Stalprodukt S.A.

Financial Statement of Stalprodukt S.A. for Year 2013

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

Bochnia, April 2014

Selected financial data

SELECTED FINANCIAL DATA	thousands of PLN		thousands of EUR	
	2013	2012	2013	2012
I. Net sales of products, goods and materials	1 248 495	1 646 332	296 484	394 463
II. Operating profit (loss)	14 710	78 532	3 493	18 816
III. Profit (loss) before taxation	16 166	83 372	3 839	19 976
IV. Net profit (loss)	9 938	67 785	2 360	16 241
V. Net cash flow from operating activities	106 477	259 218	25 285	62 109
VI. Net cash flow from investment activities	-87 926	-346 909	-20 880	-83 120
VII. Net cash flow from financial activities	-33 138	96 977	-7 869	23 236
VIII. Total net cash flow	-14 587	9 286	-3 464	2 225
IX. Total assets	1 941 798	1 963 546	468 219	480 296
X. Liabilities and provisions for liabilities	416 945	440 959	100 537	107 861
XI. Long-term liabilities	100 000	120 000	24 113	29 353
XII. Short-term liabilities	295 355	304 872	71 218	74 574
XIII. Shareholders' equity	1 524 853	1 522 587	367 683	372 435
XIV. Share capital	13 450	13 450	3 243	3 290
XV. Number of shares	6 725 000	6 725 000	6 725 000	6 725 000
XVI. Profit (loss) per ordinary share (PLN)	1,49	10,19	0,35	2,44
Diluted profit (loss) per ordinary share (PLN)				
XVII. Book value per share (PLN)	226,74	226,41	54,67	55,38
Diluted book value per share (PLN)				
XVIII. Declared or paid-out dividend for one share in (PLN/EUR)	1,00		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 2013 and 2012, 4.1472 and 4.0882 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 2013 and 2012, 4.2110 and 4.1736 respectively
c) the lowest rate for 2013 and 2012, 4.0671 and 4.0465 respectively
d) the highest rate in 2013 and 2012, 4.3432 and 4.5135 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 31.12.2013 and amounting to 4.1472 and 4.0882 as at 31.12.2012. (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 4.2110 for the year 2013 and 4.1736 for the year 2012. (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 2013 in respect of 2012.

Balance sheet

BALANCE SHEET	Notes	thousands of PLN	
		2013	2012
Assets			
I. Fixed assets		**1 382 901**	**1 337 811**
1. Intangible fixed assets, including	1	18 191	18 355
- right of perpetual land use		17 740	17 740
2. Tangible fixed assets	2	872 705	822 323
3. Long-term receivables	3		
4. Long-term investments	4	491 179	496 330
4.1. Real estate investments		112 331	116 434
4.2. Intangible assets			
4.3. Long-term financial assets		378 848	379 896
4.4. Other long-term investments			
5. Long-term prepayments		826	803
5.1. Deferred income tax assets	5	826	803
5.2. Other prepayments			
II. Current assets		**558 897**	**625 735**
1. Inventories	6	280 361	244 284
2. Short-term receivables	7	225 543	315 594
3. Short-term investments		47 859	59 926
3.1. Short-term financial assets	8	47 859	59 926
a) loans		10 110	7 590
b) short-term securities			
c) cash and cash equivalents		37 749	52 336
3.2. Other short-term investments			
4. Short-term prepayments	9	5 134	5 931
Total assets		**1 941 798**	**1 963 546**
Liabilities and Shareholder's Equity			
I. Shareholders' Equity		**1 524 853**	**1 522 587**
1. Share capital	10	13 450	13 450
2. Own shares (stakes) (negative value)		-139	-139
3. Reserve capital	11	104 184	104 184
4. Reserve capital from revaluation	12	3 166	3 166
5. Other reserve capital	13	1 394 254	1 334 141
6. Retained earnings (losses)			
7. Net profit (loss)		9 938	67 785
II. Liabilities and provisions for liabilities		**416 945**	**440 959**
1. Provisions for liabilities	14	21 504	16 009
1.1. Provision for deferred income tax		17 285	11 501
1.2. Other provisions		4 219	4 508
a) long-term		3 040	3 329
b) short-term		1 179	1 179

2. Long-term liabilities	15	100 000	120 000
2.1. Long-term credits and loans		60 000	80 000
2.2. Other long-term liabilities		40 000	40 000
3. Short-term liabilities	16	295 355	304 872
3.1. Short-term credits and loans			
3.2. Current part of long-term credits and loans		20 000	20 000
3.3. Trade liabilities		250 008	264 532
3.4. Income tax liabilities			
3.5. Other short-term liabilities		25 347	20 340
4. Accruals	17	86	78
Total liabilities		**1 941 798**	**1 963 546**

Book value		**1 524 853**	**1 522 587**
Number of shares		**6 725 000**	**6 725 000**
Book value per share (PLN)	**18**	**226.74**	**226.41**
Diluted number of shares			
Diluted book value per share (PLN)			

PROFIT AND LOSS ACCOUNT01.01.2013 – 31.12.2013

PROFIT AND LOSS ACCOUNT	Notes	thousands of PLN	
		2013	2012
I. Net sales of products, goods and materials, including:		**1 248 495**	**1 646 332**
1. Net sales of products	19	1 182 006	1 588 107
2. Net sales of goods and materials	20	66 489	58 225
II. Costs of products, goods and materials sold, including:		**1 165 003**	**1 477 912**
1. Production cost of products sold	21	1 099 295	1 422 389
2. Value of goods and materials sold		65 708	55 523
III. Gross profit (loss) on sales		**83 492**	**168 420**
IV. Selling costs		32 963	43 680
V. General and administrative costs		35 061	44 062
VI. Profit (loss) on sales		**15 468**	**80 678**
VII. Other operating incomes	22	4 211	1 977
VIII. Other operating costs	23	4 969	4 123
IX. Operating profit (loss)		**14 710**	**78 532**
X. Financial incomes	24	7 372	8 353
XI. Financial costs	25	5 916	3 513
XII. Profit (loss) before taxation		**16 166**	**83 372**
XIII. Income tax	26	6 228	15 587
XIV. Net profit (loss)	27	**9 938**	**67 785**

Net profit (loss)		**9 938**	**67 785**
Weighted average number of ordinary shares		6 725 000	6 725 000
The weighted average number of ordinary shares adjusted against own shares		6 655 267	6 655 267
Profit (loss) per ordinary share (PLN)	28	1.49	10.19

TOTAL COMPREHENSIVE INCOME 01.01.2013 – 31.12.2013

TOTAL COMPREHENSIVE INCOME	thousand x PLN		
	Notes	2013	2012
Net result		9 938	67 785
Differences from evaluation			
Total Comprehensive Income		**9 938**	**67 785**

Statement of changes in equity for the period 01.01.2013 – 31.12.2013

Statement of changes in equity for the period from 1st January to 31st December 2013 and 2012	thousands of PLN							
	Share capital	Own shares	Supplementary capital	Revaluation reserve	Other reserve capital	Retained profits	Current year net profit	Equity TOTAL
As of 1.01.2013 (opening balance)	**13 450**	**-139**	**104 184**	**3 166**	**1 334 141**	**67 785**		**1 522 587**
Profit distribution					60 113	-60 113		**0**
Intercapital transfer								
Dividend						-7 672		**-7 672**
Total comprehensive income for period 1.01 - 31.12.2013							9 938	**9 938**
As of 31.12.2013 (closing balance)	**13 450**	**-139**	**104 184**	**3 166**	**1 394 254**	**0**	**9 938**	**1 524 853**
As of 1.01.2012 (opening balance)	**13 450**	**-139**	**104 082**	**3 268**	**1 213 527**	**122 451**		**1 456 639**
Profit distribution					120 614	-120 614		
Intercapital transfer			102	-102				**0**
Dividend						-1 837		**-1 837**
Total comprehensive income for period 1.01 - 31.12.2012							67 785	**67 785**
Balance on this 31.12.2012 (closing balance)	**13 450**	**-139**	**104 184**	**3 166**	**1 334 141**	**0**	**67 785**	**1 522 587**

Cash flow statement

CASH FLOW STATEMENT	thousands of PLN	
	2013	2012
A. Cash flow from operating activities – indirect method		
I. Net profit (loss)	**9 938**	**67 785**
II. Total adjustments	**96 539**	**191 433**
1. Depreciation	42 968	44 740
2. (Profit) loss from exchange rate fluctuations		
3. Interest and profit share (dividends)	2 256	-4 642
4. (Profit) loss on investment activities	582	259
5. Change in reserves	5 495	4 506
6. Change in inventories	-36 077	-2 521
7. Change in receivables	90 051	72 371
8. Change in short-term liabilities except for loans and credits	-9 517	78 391
9. Change in accruals	781	-866
10. Other adjustments		-805
III. Net cash flow from operating activities	**106 477**	**259 218**
B. Cash flow from investment activities		
I. Inflows	**3 272**	**6 310**
1. Sales of intangible and tangible fixed assets	62	82
2. Sales of real estate properties and intangible assets		
3. From financial assets, including:	3 210	6 228
- financial assets sold		
- dividends and profit share received		
- repayments of long-term loans granted		400
- interest received	3 210	5 828
- other inflows from financial assets		
4 . Other investment inflows		
II. Outflows	**-91 198**	**-353 219**
1. Purchase of intangible and tangible fixed assets	-89 726	-90 692
2. Real estate property and intangible assets		
3. To financial assets, including:	-1 472	-262 527
- financial assets purchased	-1 472	-262 277
- long-term loans granted		-250
4. Other investment outflows		
III. Net cash flow from investment activities	**-87 926**	**-346 909**
C. Cash flow from financial activities		
I. Inflows	0	100 000
1. Net inflows from issue of shares, other capital instruments or capital receipts		
2. Credits and loans		100 000
3. Issue of debentures		
4. Other financial inflows		

II. Outflows	**-33 138**	**-3 023**
1. Purchase of own shares		
2. Dividends and other dues paid to shareholders	-7 672	-1 837
3. Outflows from profit distribution, other than dues paid to shareholders		
4. Credits and loans repaid	-20 000	
5. Redemption of debentures		
6. From other financial liabilities		
7. Contractual payments of financial lease dues		
8. Interest paid	-5 466	-1 186
9. Other financial outflows		
III. Net cash flow from financial activities	**-33 138**	**96 977**
D. Total net cash flow	**-14 587**	**9 286**
E. Balance sheet change in cash	**-14 587**	**9 286**
F. Cash (beginning of period)	**52 336**	**43 050**
G. Cash (end of period)	**37 749**	**52 336**

Cash at beginning of the reporting period represent the amount of PLN 52,336 thousand, including cash at hand PLN 91 thousand, on bank accounts PLN 52,245 thousand, and at the end of the reporting period PLN 37,749 thousand, including 136 thousand cash at hand and PLN 37,613 thousand on bank accounts.

Operating activities consist of the basic (main) activities of the Company, 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 Company.

The Company'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 Company’s financial activities consist of acquisition and use of equity and foreign capital, including the short and long term credits.

The inconsistency between the changes in the balance sheet and cash flow from operating activities is concerned with the liabilities and it results from the derecognition of a credit (PLN 20,000 thousand) with the annual repayment period and its presentation in the financial activities section as well as recognition of other long-term liabilities (PLN 40,000 thousand) in respect of the purchase of shares of ZGH "Bolesław" S.A.

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 Company is established for an unlimited time.

The consolidated financial statements are presented for the year 2013, and comparable financial data for the year 2012

Composition of Management Board's and Supervisory Board

In the period from 1 January 2013 to 21 June 2013, the Stalprodukt Management Board was composed of:

Piotr Janeczek - President of the Board - Chief Executive Officer

Antoni Noszkowski – Member of the Board – Financial Director

Józef Ryszka - Member of the Board - Marketing Director

In the period from 21 June 2013 to 31 December 2013, the Stalprodukt Management Board was composed of:

Piotr Janeczek - President of the Board - Chief Executive Officer

Józef Ryszka - Member of the Board - Marketing Director

In the period from 1 January 2013 to 21 June 2013, the Stalprodukt Supervisory Board was *composed of:*

Stanisław Kurnik - Chairman of the Supervisory Board

Maria Sierpińska - Vice-Chairman of the Supervisory Board

Kazimierz Szydłowski - Secretary

Janusz Bodek - Member

Augustine Kochuparampil - Member

Sanjay Samaddar - Member

Tomasz Plaskura - Member

In the period from 21 June 2013 to 31 December 2013, the Stalprodukt Supervisory Board was composed of:

Stanisław Kurnik - Chairman of the Supervisory Board

Maria Sierpińska - Vice-Chairman of the Supervisory Board

Kazimierz Szydłowski - Secretary

Janusz Bodek - Member

Sanjay Samaddar - Member

Tomasz Plaskura - Member

Tomasz Ślęzak - Member

Certified Auditor

Biegły.pl Kancelaria Biegłych Rewidentów Sp. z o.o.

Ul. Grabiszyńska 163/104

53-437 Wrocław

Banks

Bank Pekao S.A.

Nordea Bank Polska 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

As of 31.12.2013 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 619 065 shares, accounting for 9.21 % of capital share and 941 349 votes, accounting for 5.25 % 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:

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-Warszawa sp. z o.o.	Bochnia	trade in steel products	subsidiary	full consolidation	18.08.2000	100	100
7.	Stalprodukt-Ochrona sp. z o.o.	Bochnia	protection of property and persons	subsidiary	full consolidation	06.10.2000	100	100
8.	STP Elbud sp. z o.o.	Kraków	manufacture of structures and galvanizing services	subsidiary	full consolidation	01.06.2005	100	100
9.	Cynk-Mal S.A.	Legnica	hoop iron production and lightning protection wire and galvanizing services	subsidiary	full consolidation	01.10.2008	51	51
10.	Anew Institute Sp. z o.o.	Kraków	designing sources of renewable energy	subsidiary	full consolidation	30.05.2012	100	100
11.	ZGH "Bolesław" SA	Bukowno	non-ferrous metals mining and zinc and lead production	subsidiary	full consolidation of 1.01.2013	31.12.2012	86.92	86.92

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 Company'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 Company operates is the Polish zloty. This currency is also the currency used in the consolidated financial statements.

3. Applicable accounting rules (policy)

Since 01.01.2005, the Company 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 Company.

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 Company 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 Company 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 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 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 Company 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 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.

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 Company 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. 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 Company 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 Company uses and reports the calculation variant of the profit and loss account.

Leasing

Fixed assets used under financial leasing agreements, which transfer to the Company 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).

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.

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)

In the shape approved by the EU, the IFRS do not differ significantly from the regulations adopted by the International Accounting Standards Board (IASB), except for the undermentioned interpretations, which had not taken effect yet by 28.04.2014.

Non-applicable Standards

- ***a. IFRS 9, „Financial Instruments" and subsequent amendments*.** The effective date has not been fixed yet.
- ***b. Amendments to IAS 19 „Employee Benefits"*** – Defined Benefit Plans: Employee Contributions. Applicable for the annual periods starting on or after 1 July 2014.

c. ***„Amendments to IFRS (cycle 2010-2012)".*** Amendments introduced into the standard procedure used for IFRS/IAS annual amendments (IFRS2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, IAS 38). Applicable for the annual periods starting on or after 1 July 2014.

d. ***„Amendments to IFRS (cycle 2011-2013)".*** Amendments introduced into the standard procedure used for IFRS/IAS annual amendments (IFRS 1, IFRS 3, IFRS 13, IAS 40), mainly focused on handling inconsistencies and disambiguation of terminology. Applicable for the annual periods starting on or after 1 July 2014.

e. ***Interpretation of IFRIC 21 „Levies".*** Applicable for the annual periods starting on or after 1 January 2014.

According to the Company's estimates, the above mentioned standards, interpretations and amendments to standards would not have had a significant impact on the Financial Report, if the same had been applied by the entity on the balance sheet day.

At the same time, in addition to the regulations adopted by the EU, there still remains hedge accounting for the financial assets and liabilities portfolio, the rules for which have not been approved in the EU.

According to the Company's estimates, the application of hedge accounting for the financial assets and liabilities portfolio under IAS 39 „Financial Instruments: Recognition and Measurement" would not have had a significant impact on the Financial Report, if the same had been applied on the balance sheet day.

First-Time Adoption Standards

The following standards, amendments to the existing standards and interpretations, published by the International Accounting Standards Board (IASB) and approved for the first-time adoption in the EU in 2013:

IFSR 13, „Fair Value Measurement". Approved in the EU as of 11 December 2012, the standard is aimed at the improvement of coherence and reduction of complexity to be achieved by providing a precise fair value definition and single source of requirements governing the fair value measurement as well as a single source of requirements concerning the disclosures which should be made. Applicable for the annual periods starting on or after 1 January 2013.

Amendment to IFRS 1, "First-Time Adoption of IFRS" Government Loans. Approved in the EU as of 4 March 2013. The amendment concerns government loans and defines the way, in which the reporting entity, adopting IFRS for the first time, should clear a government loan with an interest rate lower than the market interest rate, at the moment of switching to IFRS. He amendment also introduces an exception from the full retrospective application of IFRS, ensuring the same relief to the first-time adopters of IFRS as the one enjoyed by the entities preparing their financial reports according to IFRS at the time the requirement was introduced into IAS 20 in 2008. Applicable for the annual periods starting on or after 1 January 2013.

Amendment to IFRS 7, "Financial Instruments – Disclosures" Compensation of Financial Assets and Liabilities. Approved in the EU as of 13 December 2013. The amendment introduces an obligation to make new disclosures, which enable comparing the entities preparing their financial reports according to IFRS with the ones reporting under the US GAAP regulations. Applicable for the annual periods starting on or after 1 January 2013.

Amendment to IAS 1, "Presentation of Financial Statements" Presentation of Other Comprehensive Income. Approved in the EU on 5 June 2012. The main difference arising from the changes is the requirement that entities should aggregate items presented in "other comprehensive income" (OCI) on the basis of whether or not the same may be recognized in the financial result (reclassification adjustments). The amendment does not specify what items should be recognized in OCI. Applicable for the annual periods starting on or after 1 July 2012.

Amendment to IAS 12 „Income Tax" Deferred Tax Recovery of Underlying Assets. Approved in the EU on 11 December 2012. Applicable for the annual periods starting on or after 1 January 2013.

Amendment to IAS 19 "Employee Benefits" Revision on Accounting for Termination Benefits. Approved in the EU on 5 June 2012. Applicable for the annual periods starting on or after 1 January 2013.

„Amendments to IFRS (cycle 2009-2011)". Approved in the EU on 27 March. Changes into the procedure of introducing annual amendments to IFRS/IAS (IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34), mainly focused on solving inconsistencies and disambiguating terminology. Applicable for the annual periods starting on or after 1 January 2013.

IFRIC 20, "Stripping Costs in the Production Phase of a Surface Mine" Approved in the EU on 11 December 2012. The standards defines the accounting rules related to the stripping costs in the production phase of a surface mine. The interpretation may require the mining entities, reporting in accordance with IFRS, to write off the existing assets, resulting from the stripping activities, in the opening balance of retained earnings if these assets cannot be recognized as a part of the identified ore resources. Applicable for the annual periods starting on or after 1 January 2013.

The above mentioned standards, interpretations and amendments did not have a significant impact on the accounting policy pursued so far.

Early Adoption of Standards

Preparing the present Financial Report, the Company's Management Board took a decision that none of the standards would be adopted early.

The standards published and approved by the EU which have not taken effect yet.

Approving the present Financial Report, the Company did not adopt the following standards, amendments to standards and interpretations, which had been published and approved for use in the EU, but have not taken effect yet.

a. „Package of Five Standards" regarding accounting for consolidation, involvements in joint arrangements and disclosures of involvements with other entities.

(1) ***IFRS 10, "Consolidated Financial Statements".***

The goal of IFRS 10 is to set the rules governing the presentation and preparation of consolidated financial statements in a situation when the entity *[investor]* exercises control over one or more subsidiaries *[investees]*, to enable them to present a consolidated financial report. The standard defines the rule governing the control and makes exercising the control the basis of consolidation. The standard defines how the control is to be exercised in order to determine if the given investor controls the entity in which an investment was carried out and whether or not this is the reason why the entity has to undergo consolidation by the investor. It also determines the accounting requirements regarding the preparation of consolidated financial reports.

(2)*IFRS 11, "Joint Arrangements"*

IFRS 11 accounts for a more realistic reflection of joint arrangements through focusing on the rights and obligations of the parties to the arrangement and not on their legal statuses. Two kinds of joint arrangements are specified: joint operations and joint ventures. A joint operation occurs when the joint operation co-controlling partner holds a title to the assets and has obligations arising from the arrangement and, in connection therewith, recognizes the assets, liabilities, revenues and costs. A joint venture is a joint arrangement whereby the co-controlling partner holds a title to the net assets arising from the joint venture and, in connection therewith, recognizes his joint venture shares with the use of equity method. Proportionate consolidation is no longer permitted for joint ventures.

(3)*IFRS 12, "Disclosures of Involvement in Other Entities"*

IFRS 12 contains requirements about the disclosures regarding all forms of involvements in other entities, including joint ventures, associated entities and other off-balance sheet vehicles.

(4) *IAS 27, „"Separate Financial Statements"*

IAS 27 (updated in 2011) contains the regulations governing separate financial statements, which remained after the inclusion of the IAS 27 control-related provisions into the new IFRS 10 standard.

(5) *IAS 28, "Associates and Joint Ventures"*

IAS 28 (updated in 2011) contains the requirements regarding joint ventures, as well as associates, in respect of the same being recognized with equity method in accordance with IFRS 11.

In June 2012 amendments were introduced into IFRS 10, IFRS 11, IFRS 12 in order to provide explanations about the transitory provisions.

In October 2012 amendments were introduced into IFRS 10, IFRS 12, IAS 27, which provide an exemption from the consolidation requirements provided for in IFRS 10 and require investor entities to recognize their subsidiaries at their fair value arising from the financial result, instead of subjecting them to consolidation. The amendments also provide the requirements regarding the disclosures of the investor entities.

All the standards from the "Package of Five Standards" and the subsequent amendments are applicable for the annual periods starting on or after 1 January 2014 with the possibility of early adoption – provided that all the five standards are adopted at one time.

b. Amendments to IAS 32, "Financial Instruments Presentation" Compensation of Financial Assets and Liabilities. These amendments are related to the application of the IAS 32 "Financial Instruments Presentation" guidelines and clarify some of the requirements regarding the balance sheet compensation of financial assets and liabilities. Applicable for the annual periods starting on or after 1 January 2014.

c. ***Amendments to IAS 36, "Impairment of Non-Financial Assets" Recoverable Amount Disclosures***
These amendments define the disclosures regarding the recoverable amount of assets, which were subject to impairment if the amount concerned is based on the fair value reduced by the selling costs. Applicable for the annual periods starting on or after 1 January 2014 .

d. ***Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" Novation of Derivatives and Continuation of Hedge Accounting***. This amendment allows for the continuation of hedge accounting in the event if the novation of the hedging instrument with the central clearing house meets definite criteria. Applicable for the annual periods starting on or after 1 January 2014.

e. ***IFRIC 21, "Levies"*** accounts for an interpretation of IAS 37 „"Provisions, Contingent Liabilities and Contingent Assets". IAS 37 defines the criteria for the recognition of a liability, one of which is a requirement that an entity's current liability has resulted from a past event (understood as an obligating event). The interpretation explains that the obligating event, which results in the obligation to pay the arising taxes and levies, is an act provided for in respective provisions, which triggers out the payment of taxes and levies.

The Management Board does not expect the adoption of the above standards and interpretations will have a significant impact on the accounting principles (policy) pursued by the Company, its financial standing or financial result, but the same may require some additional or amended disclosures to be included in the Financial Report.

3. Notes

NOTE 1a - INTANGIBLE ASSETS	thousands of PLN	
	2013	2012
a) costs of completed developmental works		
b) goodwill		
c) concessions, patents, licenses and similar	451	615
- computer software	48	105
d) other intangible assets		
e) right of perpetual land use	17 740	17 740
Intangible assets, total	18 191	18 355

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)							
thousands of 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			
a) gross value of intangible assets at the beginning of the period			4 258	744		17 740	21 998
b) increase (due to)			43	43			43
- purchase			43	43			43
c) decrease (due to)			70	70			70
- liquidation			70	70			70
d) gross value of intangible assets at the end of the period			4 231	717		17 740	21 971
e) accumulated depreciation (amortization), at the beginning of the period			3 643	639			3 643
f) depreciation for the period (due to)			137	30			137
- depreciation allocated to the costs			203	96			203
- decrease due to liquidation			66	66			66
g) accumulated depreciation (amortization) at the end of the period			3 780	669			3 780
h) charges 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 intangible assets at the end of the period			451	48		17 740	18 191

NOTE 2a - TANGIBLE FIXED ASSETS	thousands of PLN	
	2013	2012
a) fixed assets, including:	726 779	700 802
- Land (including the right of perpetual usufruct)	16 612	16 612
- Buildings, premises, civil engineering objects	221 499	231 173
- Plants and machinery	483 147	447 693
- means of transport	2 088	2 019
- other fixed assets	3 433	3 305
b) fixed assets under construction	145 926	121 521
c) advance payments on fixed assets under construction		
Tangible fixed assets, total	872 705	822 323

As of the balance sheet day, 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. 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 24 per cent lower than in the previous year.

2b NOTE - CHANGE OF FIXED ASSETS (BY GROUPS)						
thousands of 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	16 612	312 091	602 248	5 482	4 813	941 246
b) increase (due to)		6 176	61 818	390	367	68 751
- investment		2 072	52 534	390	367	55 363
- leasing						
- change of status of long-term investments		4 104				4 104
- the value of the lease valuation						
c) decrease (due to)		18	15	30		63
- sale				30		30
- liquidation		18	15			33
- change of spare parts included in fixed assets in accordance with IAS			9 284			9 284
- contribution-in-kind						
- acceptance of the investment (Radom)						
d) gross value of fixed assets at the end of the period	16 612	318 249	664 051	5 842	5 180	1 009 934
e) accumulated depreciation (amortization), at the beginning of the period		80 918	154 555	3 463	1 508	240 444
f) depreciation for the period (due to)		15 832	26 349	294	239	42 711
- depreciation included in costs		15 844	26 362	320	239	42 765
- reduction due to sale				29		29
- reduction due to liquidation		12	13			25
- reduction due to inventory shortages						

- reduction due to contribution						
g) accumulated depreciation (amortization) at the end of the period		96 750	180 904	3 754	1 747	283 155
write-offs for permanent loss of value, at the beginning of the period						
increase						
decrease						
write-offs for permanent loss of value, at the end of the period						
h) net value of fixed assets at the end of the period	16 612	221 499	483 147	2 088	3 433	726 779

NOTE 2c - BALANCE SHEET FIXED ASSETS (OWNERSHIP STRUCTURE)	thousands of PLN	
	2013	2012
a) own assets	726 779	700 802
b) asets used under rental, lease, tenancy or other types of agreements, including leasing agreement, including:		
- leasing agreement		
Total balance sheet fixed assets	726 779	700 802

NOTE 3- CHANGE OF LONG-TERM RECEIVABLES - DID NOT OCCUR

NOTE 4 - LONG-TERM INVESTMENT (ACC. TO TITLES)	thousands of PLN	
	2013	2012
1) investment properties	112 331	116 434
-		
2) long-term financial assets	378 848	379 896
a) stocks and shares	338 848	337 376
b) long-term loans	40 000	42 520
Total	491 179	496 330

NOTE 4a - CHANGE OF STATUS OF REAL ESTATE INVESTMENT	thousands of PLN	
	2013	2012
a) balance at the beginning of the period	116 434	75 490
-		
b) increases (due to)		47 200
- reclassification to long-term investments		6 132
- acceptance from the investment		31 934
- investment outlays on leased facilities		
- real estate purchases		9 134
c) decreases (due to)	4 103	6 256
- amortization	4 094	3 108
- liquidation of facilities	5	138
- reclassification to fixed assets	4	3 010
d) balance at the end of the period	112 331	116 434

Investment properties constitute fixed assets including: the right of perpetual usufruct of land (PLN 18,890 thousand), buildings and structures, leased to subsidiaries and external entities. These properties are not intended for sale. Total revenues from rent for the year 2013 amounted to PLN 8,921 thousand, while the costs associated with these real properties are estimated approximately at PLN 8,590 thousand. With real estate investments valuation rules by cost model are in force, i.e. cost of purchase less accumulated depreciation (amortization) and the total amount of any deductions due to impairment of value.

NOTE 4b – LONG-TERM FINANCIAL ASSETS (OWNERSHIP STRUCTURE)	thousands of PLN	
	2013	2012
a) in subsidiaries	338 729	339 777
- shares	338 729	337 257
- loans granted		2 520
- other short-term financial assets (by type)		
b) in other entities	40 119	40 119
- shares	119	119
- loans granted	40 000	40 000
- other short-term financial assets (by type)		
Long-term financial assets, total	378 848	379 896

The stakes and shares held are not quoted on stock exchanges or regulated markets. They are not characterized with limited transferability, except for the shares of ZGH "Bolesław" S.A., in respect of which the sales Agreement concluded between the State Treasury and Stalprodukt obligates the purchaser to preserve the ownership of the shares purchased in the so called "definite period" i.e. the period, during which all the obligations imposed on the Purchaser by virtue of the Agreement will have been duly fulfilled (maximum 3 years from the date of transaction).

NOTE 4c - CHANGE IN THE BALANCE OF LONG- TERM FINANCIAL ASSETS (BY GROUP TYPES)	thousands of PLN	
	2013	2012
a) balance at the beginning of the period	379 896	119 363
-		
b) increase (due to)	1 472	263 532
- contribution in kind		
- purchase of shares	1 472	260 532
- loan granting		
- reclassification of loans from short- to long-term ones		
- subscription for shares in respect of the capital increase		3 000
c) decrease (due to)	2 520	2 999
- loss of value of shares		449
- sales of shares		
- reclassification of loans from long- to short-term ones	2 520	2 550
d) balance at the end of the period		
Long-term financial assets, total	378 848	379 896

Subscription of shares in 2013 is connected with equity increase by PLN 1,472 thousand in Anew Institute Sp. z o.o. Stalprodukt S.A. has 100% shareholding in that company.

NOTE 4 d – SHARES IN SUBSIDIARIES												
	thousands of 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				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-Warszawa sp. z o.o.	Bochnia	trade in steel products	subsidiary	full consolidation	18.08.2000				100	100	
7.	Stalprodukt-Ochrona sp. z o.o.	Bochnia	protection of property and persons	subsidiary	full consolidation	06.10.2000				100	100	
8.	STP Elbud sp. z o.o.	Kraków	manufacture of structures and galvanizing services	subsidiary	full consolidation	01.06.2005				100	100	
9.	Cynk-Mal S.A.	Legnica	hoop iron production and lightning protection wire and galvanizing services	subsidiary	full consolidation	01.10.2008				51	51	
10.	Anew Institute Sp. z o.o.	Kraków	designing sources of renewable energy	subsidiary	full consolidation	30.05.2012				100	100	
11.	ZGH "Bolesław" SA	Bukowno	non-ferrous metals mining and zinc and lead production	subsidiary	full consolidation of 1.01.2013	31.12.2012				86.92	86.92	

NOTE 4e - Shares in subsidiaries

No	a	m							n			o			p	r	s	t
	thousands of PLN																	
		Equity of the unit, including:				Other equity, including:			Liabilities and provisions for liabilities of the unit, including:			Receivables of the unit, 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.	4 797	2 604			2 193		279	586		586	1 845		1 845	5 383	4 560		
2.	Stalprodukt-Wamech sp. z o.o.	9 256	1 200			8 056		222	1 647		1 647	2 899		2 899	10 903	14 132		
3.	Stalprodukt-Centrostal sp. z o.o.	12 897	10 797			2 100	-5 232	-4 743	95 986		95 735	59 370		59 370	108 883	428 193		
4.	Stalprodukt-Serwis sp. z o.o.	3 545	900			2 644		400	3 851	88	3 365	3 807		3 807	7 395	23 653		
5.	Stalprodukt-Zamość sp. z o.o.	18 057	2 450			15 607		299	5 486	110	5 247	4 711		4 711	23 543	43 761		
7.	Stalprodukt-Ochrona sp. z o.o.	1 533	600			933		35	522		522	695		695	2 055	4 277		
8.	STP Elbud sp. z o.o.	53 644	20 613		30 830	2 202		84	9 801		9 361	25 872		25 872	63 445	105 214		
9.	Cynk-Mal S.A.	24 726	20 191		22 496	-17 961		12	49 621	753	44 413	6 328		6 328	74 347	50 759		
10.	Anew Institute Sp. z o.o.	4 187	4 522		76	-412	266	-697	2 489		256	2 492		2 492	6 678	1 238		
11.	ZGH "Bolesław" SA	708 112	126 116		312 342	269 652	11 695	41 408	460 638	56 694	217 516	176 107	257	175 850	1 196 801	1 396 730		

NOTE 4 f – Shares in other entities										
	thousand x PLN									
	a	b	c	d	e		f	g	h	i
					equity of the unit, including:					
No	Name (company) of the entity, indicating its legal form	Seat	Object of the enterprise	Book value of shares		- share capital	Percentage of capital held	Total number of votes at a general meeting	The value of shares not paid by the issuer	Dividends received or receivable for the last financial year
1.	Stalprodukt-Profil S.A.	Bochnia	trade in steel products	80		500	16.00	16.00		
2.	StalNet sp. z o.o.	Kraków	online trade	39		200	19.50	19.50		

Moreover, the Issuer holds some minority stakes and shares in 12 entities, for which a 100% revaluation write-down was made due to their loss of value.

NOTE 5 - Change in assets due to deferred income tax	thousands of PLN	
	2013	2012
1. Balance of assets due to deferred income tax, at the beginning of the period, including:	802	744
a. attributed to the financial result	802	744
b. attributed to equity		
2. Increases	685	58
a. attributed to financial result of the period in respect of deductible temporary differences (due to)	685	58
- appearance of temporary differences	685	58
b) attributed to equity in respect of negative temporary differences (due to)		
3. Decreases	661	
a) attributed to financial result of the period in respect of negative temporary differences (due to)	661	
- reversal of temporary differences	661	
- changes of tax rate		
b) attributed to equity in respect of negative temporary differences (due to)		
4. Balance of assets due to deferred income tax, at the end of the period, including:	826	802
a) attributed to the financial result	826	802
b) attributed to equity		

The amounts of negative temporary differences at the beginning and end of the reporting period by main groups of assets and liabilities, in thousands of PLN:
- inventory (materials and products): 506 and 548
- receivables: 889 and 1,057
- liabilities for employee benefits: 2,825 and 2,742
Total: 4,220 and 4,347.

NOTE 6 – Inventory	thousands of PLN	
	2013	2012
a) materials	159 310	133 394
b) semi-finished products and work in progress	37 477	37 942
c) finished products	77 274	71 532
d) goods	6 299	1 416
Inventory, total	280 360	244 284

As of 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. 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 PKO BP S.A. and up to 25,000 thousand PLN for Bank PKO BP SA due to protection of the granted credit limits.

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 547 thousand PLN.
Advances for deliveries demonstrated in receivables for deliveries and services. The value of advances for deliveries as at 31.12.2013 amounts to 9 thousand PLN.

NOTE 7a – Short-term receivables	thousand x PLN	
	2013	2012
a) from related parties	81 029	113 631
- trade receivables, maturing:	81 029	113 631
- up to 12 months	81 029	113 631
- above 12 months		
- other		
- claimed at court		
b) receivables from other entities	144 514	201 963
- trade receivables, maturing:	129 929	164 105
- up to 12 months	129 929	164 105
- above 12 months		
- receivables from tax, subsidy, customs, social security and other benefits	9 107	32 256
- other	5 478	5 602
- claimed at court		
Net short-term receivables, total	225 543	315 594
c) write-downs of receivables	1 814	3 108
Gross short-term receivables, total	227 357	318 702

As of the balance sheet date applies charge of receivables: silent assignment duties in the amount of PLN 10 000 thousand, which constitutes security of the limit for guarantees and letters of credit in Bank Handlowy S.A. and the undetermined amount of the silent cession of claims from 11 customers, as security for a limit on guarantees and letters of credit in BNP Paribas Bank Polska S.A.

NOTE 7b – Change in short-term receivables write-down	thousands of PLN	
	2013	2012
Balance at the beginning of the period	3 108	1 774
a) increase (due to)	4 235	2 672
- provision for doubtful receivables	4 235	2 672
b) decrease (due to)	5 529	1 338
- cancellation	1 804	558
- adjustment	1	4
-payment	3 724	776
Balance of short-term receivables write-downs at the end of the period	1 814	3 108

NOTE 7c – Gross short-term receivables (currency structure)	thousands of PLN	
	2013	2012
a) in Polish currency	151 570	204 102
b) in foreign currencies (according to currencies converted into PLN)	75 787	114 600
b.1 in EURO	14 011	16 380
converted into PLN	58 619	67 233
b.2 in USD	5 593	15 012
converted into PLN	17 168	47 367
other currencies in thousands PLN		
Short-term receivables, total	227 357	318 702

NOTE 7d – Trade receivables (gross) – maturing as at the balance day:	thousands of PLN	
	2013	2012
a) up to 1 month	109 170	132 361
b) above 1 month up to 3 months	53 409	85 095
c) above 3 months up to 6 months		
d) above 6 months up to 1 year		
e) above 1 year		
f) overdue receivables	50 193	63 388
Trade receivables, total (gross)	212 772	280 844
g) trade receivables write-downs	1 814	3 108
Trade receivables, total (net)	210 958	277 736

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

NOTE 7e – Trade receivables, overdue (gross) – divided into unpaid receivables within the period:	thousands of PLN	
	2013	2012
a) up to 1 month	35 978	37 595
b) above 1 month up to 3 months	10 229	13 573
c) above 3 months up to 6 months	1 400	6 968
d) above 6 months up to 1 year	1 412	4 373
e) above 1 year	1 174	879
Trade receivables, total (gross)	50 193	63 388
f) trade receivables write-downs	1 814	3 108
Trade receivables, total (net)	48 379	60 280

Out of the total amount of gross short-term receivables, i.e. 227,357 thousand PLN, overdue receivables amount to PLN 50,193 thousand. Disputable overdue receivables did not occur. Overdue receivables only apply to trade receivables. Out of the overdue receivables, only the amount of 1,814 thousand PLN was covered by write-downs. The remaining receivables were not subject to write-downs due to the fact that part of them refers to subsidiaries and are justified by the strategy and marketing policy of the parent company. However, in relation to other external customers, overdue receivables shall be permitted in connection with securing of such receivables by bank guarantees and promissory notes.

NOTA 8a - KRÓTKOTERMINOWE AKTYWA FINANSOWE	thousands of PLN	
	2013	2012
a) in subsidiaries	10 110	7 590
- loans granted	10 110	7 590
- other short-term financial assets		
b) in other entities		
- shares		
- loans granted		
- other short-term financial assets (by type)		
c) cash and other pecuniary assets	37 749	52 336
- cash in hand and at bank	37 749	52 336
- other cash		
- other pecuniary assets		
Short-term financial assets, total	47 859	59 926

The loans granted are partly related to long-term loans (in the annual repayment period).

NOTE 8b – Cash and equivalents (currency structure)	thousands of PLN	
	2013	2012
a) in Polish currency	15 847	29 115
b) in foreign currencies (according to currencies converted into PLN)	21 902	23 221
b.1. in Euro	2 872	3 418
converted into thousand PLN	11 941	13 935
b.2. in USD	3 273	3 008
converted into thousand PLN	9 961	9 286
other currencies in thousand PLN		
Cash and other pecuniary assets, total	37 749	52 336

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 at the balance sheet resources were invested on overnight deposits.

NOTE 9 - Short-term accruals	thousands of PLN	
	2013	2012
a) active cost accruals, including:	5 134	5 931
- costs of insurance and subscription	48	60
- costs of fair organized in 2012	48	72
- staged repairs	4 963	5 452
- other	75	347
Other accruals, including:		
Short-term accruals, including:	5 134	5 931

Write-offs

Asset write-offs due to impairment of value refer to long-term financial assets, which constitute long-term investments (stocks and shares in other entities) and short-term receivables and stocks of finished products. The total value of write-offs as at the balance sheet date amounts to PLN 2,361 thousand, including receivables of PLN 1,814 thousand and finished products of PLN 547 thousand.

During the reporting period there was made a write-off in the amount of PLN 547 thousand in scope of inventories of finished products and a write-off from the previous year was dissolved in the amount of PLN 506 thousand, 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 PLN 4,235 thousand and a part of the previous write-downs in the amount of PLN 5,529 thousand, in connection with payment of receivables, cancellation and adjustments.

NOTE 10 – Share capital (structure)								
thousands of 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.

NOTE 11– Supplementary capital	thousands of PLN	
	2013	2012
a) from sale of shares above their nominal value	35 054	35 054
b) statutorily created	646	646
c) created in accordance with the statute / articles of association, above the statutorily required (minimum) value		
d) from subsidies of the shareholders / partners		
e) other (by type)	68 484	68 484
- from revaluation of fixed assets	285	285
- from liquidation and revaluation of fixed assets	181	181
- from sale of shares	148	148
- retained profit	60 510	60 510
- transfer of profit retained in the previous years	33 998	33 998
- negative difference between the nominal value and purchase price of own shares	-26 638	-26 638
Supplementary capital, total	104 184	104 184

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. Supplementary capital also includes profit from previous years in the amount of 33,998 thousand PLN, referring to negative goodwill from previous years and settled in accordance with IAS, 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	thousands of PLN	
	2013	2012
a) from revaluation of fixed assets	3 166	3 166
b) due to profit / loss on revaluation of financial instruments, including		
- from revaluation of hedging instruments		
c) other (by type)		
- from revaluation of the right of perpetual usufruct		
Revaluation reserve, total	3 166	3 166

NOTE 13 – Other reserve capitals (by appropriation)	thousands of PLN	
	2013	2012
- reserve capital for investments	1 363 764	1 303 651
- reserve capital for financing of current assets	12 145	12 145
- other reserve capital	18 345	18 345
Revaluation reserve, total	1 394 254	1 334 141

The remaining reserve capitals are created from profit, which distribution is agreed by Shareholders. Equity is used to financing of working capital and to covering potential losses. The General Shareholders’ Meeting decides about use of these capitals.

NOTE 14 a - CHANGE IN THE BALANCE OF RESERVE FOR DEFERRED INCOME TAX	thousands of PLN	
	2013	2012
1. The balance of deferred income tax, at the beginning of the period, including:	11 501	6 782
a) attributed to financial result (due to)	11 501	6 782
- difference between balance and taxable amortization	11 501	6 782
- investment allowance		
b)attributed to equity		
- for revaluation of fixed assets		
2.Increases	5 784	4 719
a) attributed to the financial result due to positive temporary differences (due to)	5 784	4 719
- difference between balance and taxable amortization	5 784	4 719
b) attributed to equity due to positive temporary differences (due to)		
3. Decreases		
a) attributed to the financial result due to positive temporary differences (due to)		
- reversal of temporary differences (use of reserves for deferred income tax)		
b) attributed to the financial result due to positive temporary differences (due to)		
- difference between balance and taxable amortization		
4. Balance of reserve at the end of the period, total	17 285	11 501
a) attributed to the financial result	17 285	11 501
- due to differences between tax and balance sheet depreciation	17 285	11 501
b) attributed to equity		

Positive temporary differences relate to differences between depreciation entered in the balance sheet and tax depreciation. The amount of positive temporary differences at the beginning of the reporting period is PLN 60,530 thousand and at the end of the reporting period PLN 90,972 thousand.

NOTE 14 b – Change of the balance of other long-term reserves	thousands of PLN	
	2013	2012
a) balance at the beginning of the period	3 329	3 542
-		
b) increases (due to)	2 044	847
- provision for retirement benefits	1 989	847
- use (due to)	55	
c) dissolution (due to)	2 333	1 060
- transfer to a short-term reserve	2 333	1 060
- decrease of a reserve		
d) balance at the end of the period	3 040	3 329

NOTE 14 c - CHANGE IN OTHER SHORT-TERM RESERVES (BY TITLE)	thousands of PLN	
	2013	2012
a) balance at the beginning of the period	1 179	1 179
b) increases (due to)	2 333	1 060
- provision for retirement benefits		
- transfer to a short-term reserve	2 333	1 060
c) dissolution (due to)	2 333	1 060
- paid retirement benefits	2 333	1 060
d) balance at the end of the period	1 179	1 179

NOTE 15 a – Long-term liabilities	thousands of PLN	
	2013	2012
a) Long-term credits and loans	60 000	80 000
- investment liabilities in respect of the purchase of ZGH "Bolesław" shares	40 000	40 000
c) Other long-term liabilities		
Long-term liabilities, total	100 000	120 000

The amount of PLN 60 000 thousand refers to the long-term investment credit incurred at the PKO BP S.A. Bank based in Warsaw for the purchase of the ZGH “Bolesław” shares, amounting to PLN 100 000 thousand, wherein the amount of PLN 20 000 thousand accounts for a long-term credit with an annual period of repayment (Note 16a). The repayment of the credit in quarterly instalments shall continue from 01.01.2013 to 31.12.2017. The credit is secured with a joint mortgage of up to PLN 150 000 thousand placed on the real estate situated at Wadowicka Street in Kraków. Whereas the amount of PLN 40 000 thousand is concerned with the investment-related obligation to raise the ZGH “Bolesław” S.A. share capital, in accordance with the sales agreement concluded between the State Treasury and Stalprodukt S.A.

NOTE 16 a – Short-term liabilities	**thousands of PLN**	
	2013	**2012**
a) to related parties	17 075	19 654
- trade liabilities, maturing:	17 075	19 654
- up to 12 months	17 075	19 654
- received advances for deliveries		
- other (by type)		
-		
b) to other entities	278 280	285 218
- credits and loans, including:	20 000	20 000
- long-term, maturing	20 000	20 000
- due to dividend		
- other financial liabilities, including:		
- leasing		
- purchase of enterprise		
- purchase of options		
- trade liabilities, maturing:	232 933	244 878
- up to 12 months	232 933	244 878
- received advances for deliveries	4 764	986
- tax, customs, insurance and other liabilities	6 765	6 900
-payroll	6 039	5 249
-other (by title)	7 779	7 205
- liabilities due to dividend		
-social fund	7 209	6 598
- PKZP	427	448
- PZU	102	105
-other	41	54
Short-term liabilities, total	295 355	304 872

NOTE 16 b - Short-term liabilities (currency structure)	**thousands of PLN**	
	2013	**2012**
a) in Polish currency	209 826	217 956
b) in foreign currency (by currency and converted into PLN)	85 529	86 916
b.1. in EUR	10 374	21 075
converted into PLN	43 364	86 474
b.2. In USD	13 547	147
converted into PLN	42 165	442
other currency in thousand PLN		
Short-term liabilities, total	295 355	304 872

NOTE 16 c - SHORT-TERM LIABILITIES FOR CREDITS AND LOANS													
thousand x PLN													
		The amount of credit limit/loan according to the agreement				The amount of credit/loan remaining for repayment							
Name (company) of the unit, indicating its legal form	seat	in thousand PLN	in currency	unit	currency	in thousand PLN	in currency	unit	currency	Interests	Term of repayment	Collaterals	Other
Bank Pekao SA	Kraków	75 000		in thousand	PLN					Wibor+margin	September 2014	pledge on materials	credit in current account limit for guarantees and letters of credits. Within the limits the companies from Capital Group have limits of up to PLN 38,000 thousand
Bank Nordea Polska SA	Gdynia	60 000		in thousand	PLN					Wibor+margin	August 2014	registered 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 Handlowy S.A.	Warszawa	65 000		in thousand	PLN					Wibor+margin	January 2014 for short-term credit and guarantee.July 2014 for long-term guarantee	pledge on (raw) material inventories, assignment of receivables	overdraft limit in the current account and for short-term guarantees PLN 40,000 thousand. Limit for long-term guarantees PLN 25,000 thousand.
BNP Paribas Bank Polska SA	Kraków	50 000		in thousand	PLN					Wibor+margin	October 2014	blank promissory note, silent transfer of dues and pledge on materials	overdraft limit in the current account – guarantees and letters of credit
Bank PKO BP S.A.	Warszawa	50 000		in thousand	PLN					Wibor+margin	December 2014	promissory note, pledge on inventories	Limit for guarantees and letters of credit PLN 20.000 thousand overdraft in the current account PLN 30,000 thousand
PKO Bank Polski S.A.	Warszawa					20 000		in thousand	PLN				long-term credit of anuual repayment period

NOTE 17 – Accruals	thousands of PLN	
	2013	2012
a) disclosed deferred income		
- long-term (by titles)		
-		
- short-term (by titles)		
-		
b) deferred income	86	78
- long-term (by titles)		
-		
- short-term (by titles)	86	78
- received advances	86	78
Other accruals, total	86	78

NOTE 18 - Book value per 1 share

The book value per 1 ordinary share was calculated as the ratio of equity to the number of shares (PLN 1,524,853 thousand: 6,725,000 shares = PLN 226.74).

NOTE 19 a - NET INCOME FROM SALES OF PRODUCTS (MATERIAL STRUCTURE-TYPES OF ACTIVITIES)	thousands of PLN	
	2013	2012
- transformer sheets	376 191	535 589
- including: from related parties		
- toroidal cores	10 481	9 394
- including: from related parties		
- steel sheet for banding steel	22	47
- including: from related parties	22	47
- steel sheets, hot-rolled and cold-rolled strips	151 744	218 980
- including: from related parties	115 251	161 147
- cold formed profiles	518 941	604 313
- including: from related parties	251 886	296 540
- road barriers	111 206	203 183
- including: from related parties	19	27
- services	13 421	16 601
- including: from related parties	9 680	8 994
Net revenues from sales of products, total	1 182 006	1 588 107
- including: from related parties	376 858	466 755

NOTE 19 b -NET SALES OF PRODUCTS (TERRITORIAL STRUCTURE)	thousands of PLN	
	2013	2012
a) domestic	592 591	834 044
- transformer sheets	14 492	43 676
- toroidal cores	5 135	4 571
- steel sheet for banding steel	22	47
- steel sheets, hot-rolled and cold-rolled strips	128 415	181 218
- cold formed profiles	330 521	393 166
- road barriers	100 585	194 765
- services	13 421	16 601
b) export	589 415	754 063
- transformer sheets	361 699	491 913
- toroidal cores	5 346	4 823
- steel sheets, hot-rolled and cold-rolled strips	23 329	37 762
- cold formed profiles	188 420	211 147
- road barriers	10 621	8 418
Net income from sales of products, total	1 182 006	1 588 107

NOTE 20a – Net sales of goods and materials (material structure – types of activities)	thousands of PLN	
	2013	2012
- goods	42 196	28 126
- including: from related parties	37 103	25 068
- technological waste	23 664	28 871
- including: from related parties	3 060	3 668
- other materials	629	1 228
- including: from related parties	52	48
Net revenues from sales of goods and materials, total	66 489	58 225
- including: from related parties	40 215	28 784

The net sales of goods and materials exclusively relate to domestic sales.

NOTE 21 – Costs by type – cost of manufacture of products sold	thousands of PLN	
	2013	2012
a) amortization	42 968	44 740
b) consumption of materials and energy	911 106	1 171 761
c) external services	94 351	130 548
d) taxes and fees	15 967	15 528
e) payroll	85 325	97 585
f) social insurance and other benefits	20 903	23 073
g)other costs by type (due to)	2 412	2 728
- business trips	547	815
- property insurance	670	790
- representation and advertising	657	841
- other	538	282
h) balance of exchange differences arising from: settlements, provisions against retirement allowances, finished products price reduction	586	7 127
- balance of exchange differences arising from settlements	381	6 834
- balance of provisions against retirement allowances	-343	-213
- provisions for loss of value of finished products	548	506
Costs by type, total	1 173 620	1 493 090
Change in stocks, products and accruals	-6 302	17 042
Cost of manufacture of goods produced for own purposes (negative value)		
Selling costs (negative value)	-32 963	-43 680
General and administrative costs	-35 060	-44 063
Cost of manufacture of products sold	1 099 295	1 422 389

NOTE 22 – Other operating revenues	thousands of PLN	
	2013	2012
a) reversed provisions (due to)	2 349	1 181
- doubtful receivables	16	121
- retirement benefits	2 333	1 060
b) other, including:	1 862	796
- payment of adjudicated court fees		
- received compensation	780	153
- revenues from sales of fixed assets		
- revenues due to not collected payroll		187
- surplus in working capital	122	305
-other	960	151
Other operating revenues, total	4 211	1 977

NOTE 23 – Other operating costs	thousands of PLN	
	2013	2012
a) reserves (due to)	2 653	1 557
- doubtful receivables	60	204
- retirement benefits	1 990	847
- decrease in value of finished products	55	
b) other, including:	548	506
- donations	2 316	2 566
- costs of court proceedings	154	60
- penalties, fines, compensations	64	284
- shortages in financial resources	71	191
- value of receivables written off	913	192
- flood related costs		
- costs of tests		
- value of liquidated fixed assets	936	1 414
- other	102	165
Other operating costs, total	76	260
	4969	4123

NOTE 24 – Financial revenues	thousands of PLN	
	2013	2012
a) revenues due to interests, including	7 372	8 353
- from related parties	3 151	460
- from other entities	4 221	7 893
b) exchange rate differences (the excess of negative over positive)		
- realized		
- unrealized		
c) released provisions, due to		
- interests		
d) other, including:		
- dividend received		
- sales of assets		
Financial revenues, total	7 372	8 353

NOTE 25 – Financial expenses	thousands of PLN	
	2013	2012
a) due to credits and loans	5 468	1 188
- from related parties		
- from other entities	5 468	1 188
b) other interests		
- from related parties		
- from other entities		
c) exchange rate differences (the excess of negative over positive), including		
- realized		
- unrealized		
d) released provisions, due to	448	1 875
- accrued but not paid interests	448	1 875
e) other, including		450
- balance sheet valuation of investments		450
- other		
Financial expenses, total	5 916	3 513

Settlement of exchange rate differences	thousands of PLN	
	2013	2012
a) positive exchange rate differences, including	14 488	26 603
- realized	14 488	26 603
- unrealized		
b) negative exchange rate differences	14 869	33 437
- realized	14 869	33 437
- unrealized		
Balance of exchange differences arising on settlements, translated into reduced production costs of the products sold	381	6 834
Balance of exchange rate differences (Profit and loss account, note 25)		

NOTE 26 Current and deferred income tax	thousands of PLN	
	2013	2012
1. Gross profit (loss)	16 166	83 372
2. Differences between gross profit (loss) prior to income tax (by titles)	-28 776	-23 401
- depreciation of fixed assets covered by investment allowance		
- amortization of tangible and intangible deductible expenses	-30 441	-24 803
- donations and voluntary contributions	156	133
- provision for receivables	60	204
- release of provision for retirement benefits	-2 333	-1 060
- PFRON	1 343	1 336
- Supervisory Board fees not payed out	55	
- write-off due to revaluation of long-term investments		
- cost regarding provisions for retirement benefits	1 989	847

- revenues from valuation		
- social insurance for November and December '2009' and paid in January and February '2010'	-2 825	-2 992
- social insurance for November and December '2010' and paid in January and February '2011'	2 741	2 825
- dividend		
- costs of representation	80	73
- the value of disposed fixed assets from valuation	2	148
- other	397	-112
3. Taxable income	-12 610	59 971
4. Income tax at the rate 19%	0	11 394
5. Current income tax disclosed in tax declaration for the period, including:	6 228	11 394
- disclosed in profit and loss account	6 228	15 587
- correction of income tax for year 2005 included in the current profit and loss account		
6. Deferred income tax due to temporary differences	6 228	4 193

NOTE 27 – PROFIT DISTRIBUTION

Net profit for the financial year 2012 amounting to 67,784,700.05 PLN divided by the General Shareholders' Meeting is as follows:
- dividend 6 655,267.00
- share in profits for the Management Board 542,278.00
- share in profits for the Supervisory Board 474,493.00
- reserve capital 60,112,662.05

Proposals for allocation of net profit for the reporting period in the amount of 9,938,254.62 PLN:
- dividend 3 993,160.20
- 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

NOTE 28 – 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 2013. 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.

4. 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 two operating segments distinguished:

- Electrotechnical Sheets Segment DB,
- Profiles Segment DP.

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. For the purposes of the consolidated financial statements, these data are subject to transformation in the segment of profiles.

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 financial statement discloses the goods as not meeting the quantitative criterion for determining the segments, along with other services under "other activities" to balance the results of the Company.

<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.

<u>Segment result</u> (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 2013 and comparable period was estimated and presented in the following tables (in thous. PLN):

Itemization 2013	Segments			Total
	Electrical Sheets Segment	Profiles Segment	Other Activities	
Segment revenues	386 672	781 913	79 910	1 248 495
Segment costs	366 478	752 433	79 055	1 197 966
Segment result	**20 194**	**29 480**	**855**	**50 529**
Other operating income and financial income not assigned to the segment				11 583
Other general operational costs and financial costs associated to the segment				45 946
Gross profit				**16 166**
Income tax				6 228
Net profit				**9 938**
Segment assets	734 173	724 278	138 543	1 596 994
Assets not assigned to the segment				344 804
Total assets				1 941 798
Total liabilities	147 870	253 659	15 416	416 945
Capital expenditures	78 056	1 821	62	79 939
Depreciation	20 836	17 602	4 530	42 968

Itemization 2012	Segments			Total
	Electrical Sheets Segment	Profiles Segment	Other Activities	
Segment revenues	544 983	1 026 523	74 826	1 646 332
Segment costs	459 782	983 308	78 502	1 521 592
Segment result	**85 201**	**43 215**	**-3 676**	**124 740**
Other operating income and financial income not assigned to the segment				10 330
Other general operational costs and financial costs associated to the segment				51 698
Gross profit				**83 372**
Income tax				15 587
Net profit				**67 785**
Segment assets	706 898	775 844	134 174	1 616 916
Assets not assigned to the segment				346 630
Total assets				1 963 546
Total liabilities	108 532	262 652	29 775	440 959
Capital expenditures	68 393	7 978	14 347	90 718
Depreciation	21 410	19 742	3 588	44 740

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 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 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 risks associated with the activities of the Company include:

a) credit risk and contractual risk,

b) liquidity risk,

c) market risk, including:

- interest rate
- currency

Credit and contractual risk

Credit risk in the 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 finance 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.

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 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	941	PLN	**941**	1 500	PLN	**1 500**
2	Bank guarantees and letters of credit	credit/contract	2 245	EUR	**9 310**	2 565	EUR	**10 486**
3	Bank guarantees and letters of credit	credit/contract	2 818	USD	**8 488**	8 680	USD	**26 905**
4	Suretyships	credit/contract	4 000	PLN	**4 000**	20 813	PLN	**20 814**
4	Suretyships	credit/contract	5 750	EUR	**23 846**	11 420	EUR	**46 687**
	Total				**46 586**			**106 392**

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 127,878 thousand. It should be noted that the average loans in arrears ratio for 12 months of 2013 (calculated as the ratio of loans in arrears to the total outstanding balance due to supplies, work and services) for the Issuer is 9.75%, and 15.79% as of the balance sheet date. The increase of this ratio is caused mainly by worsening finacial situatuion of some contracting parties, difficulties in obtaining by them bank credits and consequences of mounting payment backlogs.

The amount at risk in thousand PLN	2013	2012
1. The balance sheet value of outstanding balance	225 543	315 594
2. Guarantees and letters of credit issued	29 950	78 510
3. The fair value of derivative transactions	0	0
4. Adopted securities	46 586	106 392
5. Receivables in respect of affiliated entities	81 029	113 635
The amount at risk	**127 878**	**174 077**

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

Today, the 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. 7d - 7e.

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 Company, 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 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 16c note.

Market Risk

Exchange Rates Risk

The exchange rate risk can be defined as the unfavourable impact of exchange rates on the Company'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 31.12.2013 the Company had:

loans granted in the amount of – PLN 50 110 thousand,

cash – PLN 37 374 thousand,

investment credit – PLN 80 000 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), and their balance sheet values measured as of 31.12.2013 in terms of the assets and liabilities are close. Therefore, any potential changes of interest rates (both the increase and decrease) will not have a significant impact on the financial result.

SENSITIVITY TO EXCHANGE RATE RISKS	in thousand PLN	
	2013	2012
Exchange rate increase by 50 basis points		
Impact on the gross result	39	12

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 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 constantly examined currency standing, due to very rare USD purchases, has mostly remained a long open currency position throughout 2013.

As of 31.12.2013, 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 7c and 16b notes, respectively.

SENSITIVITY TO CURRENCY RISKS	in thousand PLN	
	2013	2012
PLN WEAKENING to USD & EUR by 5%		
Impact on gross result	-444	1 265

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.

8. Capital management

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 Company'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 Company.

FINANCIAL LEVERAGE RATIO	in thousand PLN	
	2013	2012
Debt	80 000	100 000
Cash	-37 749	-52 336
Net Debt	42 251	47 664
Equity	1 524 853	1 522 587
Net Debt Relation to Equity	2,77%	3,13%

In 2013, the 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 Company's objectives, its smooth and reliable operation, and to raise funds for further development.

In the reporting period the decrease 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 10.19 in 2012 to PLN 1.49 in 2013.

Changes in equity for the years 2012 and 2013 are presented in the "Statement of changes in equity," which forms an integral part of the annual consolidated financial statements.

In 2013, 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 0.79.

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 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 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

Data on related companies

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.

Specification 2013	in thousand PLN			
	mutual claims and mutual		revenues and costs transaction liabilities	
	receivables	liabilities	revenues	costs
ZGH Bolesław S.A.		24		132
Anew Institute Sp. z o.o.		45	39	1 159
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. w likwidacji	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

Specification 2012	in thousand PLN			
	mutual claims and mutual		revenues and costs transaction liabilities	
	receivables	liabilities	receivables	costs
Stalprodukt-MB sp. z o.o.	33	2 017	278	6 091
Stalprodukt-Wamech sp. z o.o.	161	2 338	1 368	10 846
Stalprodukt-Centrostal sp. z o.o.	93 198		457 290	252
Stalprodukt-Serwis sp. z o.o.	34	4 422	648	15 084
Stalprodukt-Zamość sp. z o.o.	76	247	728	3 059
Stalprodukt-Warszawa sp. z o.o.	5 076		17 285	
Stalprodukt-Ochrona sp. z o.o.	24	270	224	2 750
STP Elbud sp. z o.o.	305	10 383	1 654	44 413
Cynk-Mal S.A.	14 728		17 054	1 179

a) degree of the Issuer's participation in management is 51% in the companies Cynk-Mal S.A. and 86.92% in ZGH “Bolesław”, and 100% in other related parties.

In the reporting period, the Company did not undertake any more joint ventures with other entities, except for the ones mentioned herein.

Other information

1. In 2013, no activity conducted by the Issuer was abandoned.
2. During the reporting period the Company incurred capital expenditures of PLN 79,939 thousand. Expenditure on environmental protection is not recorded. Planned capital expenditures for 2014 amounts to about PLN 87,700 thousand. Capital expenditures shall be used to finance intangible fixed assets.
3. The average employment in occupational groups:
   - in 2013, total employment equalled 1,493 people, including 1,204 blue-collar and related workers, and 289 white-collar workers
   - in 2012, total employment equalled 1,639 people, including 1,330 blue-collar and related workers, and 309 white-collar workers

4. Remunerations, including awards, paid to managing and supervising staff in the Company amounted in the 2013 - PLN 3,022 thousand, and in the year 2012 - PLN 7,658 thousand, including the remuneration of the Management Board as appropriate: PLN 2,202 and PLN 6,505 thousand, and the remuneration of the Supervisory Board amounted to PLN 821 and PLN 1,153 thousand.

   Remuneration of the management and supervisory bodies of the Issuer for performing their functions in the governing bodies of subsidiaries amounted in the year 2013 - PLN 529 thousand, including managers PLN 455 thousand, and supervisors PLN 74 thousand, while in 2012 - PLN 616 thousand, including the managers PLN 554 thousand, and supervisors PLN 72 thousand.

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. 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.. 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 31.12.2013, the amount of valid guarantees in this respect totaled PLN 22 793 thousand.

7. There were no significant events relating to previous years included in the annual financial statements as at 31.12.2013, which distort the picture of the activities of the financial year 2013.

8. After 31.12.2013, 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 2013, which could materially affect the situation in the Company and its future financial results.

9. 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%.

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

11. These financial statements of Stalprodukt S.A. for 2013 was approved by the Management Board of the Company for publication on 30 April 2014.

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