit (loss)	Net profit (loss)		-long-term liabilities	- short-term liabilities		- long-term receivables	- short-term receivables	Assets of the entity, total	Revenues from sale	value of the shares in the unit not paid by the issuer	dividends received or receivable from the unit for the last financial year
1.	Stalprodukt-MB sp. z o.o.	**4 943**	2 604			2 339		146	**560**		560	**2 241**		2 241	**5 502**	**4 498**		
2.	Stalprodukt-Wamech sp. z o.o.	**9 592**	1 200			8 392		336	**2 002**		2 002	**3 708**		3 708	**11 593**	**15 638**		
3.	Stalprodukt-Centrostal sp. z o.o.	**7 348**	10 797			-3 449	-9 974	-5 549	**100 927**		100 659	**55 643**		55 643	**108 276**	**389 471**		
4.	Stalprodukt-Serwis sp. z o.o.	**4 905**	900			4 005		1 290	**4 056**	52	3 230	**6 311**		6 311	**8 970**	**25 956**		
5.	Stalprodukt-Zamość sp. z o.o.	**18 414**	2 450			15 964		357	**4 590**	197	4 177	**4 154**		4 154	**23 004**	**42 995**		
6.	Stalprodukt-Ochrona sp. z o.o.	**1 684**	600			1 084		151	**532**		532	**807**		807	**2 216**	**4 894**		
7.	STP-Elbud sp. z o.o.	**56 057**	20 613		30 913	4 531		2 413	**16 587**		16 587	**27 771**		27 771	**72 643**	**112 719**		
8.	Cynk-Mal S.A.	**24 709**	20 191		22 496	-17 978	-17 961	-17	**43 609**	9 485	28 706	**4 969**		4 969	**68 318**	**55 295**		
9.	Anew Institute sp. z o.o.	**8 314**	9 524		77	-1 287	-429	-879	**3 091**		888	**778**		778	**11 406**	**653**		
10.	ZGH "Bolesław" S.A.	**500 102**	166 116		191 226	142 760		37 143	**345 248**	9 926	164 141	**114 911**	1 241	113 670	**845 349**	**817 423**		

NOTE 3e - Shares in other entities					
	thousand x PLN				
	a	b	c	d	e
No	Name (company) of the entity, indicating its legal form	Seat	Object of the enterprise	Book value of shares	Percentage of capital held
1.	Stalprodukt-Profil S.A.	Bochnia	trade in steel products	80	16,00
2.	StalNet sp. z o.o.	Kraków	online trade	39	19,50
3.	STP Investment S.A.	Bochnia	financial activities	5 821	13,80
4.	Other			594	

The item „Other" features (KGHM) unrestricted shares, quoted on the Warsaw Stock Exchange, held by the Wamech company and stocks (interests) in Polska Technika Zabezpieczeń, held by the Stalprodukt-Zamość company.
Apart from the KGHM shares, all the other stocks (interests) and shares are not stock exchange-quoted and are unrestricted in respect of transfer.
Item 3 concerns the Stalprodukt-Centrostal subsidiary company's stocks (interests) in STP Investment SA. All the stocks (interests) expressed in PLN.

NOTE 4 - Change in assets due to deferred income tax	thousand x PLN 2014	2013
1. Balance of assets due to deferred income tax, at the beginning of the period, including:	16 446	1 899
a) attributed to the financial result	14 843	1 899
b) attributed to equity	1 603	
2. Increases	6 781	685
a) attributed to financial result of the period in respect of deductible temporary differences (due to)	4 364	685
- appearance of temporary differences	4 364	685
b) attributed to equity in respect of negative temporary differences (due to)	2 417	
3. Decreases	917	1 161
a) attributed to financial result of the period in respect of negative temporary differences (due to)	750	1 161
- reversal of temporary differences	750	1 161
- changes of tax rate		
b) attributed to equity in respect of negative temporary differences (due to)	167	
4. increases due to consolidation		15 023
5. Balance of assets due to deferred income tax, at the end of the period, including:	22 310	16 446
a) attributed to the financial result	18 457	14 843
b) attributed to equity	3 853	1 603

NOTE 5 - Inventory	thousand x PLN	
	2014	2013
1. materials	288 723	266 926
2. semi-finished products and work in progress	109 240	85 717
3. finished products	132 488	106 120
4. goods	48 297	47 869
5. advances for deliveries		
Inventory, total	578 748	506 632

As at the balance sheet date, the following charges of inventory apply:
- regarding materials – a registered pledge agreement to the amount of 30,000 thousand PLN for the benefit of Nordea Bank Polska S.A. (now PKO BP S.A.) and up to 20,000 thousand PLN for BNP Paribas S.A. and up to 15 000 thousand PLN for Bank Handlowy S.A. and up to 30,000 thousand PLN for Bank BP S.A. and up to 25 000 thousand PLN for Bank Pekao S.A. due to protection of the granted credit limits for the Parent Company.

Moreover, a valid registered pledge over the goods is binding to the Stalprodukt-Centrostal Kraków sp. z o.o. Company, up to the amount of PLN 35 000 thousand, securing the current account credit granted by Nordea Bank Polska S.A. (currently PKO BP S.A.). As of the balance sheet day, there are valid registered pledges over the inventories of finished products and work in progress, binding to the HCM S.A. Company, amounting to PLN 22 500 thousand, in favor of the Pekao S.A. bank, securing the credit limit granted by the bank concerned. Moreover, a registered pledge over coke inventories up to the amount of PLN 1 000 thousand is also binding to the HCM S.A. Company, aimed at securing the coke sales agreement.

During the reporting period write-down sue to impairment of value was made on finished products to the net realizable value. The value of the write-down amounted to 1,624 thousand PLN. Advances for deliveries demonstrated in receivables for deliveries and services. The value of advances for deliveries as at 31.12.2014 amounts to 139 thousand PLN.

NOTE 6a - Short-term receivables	thousand x PLN	
	2014	2013
1. trade receivables, maturing:	346 487	365 271
- up to 12 months	346 487	365 271
- above 12 months		
2. receivables from tax, subsidy, customs, social security and other benefits	32 591	32 935
3. claimed at court		
4. other	9 680	11 747
Net short-term receivables, total	388 758	409 953
- write-downs of receivables	8 630	23 001
Gross short-term receivables, total	397 388	432 954

As at the balance sheet date applies the Stalprodukt-Serwis receivables in the amount of PLN 1,000 thousand acting as the security for the overdraft limit on the current account incurred at the Bank PKO BP S.A.

As at 31.12.2014 also the undetermined amount the silent cession of claims is valid from 11 customers, as security for a limit on guarantees and letters of credit in Fortis Bank Polska S.A. as well as silent assignment duties in the amount of 10,000 thousand PLN, which constitutes security of the limit for guarantees and letters of credit in BNP Paribas S.A. In ZGH "Bolesław” there are collaterals securing current account credits , incurred in the following banks: ING Bank Śląski S.A. (assignment from commercial contracts amounting up to USD 10 000 thousand), Pekao SA (assignment from commercial contracts amounting up to PLN 30 000 thousand), BNP Paribas Bank Polska S.A. (assignment from commercial contracts amounting up to PLN 15 000 thousand). In HCM SA there are collaterals securing current account credits incurred in the following banks: Credit Agricole Bank Polska SA (assignment from commercial contracts amounting up to PLN 15 000 thousand), ING Bank Śląski S.A. (assignment from commercial contracts amounting up to PLN 30 000 thousand). In Bolesław Recycling Sp. z o.o. there are collaterals securing the loan agreement No 426/2004 concluded with the National Fund for Environmental Protection and Water Management in Warsaw (assignment from the sales agreement concluded with ZGH “Bolesław” S.A.).

NOTE 6b - Change in short-term receivables write-down	thousand x PLN	
	2014	2013
Balance at the beginning of the period	23 001	9 017
1. increase (due to)	4 555	20 602
a) provision for doubtful receivables	4 555	4 671
a) inclusion of the ZGH capital Group into consolidation		15 931
2. decrease (due to)	18 926	6 618
a) cancellation	1 723	2 074
b) release of provision (reserve) for doubtful receivables	2 726	64
c) exchange rates differences	10 000	
d) adjustment	11	1
e) payment	4 466	4 479
Balance of short-term receivables write-downs at the end of the period	8 630	23 001

NOTE 6c - Gross short-term receivables (currency structure)	thousand x PLN	
	2014	2013
1. in Polish currency	210 932	248 519
2. in foreign currencies (according to currencies converted into PLN)	186 456	184 435
a) in EURO	17 082	18 320
converted into PLN	72 004	76 600
b) in USD	33 199	35 414
converted into PLN	114 452	107 835
Short-term receivables, total	397 388	432 954

NOTA 6d - Trade receivables (gross) – maturing as at the balance day:	thousand x PLN	
	2014	2013
up to 1 month	176 271	177 832
above 1 month up to 3 months	75 516	66 045
above 3 months up to 6 months	3 477	2 971
above 6 months up to 1 year	2 605	3 849
above 1 year	3 688	4 494
overdue receivables	93 560	133 081
Trade receivables, total (gross)	355 117	388 272
trade receivables write-downs	8 630	23 001
Trade receivables, total (net)	346 487	365 271

The normal course of sales is connected with the time interval for repayment of receivables up to 3 months.

NOTE 6e - Trade receivables, overdue (gross) – divided into unpaid receivables within the period:	thousand x PLN	
	2014	2013
up to 1 month	68 557	75 433
above 1 month up to 3 months	11 672	20 032
above 3 months up to 6 months	4 415	7 965
above 6 months up to 1 year	3 018	6 415
above 1 year	5 898	23 236
Trade receivables, total (gross)	93 560	133 081
trade receivables write-downs	8 630	23 001
Trade receivables, total (net)	84 930	110 080

NOTE 6f - Disputable and overdue receivables

The total amount of gross short-term receivables, i.e. 397,388 thousand PLN, overdue receivables amount to 93,560 thousand PLN. Disputable overdue receivables did not occur. Overdue receivables only apply to trade receivables. Out of the overdue receivables, only the amount of 8,630 thousand PLN was covered by write-downs. The remaining receivables were not subject to write-downs due to the fact that are justified by the strategy and marketing policies of the parent company and secured by bank guarantees and promissory notes.

NOTE 7a - Short-term investments	thousand x PLN	
	2014	2013
1. cash	169 010	111 753
a) cash in hand and at bank	169 010	86 056
b) other cash		25 697
2. loans		
3. other short-term investments	60 255	40 636
Short-term investments, total	229 265	152 389

NOTE 7b - Cash and equivalents (currency structure)	thousand x PLN	
	2014	2013
1. in Polish currency	107 667	67 771
2. in foreign currencies (according to currencies converted into PLN)	61 343	43 982
a) in Euro	5 151	6 648
converted into thousand PLN	22 860	27 623
b) in USD	10 920	5 398
converted into thousand PLN	38 483	16 359
Cash and other pecuniary assets, total	169 010	111 753

Cash and cash equivalents are invested in secure financial instruments, such as short-term deposits with a term up to 30 days. These deposits are not at risk and ensure the availability of financial resources. The interest rate on deposits negotiated each time, forms significantly above the standard interest rate of deposits. As of the balance sheet day, funds were placed on overnight deposits.

NOTE 8 - Short-term accruals	thousand x PLN	
	2014	2013
1. active cost accruals, including:	10 066	9 338
a) costs of insurance and subscription	3 481	3 241
b) staged repairs	6 019	4 963
c) costs of fair organized in 2014	91	48
d) other	475	1 086
2. other accruals, including:	3 997	
Short-term accruals, total	14 063	9 338

Write-offs

Asset write-offs due to impairment of value refer to short-term receivables and stocks of finished products. The total value of write-offs as at the balance sheet date amounts to 10,254 thousand PLN, including those concerning receivables of 8,630 thousand PLN and finished products of 1,624 thousand PLN.

During the reporting period there was made a write-off in the amount of 1,624 thousand PLN in scope of inventories of finished products and a write-off from the previous year was dissolved in the amount of 905 thousand PLN, in connection with sale of the products covered by the write-off. Write-off due to impairment of doubtful receivables was made in the amount of 4,555 thousand PLN and a part of the previous write-downs in the amount of 18,926 thousand PLN, in connection with payment of receivables, cancellation and adjustments.

NOTE 9 - Share capital of the parent company (structure)								
thousand x PLN								
Series/issue	Type of shares	Share preference type	Type of limitation of rights to shares	Number of shares	Value of a series/issue according to nominal value	Manner of capital coverage	Registration date	The right to dividend (since)
A	preference registered shares	5 votes at the General Shareholders' Meeting and the distribution of assets		128 180	256 360	cash	3.07.1991	1.07.1992
A	registered shares without preference	Non-preference		1 820	3 640	cash	3.07.1991	1.07.1992
B	preference registered shares	5 votes at the General Shareholders' Meeting and the distribution of assets		505 490	1 010 980	cash	16.11.1993	1.01.1994
B	registered shares without preference	Non-preference		14 510	29 020	cash	16.11.1993	1.01.1994
C	ordinary bearer shares	Non-preference		780 000	1 560 000	cash	20.10.1994	1.01.1995
D	ordinary bearer shares	Non-preference		780 000	1 560 000	cash	20.10.1994	1.01.1995
E	preference registered shares	5 votes at the General Shareholders' Meeting and the distribution of assets		2 165 630	4 331 260	cash	30.09.1996	1.01.1996
E	registered shares without preference	Non-preference		44 370	88 740	cash	30.09.1996	1.01.1996
F	ordinary bearer shares	Non-preference		1 105 000	2 210 000	cash	17.12.1996	1.01.1997
G	ordinary bearer shares	Non-preference		1 200 000	2 400 000	cash	13.05.1997	1.01.1997
Number of shares, total				6 725 000				
Share capital, total					13 450 000			
Nominal value of one share (in PLN)		2,00						

Preference of the property means that in the event of liquidation of the Company, the assets remaining after satisfaction of creditors shall be paid first in a nominal amount for all shares, and the rest is divided evenly on the preference shares.
During the reporting period changes in the overall amount of the share capital did not occur.
As at the balance sheet date, shareholders holding at least 5% of the total number of votes at the General Shareholders' Meeting are:
- ArcelorMittal Poland S.A. holding 2,270,800 shares representing 33.77% of the capital and 6,846,800 votes, representing 38.20% of the total number of votes at the General Shareholders' Meeting,
- STP Investment S.A. holding 1,959,725 shares, representing 29.14% of the capital and 5,899,941 votes, representing 32.92% of the total votes at the General Shareholders' Meeting,
- Stalprodukt Profil S.A. holding 614,065 shares, representing 9.13% of the share capital and 936,349 votes, representing 5.22% of total votes at the General Shareholders' Meeting.
Shares of the Issuer owned by subsidiaries: Stalprodukt-Centrostal Sp. z o.o. 45 pcs. of shares with the purchase price and the carrying amount of 1 thousand PLN.

NOTE 10 - Own shares

The indicated amount of (PLN -140 thousand) is related to the registered shares purchased by the Issuer in the reporting period in the number of 69,733 items, at the price PLN 384 per item and 45 shares acquired by the Stalprodukt-Centrostal subsidiary company at the price PLN 22. In the balance sheet 'own shares' were quoted at the nominal price of PLN 2,00 /item. The negative difference between the nominal value and the purchase price was referred to reserve capital.

NOTE 11– Supplementary capital	thousand x PLN	
	31.12.2014	**31.12.2013**
1. from sale of shares above their nominal value	35 054	35 054
2. statutorily created	646	646
3. created in accordance with the statute / articles of association, above the statutorily required (minimum) value	62 789	19 611
4. from subsidies of the shareholders / partners		
5. other (by type)	82 117	64 724
a) from revaluation of fixed assets	285	285
b) from liquidation and revaluation of fixed assets	181	181
c) from sale of shares	148	148
d) negative difference between the nominal value and purchase price of own shares	-26 638	-26 638
e) retained profit	60 510	60 510
f) retained profit (loss)	47 631	30 238
Supplementary capital, total	180 606	120 035

Supplementary capital is mandatory created in the company (by law). According to the Code of Commercial Companies, the company must allocate to the reserve capital at least 8% of annual net profit until the capital reaches 1/3 of share capital. Supplementary capital is increased by the excess over the issue of shares above their nominal value and the difference from the revaluation of fixed assets, which have been liquidated or sold.

The amounts resulting from the subsidiary companies profit distribution are also transferred to the supplementary capital, pursuant to the Resolutions pf the Shareholders' Meeting (subpar. c). Supplementary capital also includes profit from previous years, referring to negative goodwill from previous years and settled in accordance with IFRS, as well as retained profits on revaluation of fixed assets and the right of perpetual usufruct of land, made on the date of transition to IFRS.

NOTE 12 – Revaluation reserve	thousand x PLN	
	31.12.2014	**31.12.2013**
1. from revaluation of fixed assets	4 592	4 521
Revaluation reserve, total	4 592	4 521

NOTE 13 – Other reserve capitals (by appropriation)	thousand x PLN	
	31.12.2014	**31.12.2013**
- reserve capital for investments	1 390 603	1 363 764
- reserve capital for financing of current assets	12 145	12 145
- other reserve capital	58 276	58 276
Revaluation reserve, total	1 461 024	1 434 185

Other capital reserves are formed from the profit, whose distribution is determined by the General Meeting of Shareholders at the parent company and General Meetings of Shareholders at subsidiary companies.

These capital reserves serve to finance the current assets and cover the potential loss. The use of these reserves is determined by the General Meeting of Shareholders or Meeting of Shareholders.

NOTE 14 – CHANGE IN MINORITY INTEREST	thousand x PLN	
	2014	2013
Balance at the beginning of the period	128 498	12 107
1. increases (due to)	10 327	115 991
a) inclusion of the ZGH capital Group into consolidation		111 299
b) profit distribution	10 327	4 692
2. decrease (due to)	32 081	-400
a) dividend payment		
b) % change in the minority shares	32 081	
c) exclusion the Stalprodukt – Warszawa Company under liquidation from consolidation		-400
Minority interest status at the end of reporting period	106 744	128 498

NOTE 15a - CHANGE IN THE BALANCE OF RESERVE FOR DEFERRED INCOME TAX	thousand x PLN	
	2014	2013
1. The balance of deferred income tax, at the beginning of the period, including:	49 179	15 117
a) attributed to financial result (due to)	18 180	
- for investment allowance		
b) attributed to equity (due to)	30 999	15 117
- in respect of differences between the balance sheet depreciation and tax depreciation	30 999	15 117
- for revaluation of fixed assets		
2. Increases (due to)	12 303	34 062
a) differences between the depreciation entered in the balance sheet and tax depreciation	8 351	6 618
b) inclusion in consolidation Capital Group ZGH "Bolesław"		27 444
c) exchange differences	2 150	
d) others reserves	1 802	
3. Decreases	4 156	
a) attributed to the financial result due to positive temporary differences (due to)	2 086	
- reversal of temporary differences (use of reserves for deferred income tax)	2 086	
b) attributed to the financial result due to positive temporary differences (due to)	2 070	
- difference between balance and taxable amortization	2 070	
4. Balance of reserve at the end of the period, total	57 326	49 179
a) attributed to the financial result	20 046	18 180
b) attributed to equity	37 280	30 999
- for differences between the depreciation entered in the balance sheet and tax depreciation	37 280	30 999

NOTE 15b - Change of the balance of other long-term reserves	thousand x PLN	
	2014	2013
1. balance at the beginning of the period	141 160	4 266
2. increases (due to)	14 485	139 288
a) provision for retirement benefits	6 567	2 086
b) forming a provision for a sludge pond reclamation	193	55
c) forming a provision for the mine reclamation	5 869	
d) forming a provision for guarantee repairs	1 197	
e) forming other provisions	659	
f) inclusion in consolidation Capital Group ZGH "Bolesław"		137 147
3. dissolution (due to)	4 340	2 394
a) transfer to a short-term reserve	3 237	2 333
b) paid retirement benefits		
c) decrease of a reserve	1 103	61
4. balance at the end of the period	151 305	141 160

NOTE 15 c - CHANGE IN OTHER SHORT-TERM RESERVES (BY TITLE)	thousand x PLN	
	2014	2013
1. balance at the beginning of the period	23 139	1 527
2. increases (due to)	58 858	24 169
a) transfer from long-term reserves to short-term ones	5 453	2 333
b) formation of reserves for future liabilities	53 350	
c) formation of reserves for retirement benefits	55	
d) inclusion in consolidation Capital Group ZGH "Bolesław"		21 836
3. utilized (in respect of)	35 580	
a) other liabilities	35 580	
4. dissolution (due to)	7 656	2 557
a) paid retirement benefits	5 177	2 333
b) other	2 479	224
4. balance at the end of the period	38 761	23 139

NOTE 16a - Long-term liabilities	thousand x PLN	
	2014	2013
1. credits and loans	92 252	90 010
2. in respect of issued debt securities		
3. other financial liabilities, including:	5 869	42 258
a) liabilities in respect of the ZGH purchase agreement		40 000
b) financial lease agreements	2 073	2 258
c) hedging transactions agreements/ collateral agreements	3 796	
4. other (according to type)	21 212	25 377
a) system	12 226	18 340
b) purchase of fixed assets	2 123	
c) geological information fee	6 863	7 037
5. contingent liabilities due to the purchase of ZGH	296 115	296 115
Long-term liabilities, total	415 448	453 760

NOTE 16b - Long-term liabilities, maturing as at the balance sheet date	thousand x PLN	
	2014	2013
a) above 1 year to 3 years	82 412	112 850
b)above 3 to 5 years	19 606	36 302
c) above 5 years	17 315	8 493
d) contingent liabilities due to the purchase of ZGH	296 115	296 115
Long-term liabilities, total	415 448	453 760

NOTE 16c - Long-term liabilities (currency structure)	thousand x PLN	
	2014	2013
1. in Polish currency	415 448	452 935
2. in foreign currency (by currency and converted into PLN)		825
a) in EUR		199
converted into PLN		825
b) in USD		
converted into PLN		
Long-term liabilities, total	415 448	453 760

NOTE 16d - LONG-TERM LIABILITIES FOR CREDITS AND LOANS													
thousand x PLN													
Name (company) of the unit, indicating its legal form	Seat	The amount of credit/loan according to the agreement				The amount of credit/loan remaining for repayment				Interests	Term of repayment	Collaterals	Other
		in thousand PLN	in currency	unit	currency	in thousand PLN	in currency	unit	currency				
ING Bank Śląski SA	Warszawa	2 850		in thousand	PLN	226		in thousand	PLN	WIBOR + margin	02.09.2016	bail mortgage on real estate and registered pledge on equipment	Cynk-Mal S.A. long-term credit
Bank PKO PB SA	Warszawa	100 000		in thousand	PLN	60 000		in thousand	PLN	wibor + marża	31.12.2017	joint mortgage up to the amount of PLN 150 000 thousand placed on the real estate situated at Wadowicka Street in Kraków	Total credit amount of PLN 60000 thousand, including PLN 20000 thousand – a credit with an annual repayment period
NFOŚ i GW	Warszawa	45 114	PLN	in thousand	PLN	2 380	PLN	in thousand		0.5 bill rediscount rate	30.06.2016	Irrevocable power of attorney in favour of the National Fund for Environmental Protection and Water Management to dispose of the funds deposited on the account along with the obligation to provide inflow of funds to the above mentioned account in the amount not lower than PLN 2 million. Assignment of obligations/liabilities from the sales agreement BF/33/04 concluded with ZGH "Bolesław" S.A. Assignment of rights from insurance policies against fire and contingent events concluded in respect of trasferred fixed assets.. The transfer of fixed assets, purchased within the investment project, up to the amount corresponding to the loan amount. Contingent liability amounting to PLN 11 278 thousand , which accounts for 25 % of the loan value.	
NFOŚ i GW	Warszawa	28 082	PLN	in thousand	PLN	17 082	PLN	in thousand		3,50 % w skali roku	30.09.2020	Promissory note endorsed by ZGH "Bolesław" S.A.	
NFOŚ i GW	Warszawa	36 956	PLN	in thousand	EUR	32 564	PLN	in thousand		3,50 % w skali roku	31.03.2026	Blank promissory note along with the declared promissory-note- related mortgage on the real estate, on which the project is carried out, court registered pledge resting on the set of items purchased or produced during the project implementation.	

NOTE 17a - Short-term liabilities	thousand x PLN	
	2014	2013
1. credits and loans, including:	133 609	95 043
a) long-term, maturing	20 000	30 963
2. in respect of issued debt securities		
3. due to dividend		
4. other financial liabilities, including:	61 820	9 722
a) from leasing	1 361	2 360
b) from purchase of enterprise	6 114	6 114
c) from purchase of options	54 345	1 248
5. trade liabilities, maturing:	307 225	367 593
a) up to 12 months	305 148	367 593
b) over 12 months	2 077	
6. received advances for deliveries	748	4 774
7. tax, customs, insurance and other liabilities	49 844	35 044
8. payroll	21 641	18 918
a) other (by title)	48 403	33 341
a) social fund	7 905	7 789
b) PKZP	1 148	1 206
c) PZU	1 178	1 064
d) mining plant liquidation fund	13 118	11 582
e) settlements of investments	14 521	
f) other	10 533	11 700
Short-term liabilities, total	623 290	564 435

NOTE 17b - Short-term liabilities (currency structure)	thousand x PLN	
	2014	2013
1. in Polish currency	560 771	429 393
2. in foreign currency (by currency and converted into PLN)	62 519	135 042
a) in EUR	6 334	18 905
converted into PLN	26 462	78 760
b) in USD	10 416	18 332
converted into PLN	36 057	56 282
Short-term liabilities, total	623 290	564 435

NOTE 17c - SHORT-TERM LIABILITIES FOR CREDITS AND LOANS

thousand x PLN

Name (company) of the unit, indicating its legal form	seat	The amount of credit limit/loan according to the agreement: in thousand PLN	in currency	unit	currency	The amount of credit/loan remaining for repayment: in thousand PLN	in currency	unit	currency	Interests	Term of repayment	Collaterals	Other
Bank PeKaO S.A.	Kraków	75 000		in thousand	PLN	12 235		in thousand	PLN	Wibor+margin	September 2015	pledge on (raw) material inventories	limit for guarantees and letters of credit
Bank PKO BP S.A.	Gdynia	60 000		in thousand	PLN	11 997		in thousand	PLN	Wibor+margin	July 2014	pledge on material inventories, assignment of insurance policy rights, blank bill of exchange	credit limit of PLN 40,000 thousand and PLN 20,000 for guarantees and letters of credit
Bank PKO BP S.A.	Gdynia	20 000		in thousand	PLN	19 635		in thousand	PLN	Wibor+margin	July 2014	blank bill of exchange, pledge on (raw) material inventories	credit in the current account Stalprodukt-Centrostal
Bank Handlowy S.A.	Warszawa	65 000		in thousand	PLN	8 397		in thousand	PLN	Wibor+margin	July 2016 for the credit and short-term guarantees, July 2015 for long-term guarantees	pledge on (raw) material inventories, assignment of receivables	Credit limit in the current account, short-term guarantees and letters of credit amounting to PLN 40.000 thousand. Long-term guarantee limit of PLN 25.000 thousand
Bank PKO BP S.A.	Warszawa	50 000		in thousand	PLN	18 308			PLN	Wibor+margin	December 2015	pledge on (raw) material inventories, blank bill of exchange	Limit for guarantees and letters of credit PLN 20.000 thousand overdraft in the current account PLN 30,000 thousand
BNP Paribas S.A.	Kraków	50 000		in thousand	PLN	10 378			PLN	Wibor+margin	January 2016	blank bill of exchange, assignment of receivables and pledge on (raw) material inventories	overdraft limit in the current account – guarantees and letters of credit
Bank PKO BP S.A.	Bochnia	1 000		in thousand	PLN	0		in thousand	PLN	Wibor+margin	October 2015	blank bill of exchange, assignment of receivables	credit in the current account Stalprodukt-Serwis
Bank PKO BP S.A.	Warszawa			in thousand	PLN	20 000			PLN	Wibor+margin		Joint mortgage up to the amount of PLN150.000 thousand on the real property at Wadowicka Street in Krakow	A long-term credit with the annual repayment period
ING Bank Śląski S.A.	Warszawa	2 850		in thousand	PLN	303		in thousand	PLN	Wibor+margin	September 2016	Mortgage and assignment of insurance policy rights, assignment of receivables	A long-term credit of the Cynk-Mal company with the annual repayment period
Bank PKO BP S.A.				in thousand	PLN	4		in thousand	PLN				Anew Institute Sp. z o.o.rredit cards account

NFOŚ i GW	Warszawa	45 114	PLN	in thousand	PLN	4 760	PLN	in thousand	PLN	0.5 bill rediscount rate	June 2016	Power of attorney for the account, assignment of liabilities from the sales agreement BF/33/04 , assignment of rights from fixed assets insurance policies, transfer of fixed assets up to the amount corresponding to the loan amount. Contingent liability amounting to PLN 11 278 thousand accounts for 25 % of the loan value.	
NFOŚ i GW	Warszawa	28 082	PLN	in thousand	PLN	3 667	PLN	in thousand	PLN	3,50 % per annum	September 2020	Promissory note endorsed by ZGH Bolesław S.A.	
Credit Agricole Bank Polska S	Wroclaw	15 000	PLN, USD, EUR	in thousand		30	PLN	in thousand	PLN	Wibor, Euribor, Libor 1M + profit margin	October 2015	Assignment of receivables from contracts, assignment of rights from the insurance policy	
Bank Pekao S.A.	Warszawa	21 502	PLN	in thousand		21 196	PLN	in thousand	PLN	Wibor, Euribor, Libor 1M + profit margin	September 2015	Power of attorney authorizing to use the bank accounts, accepting joint and several liability by Stalprodukt S.A.	Cynk Mal S.A.
Bank Pekao S.A.	Warszawa	15 000	PLN, USD, EUR	in thousand		107	PLN	in thousand	PLN	Wibor, Euribor, Libor 1M + profit margin	September 2015	Pledge on inventories of finished products and production in progress, assignment of receivables	
ING Bank Śląski S.A.	Katowice	30 000	PLN, USD, EUR	in thousand		904	PLN	in thousand	PLN	Wibor, Euribor, Libor 1M + profit margin	31.10.2014 with the option of automatic extention for the next term	Mortgage along with assignment of rights from an insurance policy, assignment of commercial contracts along with assignment of rights from an insurance policy	
Bank Pekao S.A.	Kraków	13 000	PLN	in thousand		845	PLN	in thousand		Wibor+margin	September 2015	Power of attorney authyorizing to use bank accounts and acceptance of joint and several liability by Stalprodukt S.A.,	STP Elbud Sp. z o.o.
Bank PKO BP S.A.	Warszawa	1 000	PLN							Wibor+margin	July 2015	Registered pledge on machinery	STP Elbud Sp. z o.o.
Hipotekarna Banka	Niksić	17 049	EUR	in thousand		848	PLN	in thousand	PLN	8,95	January 2015	ZGH Bolesław S.A stocks., Veselin Pejović property, bills of exchange/promissory notes	Gradir Montenegro d. o.o.

NOTE 18 - Accruals	thousand x PLN	
	2014	2013
1. disclosed deferred income	711	987
a) long-term (by titles)	458	499
- subsidy EKOFUNDUSZ	284	499
- other	174	
b) short-term (by titles)	253	488
- subsidy EKOFUNDUSZ	215	429
- provision for fixed assets liquidation costs	38	59
2. deferred income	11 064	3 424
a) long-term (by titles)	868	491
- National Fund for Environmental Protection and Water Management loan write-off	174	197
- perpetual usufruct of land	207	207
- subsidy	487	87
b) short-term (by titles)	10 196	2 933
- received advances	7 664	245
- subsidy NCBiR	2 104	2 218
- subsidy NFOś	428	470
Other accruals, total	11775	4411

NOTE 19 - Book value per 1 share
The book value per 1 ordinary share was calculated as the ratio of equity to the number of shares (1,846,650 thousand PLN:6,725,000 shares = 274.59 PLN).

NOTE 20 a - NET INCOME FROM SALES OF PRODUCTS (MATERIAL STRUCTURE-TYPES OF ACTIVITIES)	thousand x PLN	
	2014	2013
- transformer sheets	446 048	376 191
- toroidal cores	10 345	10 481
- steel sheets, hot-rolled and cold-rolled strips	108 124	151 766
- cold formed profiles	536 436	549 405
- road barriers	116 219	111 206
- steel structures, including door and door frames	103 850	76 740
- galvanized banding steel and galvanized wire	43 228	40 974
-zinc	764 356	735 439
- alloys	289 289	222 882
- flotation galena	77 367	96 229
- suplhuric acid	19 338	23 187
- dolomite	21 765	23 397
- Zn-Pb-Ag concentrate	12 370	16 310
- refined lead	100 524	114 816
- Dore metal	46 252	60 029
- other products	6 176	
- services	33 363	25 990
Net revenues from sales of products, total	2 735 050	2 635 042

NOTE 20b - NET INCOME FROM SALES OF PRODUCTS (TERRITORIAL STRUCTURE)	thousand x PLN	
	2014	2013
a) country	1 430 039	1 394 128
- transformer sheets	17 405	14 492
- toroidal cores	4 484	5 135
- steel sheets, hot-rolled and cold-rolled strips	92 702	128 415
- cold formed profiles	355 988	360 985
- road barriers	105 588	100 585
- steel structures, including door and door frames	99 190	75 572
- galvanized banding steel and galvanized wire	26 178	25 548
-zinc	387 427	332 737
- alloys	200 596	189 925
- suplhuric acid	11 494	13 520
- dolomite	21 765	23 397
- refined lead	79 447	102 637
- services	1 719	
- others	26 056	21 180
b) export	1 305 011	1 240 914
- transformer sheets	428 643	361 699
- toroidal cores	5 861	5 346

- steel sheets and hot- and cold-rolled strips	15 422	23 351
- cold formed profiles	180 448	188 420
- road barriers	10 631	10 621
- steel structures, including door and door frames	4 660	1 168
- galvanized banding steel and galvanized wire	17 050	15 426
-zinc	376 929	402 702
- alloys	88 693	32 957
- flotation galena	77 318	96 229
- suplhuric acid	7 844	9 666
- Zn-Pb-Ag concentrate	11 901	16 310
- refined lead	21 077	12 180
- Dore metal	46 252	60 029
- other products	4 975	
- services	7 307	4 810
Net income from sales of products, total	2 735 050	2 635 042

NOTE 21a -Net revenues from sales of goods and materials (material structure – types of activities)	**thousand x PLN**	
	2014	**2013**
a) goods	73 165	117 940
b) technological waste	26 421	23 664
c) other materials	23 901	29 877
Net revenues from sales of goods and materials, total	123 487	171 481

NOTE 21b - Net revenues from sales of goods and materials (TERRITORIAL STRUCTURE)	**thousand x PLN**	
	2014	**2013**
1. country	118 006	162 500
a) goods	73 165	117 940
b) technological waste	26 421	23 664
c) other materials	18 420	20 896
2.) export	5 481	8 981
a) goods		
b) technological waste	5 481	8 981
Net revenues from sales of goods and materials, total	123 487	171 481

NOTE 22 - Costs by type – cost of manufacture of products sold	thousand x PLN	
	2014	2013
1. amortization	135 113	128 895
2. consumption of materials and energy	1 770 326	1 783 841
3. external services	199 086	188 208
4. taxes and fees	58 123	55 195
5. payroll	359 407	334 586
6. social insurance and other benefits	93 439	90 430
7.other costs by type (due to)	13 944	11 350
a) business trips	2 197	2 599
b) property insurance	4 304	4 199
c) representation and advertising	2 704	2 638
d) trainings	1 563	1 145
e) other	3 176	769
8. balance of exchange differences arising from settlements, provisions against retirement allowances, finished products price reduction	-1 640	867
- balance of exchange differences arising from settlements	-3 717	381
- balance of provisions against retirement allowances	1 371	-343
- provisions for loss of value of finished products	706	829
Costs by type, total	2 627 798	2 593 372
Change in stocks, products and accruals	-41 224	6 481
Cost of manufacture of goods produced for own purposes (negative value)		
Selling costs (negative value)	-76 217	-74 439
General and administrative costs	-130 066	-121 810
Cost of manufacture of products sold	2 380 291	2 403 604

NOTE 23 - Other operating revenues	thousand x PLN	
	2014	2013
1. profit from transfer of non-financial fixed assets	1713	
2. reversed provisions (due to)	6 690	14 002
a) doubtful receivables	3 196	312
b) retirement benefits	2 877	2 333
c) coal allowance compensation		939
d) mining plant liquidation		9 840
e) revaluation of inventories	617	578
3. other, including:	14 477	6 378
a) payment of adjudicated court fees	551	84
b) revenues due to not collected payroll	350	
c) refund from the State Fund for Rehabilitation of the Disabled	480	128
d) received compensation	3 312	1 348
e) value of liabilities' write-off	588	
f) surplus in working capital	1 235	192
g) lease revenues	1 108	1 898
h) reconciliation the company's negative goodwill	5 249	1 768

i) revenues from real estate valuation	580	
j) other	1 024	960
4. subsidies	471	1 178
5. profit from the ZGH bargain purchase		28 821
Other operating revenues, total	23 351	50 379

NOTE 24 - Other operating costs	thousand x PLN	
	2014	2013
1. loss from transfer of non-financial fixed assets	1498	68
2. revaluation of non-financial assets	1140	1872
3. reserves (due to)	24 001	3 605
a) doubtful receivables	711	894
b) retirement benefits	4 893	2 256
c) landfill reclamation	55	55
d) compensations/damages	465	400
e) finished products value reduction	1 246	
f) mining plant liquidation	8 545	
g) employee benefits	4 642	
h) reclamation of post-excavation areas	1 884	
i) energy origin certificates	1 560	
4. other, including:	7 497	6 680
a) donations and optional contributions	566	417
b) costs of court proceedings	101	223
c) penalties, fines, compensations	117	95
d) shortages in financial resources	385	966
e) value of written-off insurance-covered receivables	1 670	
f) fixed assets liquidation costs	11	227
g) cost of unutilized production capacity	562	
h) costs of road barrier tests	741	936
i) lease costs	1 536	1 300
j) others	1 808	2 516
Other operating costs, total	34 136	12 225

NOTE 25 - Financial revenues	thousand x PLN	
	2014	2013
1. revenues due to interests	7 979	9 172
2. profit from transferred investments		7 756
3. exchange rate differences (the excess of negative over positive)	11 986	
a) realized	2 637	
b) unrealized	9 349	
4. released provisions, due to		1 165
a) interests		1 165
5. other, including:	470	12 505
a) dividend received	4	8
b) sales of assets		
c) other	466	12 497
Financial revenues, total	20 435	30 598

NOTE 26 - Financial expenses	thousand x PLN	
	2014	2013
1. due to credits and loans	9 335	9 402
2. other interests	651	2 506
3. Loss on disposal of investments	6 480	
4. released provisions, due to	1 379	2 258
a) accrued but not paid interests	1 379	2 258
5. other, including	10 630	332
a) balance valuation of investments	8 031	
b) Stalprodukt Warszawa Sp. z o.o. goodwill write-off	2 599	
c) other		332
Financial expenses, total	28 475	14 498

NOTE 27 - Current and deferred income tax	thousand x PLN	
	2014	2013
1. Gross profit (loss)	135 311	96 819
2. Consolidation adjustments	-2 647	10 355
3. Differences between gross profit (loss) prior to income tax (by titles)	4 130	-49 359
- companies' gross loss	22 080	11 574
- amortization of tangible and intangible deductible expenses	-32 927	-30 441
- donations and voluntary contributions	620	861
- provision for receivables	921	1 195
- release of provision for retirement benefits	-11 663	-9 212
- PFRON	4 916	3 963
- leasing instalment	-2 294	-2 189
- write-off from revaluation of inventories	1 116	905
- cost regarding provisions for retirement benefits	13 510	1 989
- deferred income costs		
- cash and accounts balance sheet valuation	-10 050	4 572
- social insurance for November and December '2012' and paid in January and February '2013'	-8 690	-8 712
- social insurance for November and December '2013' and paid in January	9 109	8 659

and February '2014'		
- costs of representation	1 267	994
- the value of disposed fixed assets from valuation	13 543	
- dividends received	-2 700	-9 529
- profit from the ZGH bargain purchase		-28 821
- other	5 372	4 833
4. Taxable income	136 794	57 815
5. Income tax at the rate 19%	25 990	10 985
6. Tax increases, exemptions, deductions and abatements		
7. Current income tax disclosed in tax declaration for the period, including:	25 990	10 985
- disclosed in profit and loss account	33 919	19 374
8. Deferred income tax due to temporary differences	7 929	8 389

	thousand x PLN	
NOTE 28a - PROFIT (LOSS) NET	**2014**	**2013**
a) parent company net profit (loss)	27 151	9 938
b) subsidiary companies net profit (loss)	74 377	38 223
c) consolidation adjustments	-136	463
d) gain on a bargain purchase		28 821
Profit (loss) net	101 392	77 445

NOTE 28 b - PROFIT SPLIT

Net profit for the financial year 2013 amounting to 9,938,254.62 PLN divided by the General Shareholders' Meeting is as follows:
- share in profits for the Management Board 79,506.03
- share in profits for the Supervisory Board 69,567.78
- reserve capital 5,796,020.61
- dividend 3,993,160.20

Proposals for allocation of net profit for the reporting period in the amount of 27,150,861.72 PLN:
- share in profits for the Management Board 162,905.17
- share in profits for the Supervisory Board 190,056.03
- reserve capital 13,487,366.52
- dividend 13,310,534.00

NOTE 29 - Profit per 1 share

For calculation of profit per one common share were stock considered 6,655,267 shares, and this amount did not change over the financial year 2014. In accordance with IAS, 33, 69,733 own shares purchased by the Issuer were excluded from the calculation. The Company does not have a complex capital structure (stock options, warrants and other), and in scope of profit split the preferred shares do not differ from ordinary bearer shares. Therefore, no ratio of diluted profit per ordinary share is not calculated.

6. Reporting by segments

According to IFRS 8, an operating segment forms a part of an entity:

- which organizes the business, in connection with which revenues can be obtained and costs incurred,

- the results of which are subject to regular review and assessment by the main body in the entity responsible for decision making and using these results while deciding on the allocation of resources to segments,

- for which there is separate financial information available.

IFRS 8 requires disclosure of operating segments based on internal reports used in managerial accounting.

Using the management approach to segment reporting in Stalprodukt, there are three operating segments distinguished:

- Electrical Sheets Segment DB,
- Profiles Segment DP,
- Zinc Segment.

For these segments, there is separate financial information drawn up for the Parent Company that the Management Board of the Company uses to evaluate the results of both segments for the purpose of bonus system, based on coverage margin, and for the purpose of the allocation of resources to a given segment.

Profiles segment includes the following products: cold formed profiles and tubes, road safety barriers and hot and cold rolled sheets and strips.

Transformer sheets segment includes transformer metal sheets and toroidal cores.

The Zinc Segment embraces the object of activities pursued by ZGH “Bolesław” S.A. jointly with the subsidiary companies, i.e. excavation of zinc-lead ores production of zinc and lead as well as related activities.

The Segment of Goods was accounted jointly with Other Activities, Due to the fact that its Capital Group's sales share was decreased.

<u>Segment revenues</u> apply only to sales to external customers. Revenues of other segments in the consolidated financial statements are excluded.

<u>Segment costs</u> include the own cost of sales, including the cost of sales resulting from the operations of the segment. Segment costs do not include other operating costs, which can not be directly attributed (attributed) to the segment, general overheads costs, finance costs and income tax.

Segment result (profit/loss of the segment) is the difference between revenues and costs of the segment.

Segment assets (liabilities) are operating assets (operating liabilities) used by a segment (resulting) in operating activities, which are directly attributable to the segment (intangible assets, tangible fixed assets, inventories, receivables from customers, amounts due to suppliers) or allocated to the segment based on a reasonable basis e.g. share of the segment in sales, profit (other assets and liabilities).

The same accounting principles, including the methods of valuation, which are presented under par. 3 of this Information, taking into account the above findings, are applicable for reporting by segments.

Required information on operating segments for the year 2014 and comparable period was estimated and presented in the following tables (in thous. PLN):

Itemization 2014	Electrical Sheets Segment	Profiles Segment	Zinc Segment	Other Activities	Total Consolidated Value
Segment Revenues	456 393	760 779	1 422 538	218 827	2 858 537
Segment Costs	406 950	723 811	1 244 011	199 563	2 574 335
Segment Result	**49 443**	**36 968**	**178 527**	**19 264**	**284 202**
Other Operating and Financial Revenues Non-Attributable to the Segment					43 786
Other General, Operating and Financial Costs Non-Attributable to the Segment					192 677
Gross Profit					**135 311**
Income Tax					33 919
Net Profit					**101 392**
Segment Assets	776 599	761 427	1 343 459	242 905	3 124 390
Assets Non-Attributable to the Segment					20 165
Total Assets					3 144 555
Total Liabilities	154 635	221 398	543 252	81 805	1 001 090
Contingent Liabilities					296 115
Consolidated Liabilities					1 297 905
Investment Outlays	43 869	2 971	79 766	8 405	135 011
Depreciation	25 085	20 195	80 116	10 167	135 563

Itemization	Electrical Sheets Segment	Profiles Segment	Zinc Segment	Other Activities	Total Consolidated Value
Segment Revenues	386 672	812 377	1 383 181	224 293	2 806 523
Segment Costs	366 478	774 503	1 292 888	208 279	2 642 148
Segment Result	**20 194**	**37 874**	**90 293**	**16 014**	**164 375**
Other Operating and Financial Revenues Non-Attributable to the Segment					80 977
Other General, Operating and Financial Costs Non-Attributable to the Segment					148 533
Gross Profit					**96 819**
Income Tax					19 374
Net Profit					**77 445**
Segment Assets	734 173	788 991	1 172 232	259 662	2 955 058
Assets Non-Attributable to the Segment					37 354
Total Assets					2 992 412
Total Liabilities	112 109	263 832	462 605	101 423	939 968
Contingent Liabilities					296 115
Consolidated Liabilities					1 236 084
Investment Outlays	78 056	1 908	47 222	9 348	136 534
Depreciation	23 153	19 963	76 802	8 977	128 895

7. Financial instruments and risk management assessment

Characteristics of financial instruments and rules for their valuation

Financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another.

The main financial instruments used by the Company include bank loans, financial leasing agreements and short-term deposits. The main purpose of these instruments is to raise funds for the activities of companies in the Group.

The Company also have other financial instruments such as cash, supplies and services receivables and payables, which are formed directly in the course of their business.

Moreover, the Issuer has an interest in other entities, which are long-term investments.

While entering financial instruments into the accounts, they are valued at cost (purchase price), which is the fair value of the payment. Transaction costs are recognized in the initial value of financial instruments.

After initial recognition, taking into account the criterion of purchase price, financial instruments are classified into one of four categories and valued as follows:

- financial instruments measured at fair value through profit or loss. This applies to financial instruments acquired in order to generate profits through short-term fluctuations in prices,
- Financial instruments held to maturity are investments with fixed or determinable payments and fixed maturity, which the Company intends to hold to that time. They are valued at amortized cost using the effective interest method,
- loans and receivables - are valued at amortized cost using the effective interest rate, and gains or losses are recognized in the profit and loss account. Receivables with a short maturity, for which the interest rate is not specified, are valued at the amount due,
- financial instruments available for sale (all other financial assets) - are valued at fair value and gains/losses from revaluation are recognized in the revaluation reserve until the sale of investments or reduction of its value. At this point, the total profit or loss from revaluation is referenced to the profit and loss account.

The fair value of financial instruments, which are traded on the current market, is determined in relation to the prices quoted on this market at the balance sheet date. If there is no quoted market price, fair value is estimated based on valuation techniques.

Financial liabilities that are not financial instruments measured at fair value through profit or loss are valued at amortized cost using the effective interest method.

Financial instruments are derecognised from the balance sheet when the Company loses control over contractual rights that make up the financial instrument, and this usually happens when the instrument is sold or when all cash flows attributable to that instrument are transferred to an independent third party.

At each balance sheet date, the Company assesses whether there is objective evidence of impairment of a financial asset or the group of financial assets. Such evidence includes: severe financial difficulties of the debtor, the disappearance of an active market for that financial instrument, adverse changes in the economic, legal and market environment of the financial instrument issuer, maintaining a significant decrease in the fair value of the instrument. When such evidence prevails, it is necessary to estimate the losses and make allowance for impairment.

Derivative financial instruments are initially recognized in the books at cost and subsequently measured at fair value. Changes in fair value of derivative financial instruments are recognized immediately in the profit and loss account. Derivatives are presented in the balance sheet as assets or liabilities held for trading.

The fair value of derivative instruments, which are traded on regulated markets, and securities available for sale is determined based on quoted market prices at the balance sheet date.

To estimate the fair value of derivative instruments, the prices of which are not quoted on regulated markets, and other financial instruments, the Company uses different methods and assumptions that are based on market conditions existing at each moment of the balance sheet.

Market and dealer quotations for specific and similar instruments are usually applied. Other techniques such as option pricing models or discounted value of future estimated cash flows, are used to determine the fair value of other instruments.

It is assumed that the nominal value of financial assets and liabilities with a maturity less than one year, reflect their fair values, which means it does not require discounting.

The purpose and policy of risk management and measurement methods.

The Parent Company is exposed to various types of financial risks - including changes in market prices of debt and equity instruments, fluctuations of currencies and interest rates. The overall financial risk management program of the Issuer focuses on the unpredictability of financial markets and seeks to minimize the potential negative effects on the Parent Company's financial results. The Department of Financial and Risk Management, supervised by the Finance Director, manages the risk in the Parent Company. The main objective is to minimize the negative effects of external changes on the results obtained by the Company. Depending on the type and size of risk, the Company complies with the appropriate instruments for the diagnosis, assessment and hedging.

The main assumption of the “Bolesław” S.A.'s hedging policy is aimed at reducing the Company's sales sensitivity to the decrease of zinc, lead and silver prices as well as the USD exchange rate. The lower the Company's hedging level is, the more sensitive it is to the declining prices. The lack of hedging would result in the Company's full exposure to the fluctuations of the exchange market zinc, lead and silver prices as well as the USD exchange rate, and in the event the price falls below the break-even level, to significant losses difficult to cover from any funds, especially if the low-price period is prolonged.

The ZGH “Bolesław” S.A.'s policy is based on the application of the financial instruments offered by banks to hedge against the exchange market prices and currency exchange rate fluctuations. ZGH “Bolesław” S.A. applies a type of hedging which consists in the transfer of risk achieved through the application of the 'short hedge' method, which protects the Company against the decrease of metal prices and USD exchange rate fluctuations. The applied derivatives vary depending on type of the market risk to be hedged against.

The main risks associated with the activities of the Group include:

a) credit risk and contractual risk,

b) liquidity risk,

c) market risk, including:

- interest rate,
- currency,
- fluctuations of the LME zinc and lead prices and LBM silver prices.

Credit and contractual risk

Credit risk in the Parent Company is limited by the current examination of the creditworthiness of contracting parties, by adopting appropriate securities (bank guarantees, letters of credit, bills of exchange, suretyships) and through constant monitoring of overdue receivables. With the aim to maintain current control, the commerce and Finances and Risk Management Departments are obliged to apply the principles set out in the procedures: credit and debt collection. These procedures specify the selection of contracting parties, setting of credit limits and procedure in the case of past due receivables.

The subsidiary companies pursue their own policies in respect of the credit-related risk management. Some of them benefit from the services rendered by the insurance companies insuring liabilities (e.g. Cynk Mal S.A.).

Contractual risk arises when an agreement for the sale of goods under certain conditions of delivery is reached with a customer, which gives rise to obligations on the part of the Company with respect to the contracting party to deliver a specific lot, with a commitment of the Company to proceed to production before getting full payment. The situation results in the risk incurred by the Company in the form of finished goods, which are not collected by the contracting party.

Contractual risk generally occurs in the Parent Company only when orders are taken for custom products and evaluation is carried out by a person accepting the order. The risk is mitigated through the adoption of appropriate securities or by receiving partial or full prepayment for ordered goods before production.

Item No.	Type of security	Type of hedged risk	2014			2013		
			Amount	Currency	thous. PLN	Amount	Currency	thous. PLN
1	Bank guarantees and letters of credit	credit/contract	1 053	PLN	**1 053**	941	PLN	**941**
2	Bank guarantees and letters of credit	credit/contract	5 585	EUR	**23 805**	2 245	EUR	**9 310**
3	Bank guarantees and letters of credit	credit/contract	4 574	USD	**16 042**	2 818	USD	**8 488**
4	Suretyships	credit/contract	4 650	PLN	**4 650**	4 000	PLN	**4 000**
4	Suretyships	credit/contract	4 955	EUR	**21 120**	5 750	EUR	**23 846**
	Total				**66 670**			**46 586**

The amount at risk equals the balance of short-term receivables plus issued guarantees and sureties granted, the fair value of derivative instruments, adjusted by the adopted securities, as well as claims against the affiliates. This amount is PLN 323,911 thousand.

The amount at risk in thousand PLN	**2014**	**2013**
1. The balance sheet value of outstanding balance	388 758	409 953
2. Guarantees and letters of credit issued	0	31 126
3. The fair value of derivative transactions	1 823	27 045
4. Adopted securities	66 670	46 586
5. Receivables in respect of affiliated entities	0	0
The amount at risk	**323 911**	**394 493**

It should be noted that most customers of the Group are those with whom the Group has been cooperating for many years.

Today, the Parent Company has no restructured receivables, i.e. receivables in respect to the customers with whom the Company entered into an agreement to defer payment. Given the above, the credit quality should be defined as good.

Aging of receivables was presented in the notes to the balance sheet No. 6d - 6e.

Liquidity risk

Liquidity risk management refers to the control over financial flows and securing external funding opportunities, in particular: receivables collection and security in the form of credit lines.

In the current financial standing of the Group, with a clear advantage of financing with own funds, liquidity risk does not occur. However, keeping in mind the substantial capital expenditures, with the aim of protection, the Parent Company maintains granted limits on working capital loans, based on agreements reached with cooperating banks.

The details concerning the credit line limits, credit-to-debt ratios and the remaining conditions were presented in 17c note.

Market Risk

Exchange Rates Risk

The exchange rate risk can be defined as the unfavourable impact of exchange rates on the Group's results. The following balance sheet positions are exposed to this kind of risk: granted loans, cash deposits and interest-bearing external financing sources.

As of 31.12.2014 the following data were provided in the Consolidated Balance Sheet:

loans granted – PLN 40 000 thousand,

cash – PLN 169 010 thousand,

long-term credits and loans – PLN 92 252 thousand,

short-term credits and loans – PLN 113 609 thousand.

The decrease of interest rates will result in the decrease of revenue from the interest on the granted loans and free cash flow. This will be accompanied by the reduction of costs related to external financing. The increase of interest rates will stimulate the increase of proceeds from the granted loans and free cash flow. This will be accompanied by the increase of costs related to external financing.

Both the loans, cash and the investment credit are based on variable interest rate (WIBOR, WIBID). The gross result's sensitivity to the increase of interest rates was presented below:

SENSITIVITY TO EXCHANGE RATE RISKS	in thousand PLN	
	2014	2013
Exchange rate increase by 50 basis points		
Impact on the gross result	16	-190

Currency Risk

EUR is the main currency used both in the exports and intra-community transactions. Considering the risk from EUR/PLN currency fluctuations, the Parent Company uses natural hedging as its sales from individual periods are balanced by the purchases expressed or denominated in EUR. Additionally, the currency position is being constantly monitored.

It happens that during a 2-3-week period it is open (short or long), however, its value is insignificant in relation to the turnover.

USD is another currency in which settlements are made. The currency position is being constantly monitored. In contrast to 2013, in 2014 its position was mostly characterized as open short position due to the increased USD purchases.

As of 31.12.2014, the sensitivity of balance sheet positions, expressed in EUR and USD, to currency risks is only slight in relation to the scale of the pursued activities. The currency-expressed receivables and liabilities were presented in 6c and 17b notes, respectively.

SENSITIVITY TO CURRENCY RISKS	in thousand PLN	
	2014	2013
PLN STREANGTHENING to USD & EUR by 5%		
Impact on gross result	-6 286	-2 410

The nature of the activities pursued by the subsidiary company - ZGH "Bolesław" S.A. (production and USD sales of LME-quoted zinc and lead) forces the Company to pursue an active hedging policy against the currency-related risk. The Company secures its position, constantly monitoring the changes in raw material prices and currency exchange rates. Hedging itself against the currency exchange rate risk, the subsidiary company applies: forward transactions, average-rate forward transactions, options or option strategies.

Hedging Type	Description of Hedging Instrument	Nominal Amount	Fair Value of the Hedging Instrument as of the Balance Sheet Day	Effective Portion Taken to Capital Revaluation Reserve	Nature of the Risk Type Hedged Against
Active currency hedging instruments as of 31.12.2014 .			PLN thousand		
Cash Flow Hedging	forward	$135 155 425,00	-40 462	-40 461	risk from USD/PLN exchange rates
Cash Flow Hedging	average -rate forward	$4 600 000,00	33	331	risk from USD/PLN exchange rates
Cash Flow Hedging	average-rate forward	€ 2 300 000,00	133	133	risk from EUR/PLN exchange rates

Risk from Changing Raw Material Prices

In the Stalprodukt S.A. Capital Group the subsidiary ZGH „Bolesław" S.A. pursues an active commodity (Zn and Pb)risk management policy, using various derivative instruments. For metal prices risk management the following transactions are concluded: swap transactions (fixed to float, float to float), options or option strategies, forward contracts.

Hedging Type	Description of Hedging Instrument	Nominal Amount	Fair Value of the Hedging Instrument as of the Balance Sheet Day	Effective Portion Taken to Capital Revaluation Reserve	Nature of the Risk Type Hedged Against
Active commodity hedging instruments as of 31.12.2014 (zinc)			PLN thousand		
Cash Flow Hedging	swap	72 550	7 111	7 111	Price Change Risk Zn LME
Cash Flow Hedging	Option strategies (collar)	3 000	846	549	Price Change Risk Zn LME
Cash Flow Hedging	put	1 500	1 151	549	Price Change Risk Zn LME
Cash Flow Hedging	call	1 500	-305	0	Price Change Risk Zn LME
Active commodity hedging instruments as of 31.12.2014 (lead)			PLN thousand		
Cash Flow Hedging	swap	9 600	10 423	10 423	Price Change Risk Pb LME
Active commodity hedging instruments as of 31.12.2014 (silver)			PLN thousand		
Cash Flow Hedging	swap	32 500	380	380	Price Change Risk Ag LMBA

ZGH “Bolesław” S.A. and its Subsidiaries' Exposure to Market Risks

The GK Bolesław's exposure to market risks in 2015 is as follows:

- Zinc - approx. 99 500 tons
- Lead - approx. 21 000 tons
- Silver - approx. 730 000 Ozs
- Currency - approx. USD 304 000 000

The currency risk exposure is very strictly dependent on the metal price levels (primary exposure) and may undergo fluctuations in the case they change. Apart from the metal price levels, the currency risk exposure also includes the sales bonuses achieved in zinc and lead alloy transactions.

Security accounting,

Due to the small value of the used derivatives, the Group does not keep security accounting. The balance sheet values of particular financial instruments should be considered fair because their valuation carried out by amortized cost (amortized purchase price), using the effective valuation method, showed insignificant differences.

Whereas considering the nature of the pursued activities, the subsidiary company ZGH “Bolesław” S.A. applies hedge accounting based on the internal procedures prepared in compliance with the International Accounting Standards. The risk management policy is based on the decisions issued by the Risk Committee. The details are defined in the ZGH “Bolesław” S.A.'s Hedging Policy, approved by the Management Board with the Resolution 2/2011 dated 14 January 2011. In order to hedge itself against metal price fluctuations, the Company concludes swap transactions, options or option strategies and forward contracts. The market risk management details are clearly defined in the risk management procedure. The Financial Division is divided into two main blocks, i.e. the Front Office with its executive unit– Risk Management Department, supervising officer – Financial Director and the Back Office with its executive unit – Hedge Accounting Department with Chief Accountant as a supervising officer.

Explanations Referring to Balance Sheet Items Related to Derivative Instruments

Explanation Referring to the Item: Other long- and Short-Term Investments	PLN thousand	
	2014	2013
Long-Term investments (NOTE 3a)	2 595	
Reclassification (Note 3b)		1 222
Short-Term Investments (Note 7a)	60 255	40 636
TOTAL, including:	**62 850**	**41 858**
a) valuation of derivative transactions	34 092	31 390
b) securities	28 758	10 468

Explanation Referring to the Item: Liabilities (Payables) in respect of:	PLN thousand	
	2014	2013
Contracts for Hedging Transactions (Note 16a)	3 796	0
Conclusions of Currency Option Transactions (Note 17a)	54 345	1 248
TOTAL	**58 141**	**1 248**

Valuation of Derivative Transactions	PLN thousand			
	2014		2013	
	Financial Assets	Financial Liabilities (Payables)	Financial Assets	Financial Liabilities (Payables)
Commodity Transactions - Zinc	21 755	13 430	9 710	800
Commodity Transactions - Lead	10 423	0	3 642	39
Currency Transactions - USD/PLN EUR/PLN	1 533	44 711	15 562	91
Commodity Transactions- Silver	380	0	2 476	318
Total	**34 092**	**58 141**	**31 390**	**1 248**

Securities	PLN thousand	
	2014	2013
Shares in Investment Funds	**28 758**	**10 468**
a) Liquidity Plus	1 020	0
b) Unikorona Pieniężny	15 792	23
c) Unikorona Pieniężny FL	9 578	4 673
d) UNIWIBID plus FL	0	4 572
e) ING Fundusz	2 368	1 200

Division of Hedging Instruments	PLN thousand			
	2014		2013	
	Financial Assets	Financial Liabilities (Payables)	Financial Assets	Financial Liabilities (Payables)
Hedging Instruments	**33 456**	**54 785**	**23 871**	**1 193**
Commodity Transactions - zinc	21 387	13 430	9 493	800
Commodity Transactions - lead	10 423	0	3 642	356
Currency Transactions - USD/PLN, EUR/PLN	1 265	41 355	8 326	36
Commodity Transactions - Silver	380	0	2 410	
Trade Instruments	**636**	**3 356**	**7 519**	**55**
Commodity Transactions- zinc	368	0	217	0
Commodity Transactions - lead	0	0	0	0
Currency Transactions - USD/PLN, EUR/PLN	268	3 356	7 236	55
Commodity Transactions - silver			66	0
Total	**34 092**	**58 141**	**31 390**	**1 248**

Financial Report Presentation of Applied Derivative Instruments

The result of the hedging instruments valuation, in its portion recognized as 'effective hedging', is taken to the capital revaluation reserve. Asian options, aimed at hedging the Company against the change of time value, are taken to costs or to financial revenues. The trade instruments valuation result is taken to costs or financial revenues. The result from the application of hedging instruments is used to adjust the hedged item (sales). The result from the application of trade instruments is taken to costs or financial revenues.

Derivative Transactions Presented in the Profit and Loss Account:	PLN thousand	
	2014	2013
Sales of Products Adjustment	8 993	50 280
Sales of Goods Adjustments	0	0
Revaluation of Investments	-8 221	993
Gains/Loss on Sale of Investments	-8 462	6 433
Total	**-7 690**	**57 706**

Cash Result from Reconciliation of Derivative Instruments:	PLN thousand	
	2014	2013
Commodity Transactions Currency Transactions	7 500	59 569
Total	**7 500**	**59 569**

Sales of Products Adjustment Related to Application of Hedging Instruments:	PLN thousand	
	2014	2013
Sales Increase	17 994	60 202
Sales Decrease	-9 001	-9 922
TOTAL	**8 993**	**50 280**

Status of Capital from Revaluation Related to Application of Hedge Accounting (excluding Deferred Tax)	PLN thousand	
	2014	2013
Valuation of Open Hedging Instruments:	**-11 993**	**10 876**
- Zn	17 047	4 501
- Pb	9 200	1 265
- USD/PLN	-38 620	5 111
- Ag	380	
Result from the Application of Hedging Instruments Capital- Retained until the Realization of the Hedged Item:	**0**	**374**
- Zn	0	0
- Pb	0	0
- USD/PLN	0	374
TOTAL	**-11 993**	**11 250**

8. Capital management

Capital management is pursued at the Parent Company's level.

The policy exercised by the Management Board of the Issuer assumes the maintenance of strong capital base in order to maintain the confidence of investors, creditors and the market, and the ability to continue and further develop the Group's activities, including the realization of planned investments. Following this policy and internal procedures, the Parent Company monitors the size, structure and profitability of total equity and current capital (working) on the basis of economic ratios existing in the Parent Company.

In 2012, the Parent Company properly managed the capital, since the objectives associated also with liquidity were met. Basic ratios concerning capital structure and working capital management, as defined in the financial plan reached the expected values, which enabled the achievement of the Parent Company's objectives, its smooth and reliable operation, and to raise funds for further development.

FINANCIAL LEVERAGE RATIO	in thousand PLN	
	2014	2013
Debt	205 861	189 671
Cash	-169 010	-111 753
Net Debt	36 851	77 918
Equity	1 846 650	1 756 328
Net Debt Relation to Equity	**2,00%**	**4,44%**

In the reporting period the increase of net profit per share was recorded, the maximization of which is a strategic goal for Stalprodukt. The net profit per share increased from PLN 11.64 in 2013 to PLN 15.23 in 2014.

Changes in equity for the years 2013 and 2014 are presented in the "Statement of changes in equity," which forms an integral part of the annual consolidated financial statements.

In 2012, there was a slight decrease in the share of equity in the financing of the Company. The equity ratio, calculated as the ratio of equity to total liabilities, didn't change and is taking out 0.59.

The ability to manage working capital increases profitability and reduces the risk of cash shortages. In this respect, the following activities of the Issuer should be noted in particular:

- The Parent Company manages the receivables by assessing the customers' financial standings, setting credit limits and securities, monitoring claims and collections, if any, in accordance with applicable procedures. The result of proper risk management in this regard is keeping overdue receivables at a minimum level

- The main objective of the Company's inventory management is to assess the costs and benefits and their balance. The measures to ensure the continuity and regularity of supply and diversification of sources of feedstock supply to the timely implementation of procurement and maintenance of stocks at an optimal level, are systematically taken.

- The Parent Company maintained a substantial amount of cash on bank accounts, deposing them in profitable and safe short-term deposits, due to the need to finance current expenses resulting from operating activities, as well as the planned capital expenditures.

The capital management is run independently by the subsidiary Management Boards, applying the policy adopted by the Parent Company, subject to its supervision and monitoring.

The proper management of capital is evidenced by the fact that the Group reached a satisfactory liquidity throughout the reporting period timely fulfilled its obligations with respect to the staff, budget and suppliers.

9. Other information and notes

Transactions between the Company Stalprodukt and its subsidiaries rely on constant mutual provision of supplies and services necessary for current operations. These are typical and routine transactions concluded at arm's length within the Group and under the conditions resulting from current operations. Other significant transactions with related parties, namely the transfer of rights and obligations for valuable consideration and free of charge did not occur.

The parties are considered to be related if one of the parties has the ability to control another party or significantly influence operating and financial decisions taken by another party. To recognize a given entity as a related entity, the Company applies the principles defined in IAS 24, considering the nature of the relation and its impact on the entity's result and its financial standing.

a) degree of the Issuer's participation in management is 51% in the Cynk-Mal S.A. and 90.07% in ZGH “Bolesław”, and 100% in other related parties,

b) the Issuer's and associated companies' mutual receivables and liabilities have been presented in the Tables below.

Specification 2014	in thousand PLN			
	mutual claims and mutual		revenues and costs transaction liabilities	
	receivables	liabilities	revenues	costs
Stalprodukt-MB sp. z o.o.	80	2 088	376	3 737
Stalprodukt-Wamech sp. z o.o.	150	2 873	1 379	8 627
Stalprodukt-Centrostal sp. z o.o.	77 042	60	362 019	862
Stalprodukt-Serwis sp. z o.o.	80	5 288	789	19 393
Stalprodukt-Zamość sp. z o.o.	78	70	770	1 105
Stalprodukt-Ochrona sp. z o.o.	21	614	228	3 036
STP Elbud sp. z o.o.	319	3 526	3 241	18 899
Cynk-Mal S.A.	3 189		23 916	9 952
ZGH Bolesław S.A.		33		144
Anew Institute Sp. z o.o.				649

Specification 2013	in thousand PLN			
	mutual claims and mutual		revenues and costs transaction liabilities	
	receivables	liabilities	receivables	costs
Stalprodukt-MB sp. z o.o.	31	1 795	284	4 480
Stalprodukt-Wamech sp. z o.o.	148	1 442	1 427	8 973
Stalprodukt-Centrostal sp. z o.o.	72 597		377 403	612
Stalprodukt-Serwis sp. z o.o.	88	2 831	806	18 725
Stalprodukt-Zamość sp. z o.o.	78	366	757	1 328
Stalprodukt-Warszawa sp. z o.o.	2 718		4 166	
Stalprodukt-Ochrona sp. z o.o.	24	510	229	2 703

STP Elbud sp. z o.o.	376	10 061	13 387	22 648
Cynk-Mal S.A.	4 971		19 399	8 176
ZGH Bolesław S.A.		24		132
Anew Institute Sp. z o.o.		45	39	1 159

c) The remaining data, necessary for the preparation of the Consolidated Financial Report, are related to the undermentioned exclusions and adjustments:

Specification 2014	in thousand PLN	
	2014	2013
participation	341 132	338 729
intangible assets	20 336	20 336
fixed assets	83 579	91 995
stocks	136	461
real estate investments	103 915	112 331
receivables and liabilities	97 379	99 460
revenue from sale of goods	369 576	401 566
revenue from sale of products	121 713	112 924
value of sold goods	354 479	383 062
cost of manufacture of sold products	134 181	128 647
costs of sales	2 493	3 245
interests	2 356	3 151
loans	10 110	10 110

10. Changes in the Issuer's Ownership Structure

On 2 December 2013, the Extraordinary Meeting of Shareholders of the companies: Bol-Therm Sp. z o.o., Bolsped Sp. z o.o. and General Meeting of Shareholders of the Boloil S.A. company adopted a resolution on the merger of the above mentioned companies, consisting in the transfer of the entire assets of the Boloil S.A. and Bolsped Sp. z o.o. companies (as the two taken-over companies - Acquirees) to the Bol-Therm Sp. z o.o. company (Acquirer) under art. 492 § 1 par. 1 of the Code of Commercial Companies. On 31 December 2013 r. The Kraków-Śródmieście District Court of Krakow, 12th Economic Department of the National Court Register, recorded the above mentioned merger of the companies Boloil S.A., Bolsped Sp. z o.o. and Bol-Therm Sp. z o.o. as (File No KR.XII NS-REJ.KRS/22626/13/820) in the Acquirer's Register, i.e. Bol-Therm Sp. z o.o. (National Court Regsiter No - KRS: 000030681). At the same time, the Company's name, changed from Bol-Therm Sp. z o.o. to Boltech Sp. z o.o., was recorded therein. 1 January 2014 is considered to be the companies' merger date.

In the reporting period, pursuant to the Anew Institute Sp. z o.o. Extraordinary Meeting of Shareholders, the Company's share capital was raised by PLN 5 002 thousand.

The resolutions were adopted on the following days: 3 March 2014, 29 September 2014, 19 December 2014. The capital increase was entirely covered by Stalprodukt S.A.

On 30 June 2014, the Extraordinary Meeting of Shareholders of the Stalprodukt Warszawa Sp. z o.o. - company under liquidation – adopted the Resolution No 3/2014, regarding the conclusion of the liquidation proceedings. On 4 July 2014, The Kraków-Śródmieście District Court of Krakow, 12th Economic Department of the National Court Register removed the Company's entry from the Register of Entrepreneurs.

On 30 September 2014, the Gradir Montenegro d.o.o. Shareholders Meeting adopted a resolution on raising the Company's share capital by the amount of EUR 3 467 thousand, i.e. from the amount of EUR 16 533 thousand to the amount of EUR 20 000 thousand. The shares were taken up by ZGH "Bolesław" S.A.

In connection with the Resolution adopted as of 17 November 2014 by the ZGH "Bolesław" S.A.'s General Meeting of Shareholders, regarding the Company's share capital increase by the amount of PLN 40 000 thousand, to be achieved through the issue of 4 000 000 C-series shares at the issue price of PLN 10.00 per share, on 5 December 2014 the Issuer made a payment in respect of the acquisition, carrying out the investment obligations, arising from the Agreement on the Sale of ZGH "Bolesław" S.A Shares concluded on 7 November 2012 between the State Treasury and Stalprodukt S.A. On 9 February 2015, the Issuer received a decision awarded by the Kraków-Śródmieście District Court of Krakow, 12th Economic Department of the National Court Register, dated 29 January 2015, on an entry being made into the Register of Entrepreneurs concerning the raise of ZGH "Bolesław" S.A.'s share capital from the amount of PLN 126 116 000.00 to PLN 166 116 000.00.

In the Issuer's Capital Group no other mergers, take-overs or sales of companies, long-term investments, divisions, restructurings or winding-ups took place, other than the ones mentioned in the present Report.

11. Other information

Differences between the Consolidated Report and the Qsr_4/2014 Report

Specification	in thousand PLN		
	was	is	difference
Profit and loss account			
I. *Net revenue from sale*	*2 859 387*	*2 858 537*	*-850*
II. Costs of sold products, goods and materials	*2 499 060*	*2 498 118*	*-942*
VI. Profit on sales	*154 429*	*154 136*	*-293*
IX. Profit from operational activity	*143 628*	*143 351*	*-277*
XII. Profit gross	*135 527*	*135 311*	*-216*
XIV. Profit net	*99 303*	*101 392*	*2 089*
Balance sheet			

I. Fixed assets	**1 931 421**	**1 933 721**	**2 300**
1. Intangible assets	*101 405*	*101 409*	*4*
2. Property, plant and equipment	*1 743 016*	*1 743 162*	*146*
3. Long-term accruals	*26 989*	*29 139*	*2 150*
II. Current assets	**1 211 380**	**1 210 834**	**-546**
1. Stocks	*578 207*	*578 748*	*541*
2. Receivables	*389 504*	*388 758*	*-746*
3. Short-term accruals	*14 404*	*14 063*	*-341*
Assets in total	**3 142 801**	**3 144 555**	**1 754**
I. Equity	**1 845 922**	**1 846 650**	**728**
II. Liabilities and provisions	**1 296 879**	**1 297 905**	**1 026**
Liabilities in total	**3 142 801**	**3 144 555**	**1 754**

Adjustments due to Fundamental Errors

In the reporting period there was no need to make any adjustments to fundamental errors, likely to affect the Group's assets and financial standing as well as its liquidity and profitability.

Joint Ventures with Other Entities

Within the framework of the project carried out in the area of renewable energy sources, i.e. the construction of an innovative prototype of an 1,5 MW wind turbine with a vertical axis rotor, a consortium was formed (consisting of the Krakow University of Science and Technology and Anew Institue Sp. z o.o., apart from Stalprodukt S.A.) pursuant to the agreement dated 10 December 2013, concerning the implementation and financing of the above mentioned project. The project concerned was subsidized by the Polish National Center for Research and Development, within the framework of a pilotage program DEMONSTRATOR+: *Supporting scientific research and development works in demonstration scale.* The respective agreement was signed in December 2013, and the planned project completion date is 30.09.2016. The total subsidy amount is PLN 12 539 thousand.

In 2014, the following works were pursued, among others:

- making assumptions for the wind park design ;
- completion of the wind park design;
- purchase of a permanent magnet generator of parameters required for the designed wind park;
- making assumptions for the design of power converters to be combined with the wind park.

Salaries of Managerial and Supervising Staff

The salaries and the bonuses paid to the Company's managerial and supervising staff amounted to PLN 3 126 thousand in 2014, and PLN 3 021 thousand in 2013, including the Management Board's remunerations, respectively: PLN 2 658 and 2 201 thousand, and the Supervisory Board's salaries totaled PLN 468 and 820 thousand.

The salaries paid in 2014 to the Issuer's managerial and supervising staff in respect of their positions in the subsidiary companies' governing bodies totaled – PLN 326 thousand, including: managerial staff PLN 235 thousand, and supervising staff PLN 91 thousand, whereas in 2013 – PLN 528 thousand, including managerial staff PLN 454 thousand, and supervising staff PLN 74 thousand.

Post Balance Sheet-Day Events

After 31.12.2014, no events occurred, other than the ones contained in the present Consolidated Financial Report for 2014 and Parent Company's Management Board's Report, which might significantly affect the Group's standing and its future financial results.

Other information

1. In 2014, no activity conducted by the Issuer was abandoned.
2. During the reporting period the Company incurred capital expenditures of PLN 47,829 thousand, including expenditure on environmental protection PLN 1,343. Planned capital expenditures for 2015 amounts to about PLN 45,295 thousand. Capital expenditures shall be used to finance intangible fixed assets.
3. In the reporting year, the Group did not undertake any joint ventures with external entities, other than the ones mentioned in point 11 of the present Report „Other Information”.
4. The average employment in occupational groups:
   - in 2014, total employment equalled 1,513 people,
   - in 2013, total employment equalled 1,559 people.
5. Both, Stalprodukt S.A. and its subsidiaries did not give advances, credits, loans and guarantees or sureties to members of the Management Board and the Supervisory Board, except for loans from the Social Fund.
6. The pending bankruptcy and composition proceedings account for the Group's receivables totaling PLN 10 466 thousand, including the amount of PLN 743 thousand in respect of Stalprodukt and PLN 9 723 thousand in respect of ZGH “Bolesław”.

7. As of the balance sheet day, the Group does not have any off-balance sheet contingent liabilities, other than the performance bonds, concerning the production and installation of road safety barriers as well as guarantees and bills of exchange/promissory notes issued by ZGH "Bolesław" S.A.:

- performance bonds concerning the production and installation of road safety barriers totalling PLN 16 701 thousand,
- guarantees and avals granted by ZGH „Bolesław" S.A. in the amount of PLN 1 540 thousand.

8. In the reporting period, the Issuer granted a loan guarantee to the subsidiary company Stalprodukt-Centrostal Kraków Sp. z o.o. up to the amount of PLN 20 000 thousand, in respect of the current account credit granted by the Nordea Bank S.A. (from 31.10.2014 PKO BP S.A.). As of the balance sheet day, the Company does not have any contingent liabilities, other than the above mentioned guarantee and performance bond concerning the production and installation of road barriers. As of 31.12.2014, the amount of valid guarantees in this respect totaled PLN 16 701 thousand.

9. There were no significant events relating to previous years included in the annual financial statements as at 31.12.2014, which distort the picture of the activities of the financial year 2014.

10. According to the status as of 31.12.2014, ZGH "Bolesław" holds an aval granted in June 2011 to Bolesław Recycling Sp. z o.o. up to the amount of PLN 29 332 thousand, securing the liabilities in respect of the loan granted by the National Fund for Environmental Protection and Water Management. As of 31.12.2014 the loan amount totaled PLN 20 748 thousand.

11. After 31.12.2014, in addition to the information contained in this report and the report of the Management Board, there were no other events not included in the financial statements for the year 2014, which could materially affect the situation in the Company and its future financial results.

12. The financial statements and comparable financial data, adjusted for inflation, are not presented because the cumulative average inflation rate over the last three years of operation has not reached 100%.

13. The Issuer, as the Parent Company, draws up the consolidated financial statements under the full method, including all the subsidiaries therein.

14. These financial statements of Stalprodukt S.A. for 2014 was approved by the Management Board of the Company for publication on 30 April 2015.

28 April 2015

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