



INDEPENDENT CERTIFIED AUDITOR'S OPINION AND REPORT
ON THE FINANCIAL REPORT AUDIT CARRIED OUT
FOR THE CAPITAL GROUP WHOSE PARENT COMPANY IS
STALPRODUKT S.A. BASED IN BOCHNIA
FOR THE PERIOD FROM 1 JANUARY 2013 TO 31 DECEMBER 2013

WROCLAW, APRIL 2014

***Independent Certified Auditor's Report on the Review
of Annual Consolidated
Financial Report for the period
from 1 January 2013 to 31 December 2013***

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

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

- 1) consolidated balance sheet drawn up as of 31 December 2013, with total assets as well as liabilities and equity amounting to **PLN 2 992 412 thousand**;
- 2) consolidated profit and loss account for the period from 1 January 2013 to 31 December 2013 showing a net profit of **PLN 77 445 thousand**;
- 3) consolidated statement of comprehensive income for the period from 1 January 2013 to 31 December 2013 showing total income amounting to **PLN 77 445 thousand**;
- 4) statement of changes in the consolidated equity, consolidated cash flow statement for 2013 and additional information to the consolidated financial report.

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

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

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

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

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

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

The certified auditor's opinion on the ZGH "Bolesław" S.A. Capital Group's Consolidated Financial Report contained the following reservation: "The Company has not carried out a test on the long-term financial assets impairment concerning its shares in Gradir Montenegro d.o.o. Niksic, in their part non-covered by the revaluation write-off amounting to PLN 28 224.5 thousand, although, in our opinion, there are grounds confirming their permanent impairment. On 20 February 2014, a conditional agreement for the sale of shares was concluded at Gradir Montenegro d.o.o., between the Company – as the Seller and the Balkan Mining Group Ltd – a company formed and registered in Malta – as the Buyer. The price payable to the Seller by the Buyer, for the shares being sold, amounts to PLN 152 968.3 thousand. On 7 April 2014, an amendment was appended to this agreement, changing the selling price transfer date to 28 April 2014. Additionally, the date of consent, to be obtained from the Hipotekarna Banka, was changed to 30 April 2014. Thus, the agreement for the sale of shares shall cease to be effective if the suspensive conditions are not fulfilled, i.e. if the transfer of the selling price is not made within 28 April 2014 and if the Hipotekarna Banka does not grant its consent within April 2014. On 28 April 2014, another amendment [*annex agreement*] was concluded between the Seller and the Buyer, shifting the transaction completion date to 15 May 2014".

In our opinion, except for the reservation concerning the effects of any potential adjustments, which might prove necessary while forming a revaluation write-off of the above referenced financial assets, the audited financial report is, in all of its essential aspects:

- a) presents accurately and clearly all the information essential for the assessment of the property and financial standing of the audited Group as of 31 December 2013, as well as its financial results for the reporting year from 1 January 2013 to 31 December 2013 in compliance with the International Financial Reporting Standards approved by the European Union,
- b) is compliant, in respect of its form and content, with the legal provisions applicable to the Group,
- c) has been prepared on the basis of correctly kept consolidation documents.

As of 7 November 2012 an agreement was concluded with the State Treasury, as a result of which the Company acquired 10 961 600 registered shares of Zakłady Górniczo-Hutnicze "Bolesław" S.A. based in Bukowno, accounting for 86.92% of its share capital.

ZGH Bolesław SA transformed its Consolidated Financial Report as of 1.01.2012 in accordance with the IFRS 1, "First-Time Adoption of IFRS", and, subsequently, prepared its Consolidated Financial Report as of 31.12.2013, including all the adjustments and exclusions in compliance with the International Financial Reporting Standards.

The Parent Company prepared the Group's Consolidated Financial Report, including therein for the first time the ZGH "Bolesław" S.A. Capital Group's Report and including gain from bargain purchase according to IFRS 3.

The information included in the Report on the Group's Activities for the reporting year from 1 January to 31 December 2013 are compliant with the Regulation of the Minister of Finance as of 19 February 2009 on current and periodic information disclosed by issuers of securities and

conditions for recognising as equivalent information required by the laws of a non-member state. (Journal of Laws as of 2014, item 133) and stand in accordance with the information contained in the audited Consolidated Financial Report.

Teresa Sadowska, Certified Auditor No 9358

Key Certified Auditor carrying out the Audit on behalf of:
Biegły.pl Kancelaria biegłych Rewidentów Spółka z o.o.
ul. Grabiszyńska 163, 53-437 Wrocław,
Entity authorised to audit financial reports No 3771

Wrocław, this day 29 April 2014.

COMPLEMENTARY REPORT
ON THE AUDIT
OF THE CONSOLIDATED FINANCIAL REPORT
OF THE CAPITAL GROUP, WHOSE PARENT COMPANY IS
STALPRODUKT S.A.
BASED IN BOCHNIA
FOR THE PERIOD FROM 1 JANUARY 2013 TO 31 DECEMBER 2013

I. REPORT GENERAL PART

1. Capital Group Identification Data

1.1 Name of Capital Group

Stalprodukt S.A. Capital Group

1.2 Seat of the Parent Company

ul. Wygoda 69

32-700 Bochnia

1.3 Parent Company Registration in the National Court Register

Registration Court: District Court

Date: October 25, 2001

Register No: KRS 0000055209

VAT No: 868-000-07-75

National Statistical No REGON: 850008147

1.4 Parent Company's Ownership Structure

As of December 31, 2013, the parent company's ownership structure amounting to PLN 13,450.0 thousand is as follows:

Shareholder's Name	Number of shares (items)	Nominal Value	Structure
ArcelorMittal Poland S.A.	2 270 800	PLN 4 541,6 thou.	33,77%
STP Investment S.A.	1 959 725	PLN 3 919,4 thou.	29,14%
Stalprodukt Profil S.A.	619 065	PLN 1 238,2 thou.	9,21%
Pozostali	1 875 410	PLN 3 750,8 thou.	27,88%
Razem	6 725 000	PLN 13 450,0 thou	100,00%

1.5 Parent Company's Governing Body

The Company's governing body is the Management Board.

As of 31 December 2013, the Management Board consisted of:

- Piotr Janeczka – President of the Management Board
- Antoni Noszkowski - Member of the Management Board (from 1 January to 21 June 2013)
- Józef Ryszka - Member of the Management Board

2. Information on Companies Composing the Capital Group

2.1 Companies Included in the Consolidated Financial Report

As of December 31, 2013 the following companies included in the Capital Group were subject to consolidation:

Parent Company:

Stalprodukt S.A.

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

Company Name	Seat	Principal Object of Activities	Capital Share	Voting Share
Stalprodukt-Centrostal Kraków Spółka z o.o.	Bochnia	trade in steel products	100 %	100 %
Stalprodukt-Wamech Spółka z o.o.	Bochnia	manufacture of steel structures and spare part and rendering alteration services	100 %	100 %
STP Elbud Spółka z o.o.	Kraków	manufacture of steel structures and galvanizing services	100 %	100 %
Stalprodukt-Serwis Spółka z o.o.	Bochnia	alteration services, maintenance of machinery, installation services	100 %	100 %
Stalprodukt-Zamość Spółka z o.o.	Zamość	manufacture of construction joinery and trade in steel products	100 %	100 %
Stalprodukt-MB Spółka z o.o.	Bochnia	road and freeways construction and maintenance, assembly of safety road barriers	100 %	100 %
Zakłady Górniczo-Hutnicze BOLESŁAW S.A.	Bukowno	zinc production	86.92 %	86.92 %
Stalprodukt-Ochrona Spółka z o.o.	Bochnia	manufacture of steel structures	100 %	100 %
Anew Instytut Spółka z o.o.	Kraków	designing sources of renewable energy	100%	100%
Cynk-Mal S.A.	Legnica	manufacture and treatment of metal products	51%	51%

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

3.1 Key Certified Auditor's Identification Data

Name and surname: Teresa Sadowska

Register No: 9358

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

Company: Biegły.pl Kancelaria biegłych Rewidentów Spółka z o.o.

Seat: ul. Grabiszyńska 163, 53-437 Wrocław,

Register No: 0000087656

District Court: for Wrocław Fabryczna 6th Economic Department of National Court Register

VAT No: 899-000-70-79

Entity authorised to audit financial reports No 3771

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

The Consolidated Financial Report for the reporting year ending on 31 December, 2012 was audited by the company: Biegły.pl Kancelaria Biegłych Rewidentów Sp. z o.o. based in Wrocław, and was approved without any reservations.

The Consolidated Financial statements of Stalprodukt S.A. Capital Group for 2012 was approved by the General Meeting of Shareholders on 21 June 2013.

The Consolidated Financial Report for 2013 was submitted with the Registration Court on 28 July, 2013.

5. Scope of Work and Liability

The present report has been prepared for the General Meeting of Shareholders of Stalprodukt S.A. – company based in Bochnia, 69 Wygoda Street [*ul. Wygoda 69*] and is concerned with the consolidated balance sheet drawn up as of December 31, 2013, consolidated profit and loss account and consolidated statement of total comprehensive income, consolidated statement of changes in the Parent Company's separate equity and consolidated cash flow statement for the reporting year closed on the day concerned and notes appended to the Consolidated Financial Report.

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

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

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

The audit of the Consolidated Financial Report was carried out at the seat of the Parent Company in April 2014.

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

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

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

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

Both the key auditor and the auditing company Biegły.pl Kancelaria Biegłych Rewidentów Sp. z o.o. fulfill the requirement of independence from the companies, composing the audited Capital Group, as construed in Art. 56 par. 3 and 4 of the Act as of May 7, 2009 on Certified Auditors, their Self-Government, Entities Authorized to Audit Financial Reports and on Public Supervision (Journal of Laws No 77, item 649).

The scope of the work planned and performed has not been limited in any way. The scope of the audit carried out has resulted from the working documentation compiled and filed at the seat of our company Biegły.pl Kancelaria Biegłych Rewidentów Sp. z o.o.

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

6.1 Parent Company

The Parent Company's Financial Report for the reporting year concluded as of December 31, 2013, was audited by the company: Biegły.pl Kancelaria Biegłych Rewidentów Spółka z ograniczoną odpowiedzialnością, entity authorized to audit financial reports No 3771 and was approved thereby without any reservations.

6.2 Other Companies Subject to Consolidation

Company Name	Type of Opinion on Financial Report	Entity Authorized To Audit the Financial Report	Balance Sheet Day, as of which the Financial Report was prepared
Stalprodukt Centrostal Kraków Spółka z o.o.	with reservations	Biegły.pl Kancelaria Biegłych Rewidentów Sp. z o.o. Wrocław	December 31, 2013
STP Elbud Spółka z o.o.	without reservations	Biegły.pl Kancelaria Biegłych Rewidentów Sp. z o.o. Wrocław	December 31, 2013
Stalprodukt Zamość Spółka z o.o.	without reservations	Biegły.pl Kancelaria Biegłych Rewidentów Sp. z o.o. Wrocław	December 31, 2013
Zakłady Górniczo-Hutnicze BOLESŁAW S.A.	without reservations	Biegły.pl Kancelaria Biegłych Rewidentów Sp. z o.o. Wrocław	December 31, 2013
Stalprodukt Serwis Spółka z o.o.	without reservations	Biegły.pl Kancelaria Biegłych Rewidentów Sp. z o.o. Wrocław	December 31, 2013
Cynk-Mal Spółka Akcyjna	without reservations	Biegły.pl Kancelaria Biegłych Rewidentów Sp. z o.o. Wrocław	December 31, 2013
Stalprodukt Wamech Spółka z o.o.	without reservations	Biuro Rachunkowe Wincenty Gonciarz Bochnia	December 31, 2013
Stalprodukt Ochrona Spółka z o.o.	without reservations	Biuro Rachunkowe Wincenty Gonciarz Bochnia	December 31, 2013
Anew Instytut Spółka z o.o.	the audit was not obligatory		
Stalprodukt MB Spółka z o.o.	without reservations	Biuro Rachunkowe Wincenty Gonciarz Bochnia	December 31, 2013

II. CAPITAL GROUP FINANCIAL ANALYSIS

1. Basic Financial Ratios

Assets and Financing Sources

- The 2013 Balance Sheet Total was increased in relation to the previous year by the amount of PLN 916 096 thousand, which is by 44,1%, considering that the highest increase was recorded for the fixed assets by as much as PLN 543 810 thousand, i.e. by 39.7%.
- The tangible fixed assets account for 58.2% of the Balance Sheet Total and the dominating components in this group of assets are: buildings and structures (34.9 %), technical equipment and machinery (51.6 %) and capital work in progress (10.1 %).
- The current assets account for 36.0 % of the Balance Sheet Total and their share in total assets increased by 2.0% compared to the previous year. The increase was mainly achieved due to increases in inventory level (by 54.3%) and short term financial assets level (by 56.1%). The inventories (47 %) and short-term receivables (38 %) account for a significant share of the current assets.
- The structure of financing sources was changed as well as the equity share in gross fixed capital formation was decreased by 23.3%, which had mainly been caused by the decrease of the parent company's equity

Sales and Costs

- The Capital Group achieved a net profit at the level of PLN 77 445 thousand, i.e. by 28.9 % higher compared to the previous year.
- The Group finances its activities from its own funds, commercial (open account) credits and, to a slight degree, from bank credits. The charge of financial costs was increased by PLN 4 354.0 thousand over 2012.

Efficiency and Financial Liquidity

- The profitability ratios recorded in the analyzed year are favorable, despite their decreases as compared to the previous year. The liquidity ratios are maintained at an optimal level.
- The receivables turnover was reduced by 13 days, while payment period was increased by 9 days compared to 2012.
- Group's debt ratio in 2013 was increased in relation to the previous year by 17,3%.

Continued Activities

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

2. General Analysis of the Consolidated Financial Report

Capital Group Analytical Balance Sheet

PLN thou.

ASSETS		2013		2012		2011		DYNAMICS (%)	
		VALUE	%	VALUE	%	VALUE	%	13/12	12/11
I. Fixed Assets		1 914 100	64,0	1 370 290	66,0	1 060 451	57,8	139,7	129,2
1.	Intangible assets, including:	95 165	3,2	42 273	2,0	41 856	2,3	225,2	101,0
2.	Tangible fixed assets	1 740 220	58,2	1 019 993	49,1	969 557	52,8	170,6	105,2
3.	Long-term receivables	258	0,0	0	0,0	0	0,0	X	X
4.	Long-term investments	53 958	1,8	306 125	14,7	47 412	2,6	17,6	645,7
4.1	Real estate	5 752	0,2	0	0,0	0	0,0	X	X
4.2	Long-term financial assets	48 206	1,6	306 125	14,7	47 412	2,6	15,7	645,7
5.	Long-term prepayments	24 479	0,8	1 899	0,1	1 626	0,1	1 289,0	116,8
5.1	Deferred income tax assets	16 446	0,5	1 899	0,1	1 563	0,1	866,0	121,5
5.2	Other prepayments	8 033	0,3	0	0,0	63	0,0	X	0,0
II. Current Assets		1 078 312	36,0	706 026	34,0	774 627	42,2	152,7	91,1
1.	Inventory	506 632	16,9	328 302	15,8	330 028	18,0	154,3	99,5
2.	Short-term receivables	409 953	13,7	293 674	14,1	361 202	19,7	139,6	81,3
3.	Short-term investments	152	0,0	77 512	3,7	77 565	4,2	0,2	99,9
3.1	Short-term financial assets	120 999	4,0	77 512	3,7	77 565	4,2	156,1	99,9
	a) loans	0	0,0	25	0,0	26	0,0	0,0	96,2
	b) short-term securities	9246	0,3	0	0,0	0	0,0	X	X
	c) cash and cash equivalents	111 753	3,7	77 487	3,7	77 539	4,2	144,2	99,9
3.2	Other short-term investments	31390	1,0	0	0,0	0	0,0	X	X
4.	Short-term prepayments	9 338	0,3	6 538	0,3	5 832	0,3	142,8	112,1
C. Fixed assets held for sale		0	0,0	0	0,0	0	0,0	X	X
TOTAL ASSETS		2 992 412	100,0	2 076 316	100,0	1 835 078	100,0	144,1	113,1

LIABILITIES		2013		2012		2011		DYNAMICS (%)	
		VALUE	%	VALUE	%	VALUE	%	13/12	12/11
I. Equity		1 756 328	58,7	1 577 220	76,0	1 519 148	82,8	111,4	103,8

1.	Equity attributable to shareholders of the Parent Company	1 627 830	54,4	1 565 113	75,4	1 502 783	81,9	104,0	104,1
1.1	Share capital	13 450	0,4	13 450	0,6	13 450	0,7	100,0	100,0
1.2	Own shares	-140	0,0	-140	0,0	-140	0,0	100,0	100,0
1.3	Reserve capital	120 035	4,0	123 040	5,9	120 373	6,6	97,6	102,2
1.4	Reserve capital from revaluation	4 521	0,2	5 612	0,3	5 714	0,3	80,6	88,2
1.5	Other reserve capital	1 434 185	47,9	1 372 368	66,1	1 248 924	68,1	104,5	109,9
1.6	Retained profit (loss)	-16 974	-0,6	-12 647	-0,6	-7 178	-0,4	134,2	176,2
1.7	Net profit (loss)	72 753	2,4	63 430	3,1	121 640	6,6	114,7	52,1
2.	Minority capital	128 498	4,3	12 107 I	0,6	16 365	0,9	1 061,4	74,0
II. Liabilities and provisions for liabilities		1 236 084	41,3	499 096	24,0	315 930	17,2	247,7	158,0
1.	Provisions for liabilities	213 478	7,1	20 910	1,0	15 964	0,9	1 020,9	131,0
1.1	Provision for deferred income tax	49 179	1,6	15 117	0,7	9 740	0,5	325,3	155,2
1.2	Other provisions	164 299	5,5	5 793 I	0,3	6 224	0,3	2 836,2	93,1
	a) long-term	141 160	4,7	4 266	0,2	4 530	0,2	3 309,0	84,2
	b) short-term	23 139	0,8	1 527	0,1	1 694	0,1	1 515,3	89,1
2.	Long-term liabilities	453 760	15,2	121 420	5,8	2 081	0,1	373,7	5 834,7
2.1	Long-term credits and loans	90 010	3,0	80 831	3,9	1 134	0,1	111,4	7 128,0
2.2	Other long-term liabilities	67 635	2,3	40 589	2,0	947	0,1	166,6	4 286,1
2.3	Contingent liabilities due to the purchase of ZGH	296 115	9,9	0	0,0	0	0,0	X	X
3.	Short-term liabilities	564 435	18,9	356 058	17,1	297 267	18,2	158,5	119,8
3.1	Short-term credits and loans	64 079	2,1	36 916	1,8	27 391	1,5	173,6	134,8
3.2	Current part of long-term credits and loans	30 963	1,0	20 000	1,0	0	0,0	154,8	X
3.3	Trade liabilities	367 593	12,3	268 763	12,9	234 526	12,8	136,8	114,6
3.4	Income tax liabilities	214	0,0	134	0,0	206	0,0	159,7	65,0
3.5	Other short-term liabilities	101 586	3,4	30 245	1,5	35 144	1,9	335,9	86,1
4.	Accruals	4 411	0,1	708	0,0	618	0,0	623,0	114,6
C.	Fixed assets held for sale	0	0,0	0	0,0	0	0,0	X	X
	TOTAL LIABILITIES	2 992 412	100,0	2 076 316	100,0	1 835 078	100,0	144,1	113,1

Capital Group Analytical Profit and Loss Account

PLN thou.

CONTENT	PERFORMANCE FOR			DYNAMICS (%)	
	2013	2012	2011	13/12	12/11
Net sales of products, goods and materials, including	2 806 523	1 808 717	2 002 895	155,2	90,3
Net sales of products	2 635 042	1 700 206	1 882 764	155,0	90,3
Net sales of goods and materials	171 481	108 511	120 131	158,0	- 90,3
Costs of sold products, goods and materials, including:	2 567 709	1 593 841	1 708 367	161,1	93,3
Production cost of products sold	2 403 604	1 493 339	1 599 055	161,0	93,4
Value of goods and materials sold	164 105	100 502	109 312	163,3	91,9
Gross profit (loss) on sales	238 814	214 876	294 528	111,1	73,0
Selling costs	74 439	68 386	70 037	108,9	97,6
General and administrative costs	121 810	69 601	71 358	175,0	.97,5 l
Profit (loss) on sales	42 565	76 889	153 133	55,4	50,2
Other operating income	50 379	5 445	2 524	925,2	215,7
Other operating costs	12 225	7 145	8 739	171,1	81,8
Profit (loss) on operating income	80 719	75 189	146 918	107,4	51,2
Financial income	30 598	12 351	6 913	247,7	136,6
Financial costs	14 498	10 144	7 467	142,9	135,9
Gross profit (loss)	96 819	77 396	148 364	125,1	52,2
Income tax	19 374	17 307	31 574	111,9	54,8
Gross attributable to minority Shareholders	0	0	0	X	X
Net profit (loss)	77 445	60 089	116 790	128,9	51,5
1. Attributable to Shareholders of the Parent Company	72 753	63 430	121 640	114,7	52,1
2. Attributable to minority Shareholders	4 692	-3 341	-4 850	-140,4	68,9

Ratios Characterizing the Capital Group Activities

Ratio	Content		2013	2012	2011
Return on Assets	net financial result	%	2,6	2,9	6,4
	total assets				
Return on Equity	net financial result	%	4,4	3,8	7,7
	equity				
Net Return on Sales	net financial result	%	2,8	3,3	5,8
	sales of products and goods				
Gross Return on Sales	products and goods sales result	%	1,5	4,2	7,6
	net sales of products and goods				
Liquidity – Cash Ratio I	total current assets	x times	1,8	2,0	2,6
	liabilities and short-term provisions				
Liquidity – Quick Ratio II	current assets – inventory	x times	1,0	1,1	1,5
	Liabilities and short-term provisions				
Liquidity – Current Ratio III	short-term investments	x times	0,3	0,2	0,3
	liabilities and short-term provisions				
Receivables Turnover	trade receivables x 365	days	47,5	50,1	60,3
	net sales of products, goods and materials				
Payables Turnover	Trade liabilities x 365	days	52,3	61,5	50,1
	value of sold goods and materials + production costs of products sold				
Inventory Turnover	Inventory x 365	days	72,0	75,2	70,5
	value of sold goods and materials				
Equity to Fixed Assets	equity	%	91,8	115,18	143,3
	fixed assets				
Sustainability of Financing Structure	equity + liabilities and long-term provisions	x times	0,8	0,8	0,8
	total liabilities				
Net Current Assets	current assets minus liabilities and short-term provisions	PLN thou.	490 738,0	348 441,0	475 666,0
Debt Ratio	liabilities and provisions for liabilities	%	41,3	24,0	17,2
	liabilities				

III. REPORT DETAILED PART

1. Accounting Principles

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

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

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

2. Legal Basis of the Consolidated Financial Report

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

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

3. Consolidation Method

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

4. Capital Consolidation and Calculation of Non-Controlling Interests

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

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

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

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

5. Consolidation Exclusions

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

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

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

6. Notes Appended to the Consolidated Financial Reports

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

7. Report on Capital Group's Activities

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

8. Information on the Certified Auditor's Opinion

On the basis of the audit of the Capital Group's Consolidated Financial Report, drawn up as of December 31, 2012 and in respect of the period closed on the day concerned we have issued our opinion with a reservation and supplementary explanation.

Teresa Sadowska, Certified Auditor No 9358

Key Certified Auditor carrying out the Audit on behalf of:
Biegły.pl Kancelaria Biegłych Rewidentów Sp. z o.o.
ul. Grabiszyńska 163, 53-437 Wrocław
Entity authorised to audit financial reports No 3771

Wrocław, this day 29 April 2014