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I. SELECTED FINANCIAL DATA.

Table 1 Selected financial data - STALPROFIL S.A. Group

SELECTED FINANCIAL DATA STALPROFIL S.A. GROUP	kPLN		k EUR	
	Q1 of 2015	Q1 of 2014	Q1 of 2015	Q1 of 2014
Net revenues from the sale of products, services, goods and materials	158 743	169 791	38 261	40 529
Operating profit/loss	1 861	3 417	449	816
Gross profit (loss)	1 246	3 519	300	840
Net profit (loss) for shareholders of the parent company	1 716	2 048	414	489
Operating net cash flow	17 770	(12 675)	4 283	(3 025)
Investment net cash flow	(5 910)	(1 366)	(1 424)	(326)
Financial net cash flow	5 003	1 856	1 206	443
Change in cash and cash equivalents	16 863	(12 185)	4 064	(2 909)
	31.03.2015	31.12.2014	31.03.2015	31.12.2014
Total assets	609 070	632 992	148 953	148 509
Long-term liabilities	94 273	89 723	23 055	21 050
Short-term liabilities	178 995	209 532	43 775	49 159
Equity assigned to shareholders of parent entity	268 578	266 862	65 683	62 610
Share capital	1 750	1 750	428	411
Number of shares	17 500 000	17 500 000	17 500 000	17 500 000
Profit (loss) per one ordinary share (PLN / EUR)	0,10	0,12	0,02	0,03

Selected financial data presented in the financial statement was converted to EUR based on the following principle:

Items related to consolidated profit and loss account and other comprehensive income statement, consolidated cash flow statement and consolidated profit per one share for Q1 2015 (Q1 2014), were converted according to the exchange rate being an arithmetic mean of average exchange rates announced by the National Bank of Poland effective as on the last day of each month of Q1. This rate was EUR 1 = PLN 4.1489 (EUR 1 = PLN 4,1894).

Items of the consolidated financial position report were converted based on the average exchange rate announced by the National Bank of Poland effective on the balance sheet date. The exchange rate on March 31, 2015 was EUR 1 = PLN 4.089 (as on December 31, 2014 - EUR 1 = PLN 4.2623). Balance sheet data of the previous period is presented at the end of the business year 2014.

Table 2 Selected financial data - STALPROFIL S.A.

SELECTED FINANCIAL DATA STALPROFIL S.A.	kPLN		k EUR	
	Q1 of 2015	Q1 of 2014	Q1 of 2015	Q1 of 2014
Net revenues from the sale of products, services, goods and materials	100 046	95 982	24 114	22 911
Operating profit/loss	1 529	1 800	369	430
Gross profit (loss)	1 129	1 521	272	363
Net profit (loss)	897	1 217	216	290
Operating net cash flow	13 624	(6 783)	3 284	(1 619)
Investment net cash flow	(5 134)	(5 068)	(1 237)	(1 210)
Financial net cash flow	5 648	4 622	1 361	1 103
Change in cash and cash equivalents	14 138	(7 229)	3 408	(1 726)
	31.03.2015	31.12.2014	31.03.2015	31.12.2014
Total assets	418 018	388 030	102 230	91 038
Long-term liabilities	41 556	35 492	10 163	8 327
Short-term liabilities	52 026	65 932	12 723	15 469
Equity	324 436	286 606	79 344	67 242
Share capital	1 750	1 750	428	411
Number of shares	17 500 000	17 500 000	17 500 000	17 500 000
Profit (loss) per one ordinary share (PLN / EUR)	0,05	0,07	0,01	0,02

Selected financial data presented in the financial statement was converted to EUR based on the following principle:

Items related to consolidated profit and loss account and other comprehensive income statement, consolidated cash flow statement and consolidated profit per one share for Q1 2015 (Q1 2014), were converted according to the exchange rate being an arithmetic mean of the exchange rates announced by the National Bank of Poland effective as on the last day of each month of Q1. This rate was EUR 1 = PLN 4.1489 (EUR 1 = PLN 4,1894).

Items of the financial position report were converted based on the average exchange rate announced by the National Bank of Poland effective on the balance sheet date. The exchange rate on March 31, 2015 was EUR 1 = PLN 4.089 (as on December 31, 2014 - EUR 1 = PLN 4.2623). Balance sheet data of the previous period is presented at the end of the business year 2014.

II. PRINCIPLES ADOPTED FOR PREPARING CONSOLIDATED FINANCIAL STATEMENT OF STALPROFIL S.A. GROUP.

1. Description of the most important accounting policy principles

The report was prepared in a manner that ensures comparability of financial data. The consolidated interim condensed financial statement of Stalprofil S.A. and all its subsidiaries was prepared in line with International Financial Reporting Standards (IFRS) adopted by the European Union, in particular with IAS 34 "Interim Financial Reporting", and in a scope required by the Regulation of the Minister of Finance of February 19, 2009 on regular and periodic information provided by

issuers of securities...(Journal of Laws no. 33 item 259 as amended), and covers the period from January 1 to March 31, 2015 and a comparable period from January 1 to March 31, 2014.

The presented interim consolidated financial statement meets all the requirements of the IFRS adopted by the EU and reflects reliably the Group's financial and material situation as on March 31, 2015 and March 31, 2014, its results and cash flow from January 1, 2015 to March 31, 2015 and from January 1, 2014 to March 31, 2014. The consolidated interim financial statement was prepared on a historical cost basis, except for financial assets available for sale, financial assets and liabilities (including derivatives) measured at fair value as shown in the profit and loss account, as well as long-term financial assets settled through equity.

Key accounting rules applied for preparation of this consolidated interim financial statement were specified in detail in the annual report of STALPROFIL S.A. for 2014. The rules did not change against the ones applied in the corresponding period of the previous year.

2. Change in the method of financial instruments measurement.

Financial instruments measurement methods did not change against the ones used in the corresponding period of the previous year.

3. Change in the classification of financial assets related to changes in the purpose for which they are utilized.

In the reporting period there were no changes in the classification of financial assets related to changes in the purpose for which they are utilized.

III. QUARTERLY CONSOLIDATED FINANCIAL STATEMENT OF STALPROFIL S.A. GROUP

Table 3 Financial position report of Stalprofil S.A. Group (kPLN)

ASSETS	As on 31.03.2015	As on 31.12.2014	As on 31.03.2014
Non-current assets (long-term)	259 176	252 444	244 742
Tangible fixed assets	231 618	226 294	223 761
Investment real properties	6 729	6 729	
Goodwill	3 816	3 816	3 816
Other intangible assets	721	691	371
deferred income tax assets	16 123	14 722	16 569
Long-term receivables and prepayments	169	192	225
Current assets (short-term)	349 894	380 548	395 885

Inventory	157 381	173 648	144 493
Short-term receivables and prepayments, including:	172 676	196 157	235 207
receivables on account of deliveries and services	122 417	148 354	160 023
Receivables on account of income tax	21		266
Short-term financial assets			3
Currency derivatives	209	292	48
Cash and cash equivalents	19 607	10 451	15 117
Long-term assets classified for sale			751
Total assets	609 070	632 992	640 627

LIABILITIES	As on 31.03.2015	As on 31.12.2014	As on 31.03.2014
Equity	335 802	333 737	344 933
Share capital	1 750	1 750	1 750
Share premium	8 000	8 000	8 000
Supplementary capital	192 064	192 064	185 900
Reserve capital from revaluation of assets	376	376	(35)
Retained and current profit/loss	66 388	64 672	84 006
Minority shares	67 224	66 875	65 312
Long-term liabilities	94 273	89 723	84 115
Provisions	675	676	1 354
Provision on account of deferred income tax	9 989	9 794	14 991
Long-term bank loans and credits	55 892	50 969	38 446
Other long-term financial liabilities	2 225	2 547	2 801
Long-term liabilities and accruals	25 492	25 737	26 523
Short-term liabilities	178 995	209 532	211 579
Provisions	2 095	3 017	1 962
Short-term bank loans and credits	35 827	41 629	48 829
Short-term part of long-term bank loans and credits	4 403	4 887	5 120
Other short-term financial liabilities	2 016	2 366	2 018
Short-term liabilities and accruals, including:	134 526	156 793	153 370
liabilities on account of supplies and services	84 964	104 294	100 305
Liabilities on account of income tax	11	796	258
Currency derivatives	117	44	22
Total liabilities	609 070	632 992	640 627

Table 4 Profit and loss account and other comprehensive income statement of STALPROFIL S.A. Group (kPLN)

CALCULATION BASIS	01.01. to 31.03.2015	01.01. to 31.03.2014
Revenues from the sale of products, services, goods and materials	158 743	169 791
Costs of products, services, goods and materials sold	143 886	154 601
Gross profit/loss on sales	14 857	15 190
Other income	1 638	851
Costs of goods sold	4 194	4 176
Overheads	6 857	7 712
Other costs	3 583	736
Operating profit/loss	1 861	3 417
Financial income	555	1 158
Financial costs	1 170	1 056
Gross profit/loss	1 246	3 519
Income tax	(819)	800
Net operating profit/loss	2 065	2 719
Net profit/loss for business year	2 065	2 719
Allocated to:		
Shareholders of the parent company	1 716	2 048
Minority shares	349	671
Other comprehensive income	-	-
Total comprehensive income	2 065	2 719
Allocated to		
Shareholders of the parent company	1 716	2 048
Minority shares	349	671

	01.01. to 31.03.2015	01.01. to 31.03.2014
Profit per share: (kPLN)		
- basic profit based on financial result of a going concern	0,10	0,12
- basic profit based on the financial result for the business year	0,10	0,12

Table 5 Cash flow statement of STALPROFIL S.A. Group (kPLN)

INDIRECT METHOD	01.01. to 31.03.2015	01.01. to 31.03.2014
Operating cash flow		
Gross profit/loss	1 246	3 519
Item adjustments:	16 524	(16 194)
Depreciation of fixed assets	2 661	2 758
Amortization of intangible assets	40	53
Foreign exchange gains (losses)	89	25
Interest costs and income	738	763
Profit/loss on investment activity	(32)	(32)
Change in provisions	(923)	572
Change in inventory	16 267	(1 020)
Change in receivables and prepayments	23 058	(13 682)
Change in liabilities and accruals	(24 180)	(4 818)
Paid/refunded income tax	(1 194)	(751)
Other adjustments		(62)
Net operating cash flow	17 770	(12 675)
Investment cash flow		
Earnings from the sale of fixed assets and intangible assets	564	291
Earnings from interest		14
Expenses on the purchase of tangible fixed assets and intangible assets	6 444	1 626
Other	(30)	(45)
Net investment cash flow	(5 910)	(1 366)
Financial cash flow		
Earnings from credits and loans	7 502	3 184
Repayment of credits and loans	1 135	
Repayments of liabilities under financial lease contracts	653	610
Interest paid	711	718
Net financial cash flow	5 003	1 856
Increase/decrease in cash and cash equivalents	16 863	(12 185)
Cash, cash equivalents and overdrafts at the beginning of the period	(33 025)	(11 422)
Gains/losses on exchange rate differences regarding valuation of cash, cash equivalents and overdrafts	(17)	(58)
Cash, cash equivalents and overdrafts at the end of the period	(16 162)	(23 607)

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Table 6 Statement of changes in equity of STALPROFIL S.A. Group (kPLN)

	Allocated to the shareholders of the parent company						Minority shares	Total equity
	Share capital	Share premium	Supplementary capital	Reserve capital from revaluation of assets	Retained and current profit/loss	Total		
Balance as on 01.01.2015	1 750	8 000	192 064	376	64 672	266 862	66 875	333 737
Profit/loss for business year					1 716	1 716	349	2 065
Balance as on 31.03.2015	1 750	8 000	192 064	376	66 388	268 578	67 224	335 802
Balance as on 01.01.2014	1 750	8 000	185 900	(35)	81 957	277 572	64 641	342 213
Gains/losses on revaluation of tangible fixed assets				438		438		438
Actuarial profits / (losses) related to provisions for employee benefits				69		69		69
Income tax on equity items or items carried from equity				(96)		(96)		(96)
Appropriation of net profit			6 164		(6 164)	-		-
Profit/loss for business year					(4 849)	(4 849)	(903)	(5 752)
Acquisition of shares of a subsidiary company					(4 697)	(4 697)	4 697	-
Dividends					(1 575)	(1 575)	(1 560)	(3 135)
Balance as on 31.12.2014	1 750	8 000	192 064	376	64 672	266 862	66 875	333 737
Balance as on 01.01.2014	1 750	8 000	185 900	(35)	81 957	277 572	64 641	342 213
Profit/loss for business year					2 048	2 048	671	2 719
Balance as on 31.03.2014	1 750	8 000	185 900	(35)	84 006	279 621	65 312	344 933

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IV. QUARTERLY CONDENSED FINANCIAL STATEMENT OF STALPROFIL S.A.

Table 7 Financial position statement of STALPROFIL S.A. (kPLN)

ASSETS	As on 31.03.2015	As on 31.12.2014	As on 31.03.2014
Non-current assets (long-term)	232 898	190 048	240 015
Tangible fixed assets	61 729	55 655	53 808
Other intangible assets	46	53	37
Long-term financial assets	164 729	119 132	181 176
deferred income tax assets	6 394	15 208	4 994
Current assets (short-term)	185 120	197 982	187 504
Inventory	107 418	127 431	114 297
Short-term receivables and prepayments, including:	68 868	65 251	67 755
receivables on account of supplies and services	64 129	63 167	65 491
Receivables on account of income tax	21		204
Short-term financial assets	7	8	12
Currency derivatives	101	178	16
Cash and cash equivalents	8 705	5 114	5 220
Total assets	418 018	388 030	427 519

LIABILITIES	As on 31.03.2015	As on 31.12.2014	As on 31.03.2014
Equity	324 436	286 606	331 048
Share capital	1 750	1 750	1 750
Share premium	8 000	8 000	8 000
Supplementary capital	192 064	192 064	185 900
Reserve capital from revaluation of assets	113 166	76 233	126 442
Retained and current profit/loss	9 456	8 559	8 956
Long-term liabilities	41 556	35 492	37 382
Provisions	396	396	416
Provision on account of deferred income tax	751	750	1 966
Long-term bank loans and credits	40 409	34 346	35 000
Short-term liabilities	52 026	65 932	59 089
Provisions	708	1 213	1 003
Short-term bank loans and credits	309	10 862	11 796
Short-term liabilities and accruals, including:	51 002	53 454	46 268
liabilities on account of supplies and services	48 933	51 464	43 768
Liabilities on account of income tax	2	359	

Currency derivatives	5	44	22
Total liabilities	418 018	388 030	427 519

Table 8 Profit and loss account and other comprehensive income statement of STALPROFIL S.A. (kPLN)

CALCULATION BASIS	01.01. to 31.03.2015	01.01. to 31.03.2014
Revenues from sale of products, goods and materials	100 046	95 982
Costs of products, goods and materials sold	92 607	87 870
Gross profit/loss on sales	7 439	8 112
Other income	292	67
Costs of goods sold	3 870	3 697
Overheads	2 307	2 629
Other costs	25	53
Operating profit/loss	1 529	1 800
Financial income	839	317
Financial costs	1 239	596
Gross profit/loss	1 129	1 521
Income tax	232	304
Net operating profit/loss	897	1 217
Net profit/loss for business year	897	1 217
Other comprehensive income	36 933	13 750
Gains/(losses) on revaluation of assets (shares in subsidiaries)	45 597	16 975
Income tax on revaluation of assets (shares in subsidiaries)	(8 664)	(3 225)
Total comprehensive income	37 830	14 967

	01.01. to 31.03.2015	01.01. to 31.03.2014
Profit (loss) per share: (kPLN)		
- basic profit based on financial result of a going concern	0,05	0,07
- basic profit based on the financial result for the business year	0,05	0,07

Table 9 Cash flow statement of STALPROFIL S.A. (kPLN)

INDIRECT METHOD	01.01. to 31.03.2015	01.01. to 31.03.2014
Operating cash flow		
Gross profit/loss	1 129	1 521
Item adjustments:	12 495	(8 304)
Depreciation of fixed assets	543	636
Amortization of intangible assets	7	14
Interest costs and income	388	372
Change in provisions	(505)	(252)
Change in inventory	20 014	(31)
Change in receivables and prepayments	(3 540)	(6 649)
Change in liabilities and accruals	(3 952)	(1 886)
Paid/refunded income tax	(460)	(508)
Net operating cash flow	13 624	(6 783)
Investment cash flow		
Earnings from interest	22	26
Expenses on the purchase of tangible fixed assets and intangible assets	5 156	94
Net expenditure on the purchase of subsidiaries and associated entities		5 000
Net investment cash flow	(5 134)	(5 068)
Financial cash flow		
Earnings from credits and loans	6 062	5 000
Interest paid	414	378
Net financial cash flow	5 648	4 622
Increase/decrease in cash and cash equivalents	14 138	(7 229)
Cash, cash equivalents and overdrafts at the beginning of the period	(5 724)	702
Gains/losses on exchange rate differences regarding valuation of cash, cash equivalents and overdrafts		
Cash, cash equivalents and overdrafts at the end of the period	8 414	(6 527)

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Table 10 Statement of changes in equity of STALPROFIL S.A. (kPLN)

	Share capital	Share premium	Supplementary capital	Reserve capital from revaluation of assets	Retained and current profit/loss	Total
Balance as on 01.01.2015	1 750	8 000	192 064	76 233	8 559	286 606
Gains/(losses) on revaluation of assets (shares in subsidiaries)				45 597		45 597
Income tax on equity items or items carried from equity				(8 664)		(8 664)
Profit/loss for business year					897	897
Balance as on 31.03.2015	1 750	8 000	192 064	113 166	9 456	324 436
Balance as on 01.01.2014	1 750	8 000	185 900	112 692	7 739	316 081
Gains/(losses) on revaluation of assets (shares in subsidiaries)				(45 069)		(45 069)
Actuarial profits / (losses) related to provisions for employee benefits				58		58
Income tax on equity items or items carried from equity				8 552		8 552
Appropriation of net profit			6 164		(6 164)	-
Profit/loss for business year					8 559	8 559
Dividends					(1 575)	(1 575)
Balance as on 31.12.2014	1 750	8 000	192 064	76 233	8 559	286 606
Balance as on 01.01.2014	1 750	8 000	185 900	112 692	7 739	316 081
Gains/(losses) on revaluation of assets (shares in subsidiaries)				16 975		16 975
Income tax on equity items or items carried from equity				(3 225)		(3 225)
Profit/loss for business year					1 217	1 217
Balance as on 31.03.2014	1 750	8 000	185 900	126 442	8 956	331 048

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Table 11 Stocks revaluation write-offs, STALPROFIL S.A. (kPLN)

01.01. to 31.03.2015

	Amount of inventory write-offs at the beginning of the period	Costs of inventory revaluation write-offs reversal recognized as write-offs reduction in the period	Amounts of inventory revaluation write-offs recognized as cost in the period	Amount of inventory write-offs at the end of the period
	1	2	3	4 = 1 - 2 + 3
Goods	1 566	152	-	1 414
TOTAL	1 566	152	-	1 414

Table 12 Receivables revaluation write-offs, STALPROFIL S.A. (kPLN)

	01.01. to 31.03.2015
Impairment write-offs at the beginning of the period	3 008
Recognition in the period of impairment losses	196
Reversal in the period of impairment losses	122
Impairment write-offs at the end of the period, incl.:	3 082
receivables on account of supplies and services, incl.:	1 337
principle receivable	706
interest receivable	631
other	1 745

Table 13 Provisions, STALPROFIL S.A. (kPLN)

01.01. to 31.03.2015

	Provisions for employee and similar benefits	Other provisions	Total
Value at the beginning of the period, including:	1 609	-	1 609
- short-term at the beginning of the period	1 213	-	1 213
- long-term at the beginning of the period	396	-	396
Increases	167	-	167
Reductions	672	-	672
-utilized over the year	497	-	497
- reversed but non-utilized	175	-	175
Value at the end of the period, including:	1 104	-	1 104
- short-term at the beginning of the period	708	-	708
- long-term at the beginning of the period	396	-	396

Table 14 Deferred income tax, STALPROFIL S.A. (kPLN)

	Balance sheet		Income statement
	As on 31.03.2015	As on 31.12.2014	01.01. to 31.03.2015
Provision on account of deferred income tax			
positive exchange rate differences	76	110	(34)
discount on goods	35	-	35
interest not covered by revaluation write-off	12	12	-
revaluation of provisions for employee benefits	17	17	-
revaluation of financial assets (shares of subsidiaries)	611	611	-
Provision on account of deferred income tax	751	750	
deferred income tax assets			
interest charged	4	4	-
negative foreign exchange differences	44	53	9
provisions for future costs	132	237	105
provisions for employee benefits	95	95	-
revaluation write-offs for receivables	79	78	(1)
revaluation write -offs for inventory	269	298	29
costs which do not constitute tax deductible expenses/ tax cost in future periods	109	117	8
revaluation of financial assets (shares of subsidiaries)	5 662	14 326	8 664
deferred income tax assets	6 394	15 208	
burden / (credit) on account of deferred income tax shown in the profit and loss account			151
burden / (credit) on account of deferred income tax shown in other comprehensive income statement			8 664

V. NOTES TO THE CONSOLIDATED QUARTERLY FINANCIAL STATEMENT OF STALPROFIL S.A. GROUP

1. General information

The parent company STALPROFIL S.A. was registered in the District Court in Katowice under KRS no. 0000113043. The Company is seated in Dąbrowa Górnicza, ul. Roździeńskiego 11 a. The Company has been listed on Warsaw Stock Exchange since year 2000. As on 31.03.2015 STALPROFIL S.A. Group is formed by the parent company i.e. STALPROFIL S.A. and the following subsidiary companies

- IZOSTAL S.A. seated in Zawadzkie,
- ZRUG Zabrze S.A. seated in Zabrze,
- KOLB sp. z o.o. seated in Kolonowskie,

No change was made to the composition of the Management Board of STALPROFIL S.A. in the reporting period. Composition of the Management Board of STALPROFIL S.A. as on 31.03.2015:

- Jerzy Bernhard - Management Board President, General Director
- Sylwia Potocka-Lewicka - Management Board Vice-President, Financial Director
- Zenon Jędrocha - Management Board Vice-President, Commercial Director
- Henryk Orczykowski - Management Board Vice-President, Development Director

In Q1 2015 there were no changes in the composition of the Supervisory Board of STALPROFIL S.A. and its composition was as follows on 31.03.2015:

- Stefan Dzienniak - chairman
- Jacek Zub - vice chairman
- Tomasz Ślęzak - member
- Marcin Gamrot - member
- Jerzy Goinski - member
- Jarosław Kuna - member
- Krzysztof Lis - member

An Audit Committee functions within the Supervisory Board of STALPROFIL S.A. Its composition on 31.03.2015 was as follows:

- Tomasz Ślęzak - chairman
- Krzysztof Lis - member
- Jacek Zub - member

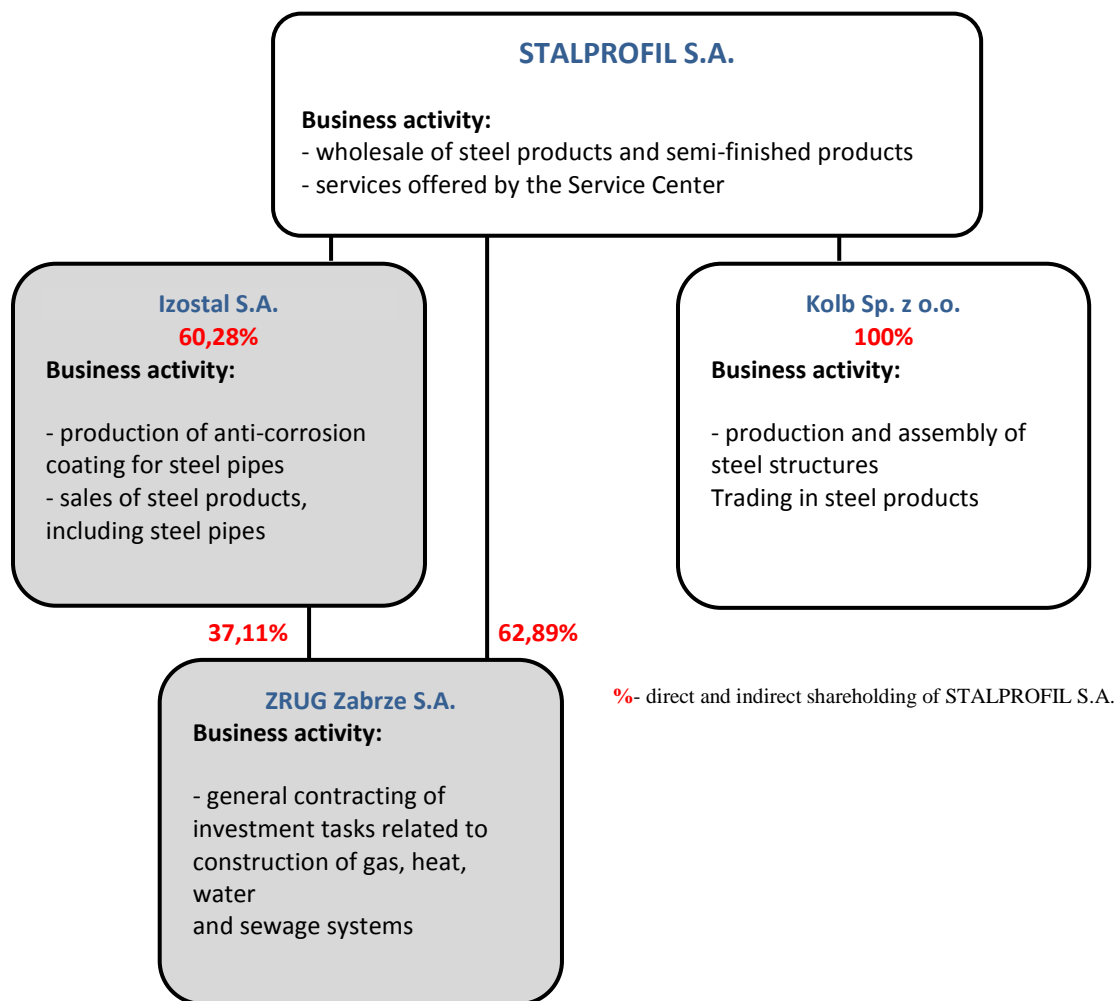
2. Organization of STALPROFIL S.A. Group



STALPROFIL S.A. Group is divided into two basic segments of operations:

1. segment of sales, processing and services in the steel market, represented mainly by STALPROFIL S.A. and KOLB sp. z o.o.,

-
2. infrastructure of transmission networks for gas and other utilities, represented by IZOSTAL S.A. and ZRUG Zabrze S.A.

Chart 1 STALPROFIL S.A. Group



-  - Sales, processing and services in steel market
-  - Infrastructure of transmission networks for gas and other utilities

As on the day of preparing this report, three subsidiaries are subject to consolidation obligation: IZOSTAL S.A., ZRUG Zabrze S.A. and KOLB sp. z o.o.

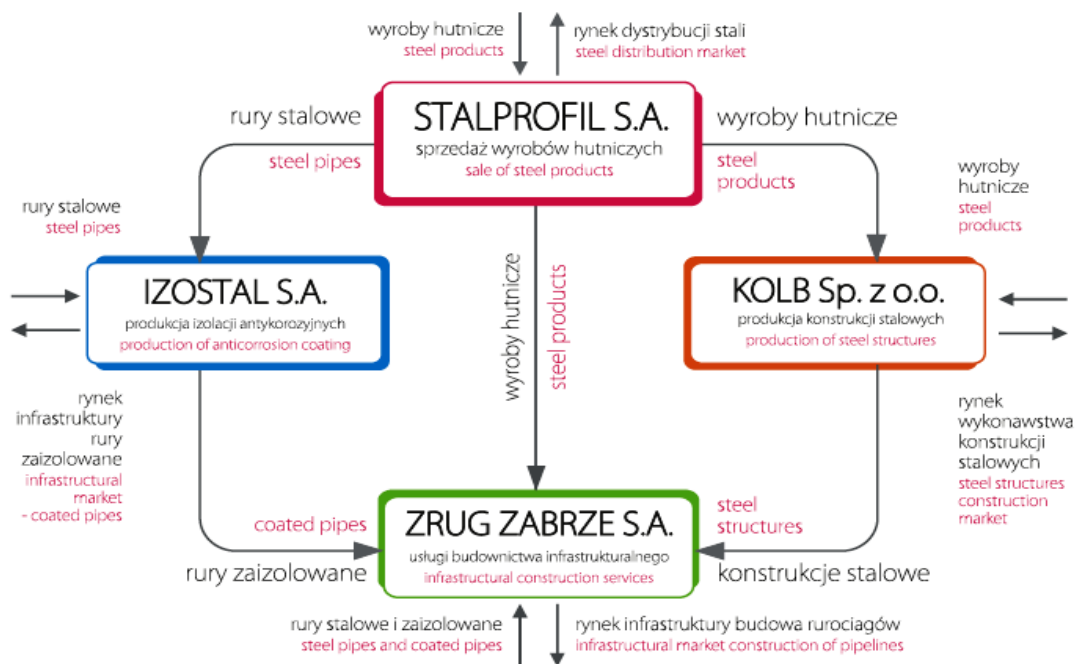
Table15 Shareholding of Stalprofil S.A. in the subsidiaries subject to consolidation (as on 31.03.2015)

Subsidiary's name	Share capital (PLN)	% Shareholding of STALPROFIL S.A. in share capital	% Share of STALPROFIL S.A. in votes
IZOSTAL S.A.	65 488 000	60,28%	60,28%
ZRUG Zabrze S.A.	26 950 000	62,89%	68,94%
KOLB sp. z o.o.	3 098 000	100,00%	100,00%

The core business of the Group and the parent company i.e. STALPROFIL S.A., is trade in steel products from unalloyed steel. All the subsidiaries complement each other, and the parent company's core business. The business activity of IZOSTAL S.A. involves anticorrosive coating of steel pipes and trade in steel pipes, ZRUG Zabrze S.A. performs works connected with construction and repairs of gas, heat, water and sewage networks, whereas KOLB sp. z o.o. manufactures and assembles steel structures and builds large-size facilities. All subsidiaries also trade in steel products.

A common denominator for the activity of STALPROFIL S.A. Group is steel goods, which are present in the activity of individual companies belonging to STALPROFIL S.A. Group, either as a product, material for production or a product for further processing, or an element of a service provided, e.g. an element of an investment construction service. In practice, business relations between subsidiaries and the parent company boil down to commercial cooperation in this scope. As a result of business activity, Group entities increase the value of the steel product purchased mainly from the parent company, adding value thereto (processing, conversion, service) and they locate the product in different markets. Subsidiaries supplement their core business by supplying unprocessed steel products to contractors operating mainly in markets corresponding to their core business.

Chart 2 Business relations within and outside STALPROFIL S.A. Group



Employment level in the Group in Q1 2015 did not change significantly, the table below shows employment in break-up into individual companies belonging to the Group.

Table 16 Employment in the Group (FTEs)

Subsidiary	As on 31.03.2015		As on 31.03.2014	
	Blue-collar employees	Total	Blue-collar employees	Total
STALPROFIL S.A.	60	144	61	141
IZOSTAL S.A.	77	135	77	137
ZRUG Zabrze S.A.	97	152	115	172
KOLB Sp. z o.o.	74	97	68	92
Total	308	528	321	542

3. Changes in the structure of STALPROFIL S.A. Group

In Q1 2015 there were no significant changes in the structure of STALPROFIL S.A. Group.

4. Brief description of achievements or failures and a list of major events that occurred in Q1 2015

In Q1 2015 STALPROFIL S.A. Group recorded satisfactory financial results, taking into account temporary considerable drop in demand in one of the Group's basic sales markets i.e. the domestic gas infrastructure market. Demand in the steel market remained stable, however low prices of raw materials for steel production did not facilitate an increase of steel products prices, and in consequence a bigger increase of revenues. The Group, with the volume of steel products higher by 10%, recorded only a 6% increase of the sales revenues in the steel segment as compared to Q1 2014.

Higher sales volume of steel products was achieved by the Group mainly thanks to the modernized and thus more efficient commercial infrastructure in Stalprofil's warehouse in Katowice. This warehouse has better logistics and bigger potential when it comes to storing a wide range of products, including goods sensitive to corrosion which have higher margins. The same well-trying commercial and logistic model will be implemented in the parent's company other warehouse in Dąbrowa Górnicza. Therefore in Q4 of the previous year, a strategic investment involving thorough modernization and development of the warehouse in Dąbrowa Górnicza was launched. Total expenditure on this task will amount to 27,221 kPLN, the final acceptance of the investment was set for September 2016.

Kolb Sp. z o.o. also contributed to the revenues of the steel sector as it extended its business activity (i.e. the construction of steel structures), with general contracting of large-size facilities. The company completes 3-4 projects a year under the general contracting system. In Q1 2015 the company recorded sales revenues of 16,271 kPLN and achieved a positive financial result despite strong market competition. The antidote to low margins in the steel structures market is the increase of the sales volume. The Group plans to participate in supplies for the power sector where numerous investments are planned. Comprehensive offer and the quality offered by KOLB attract

investors and make it possible for the company to record positive financial results. KOLB's product portfolio for 2015 is almost full.

In Q1 2015 the Group recorded satisfactory results in the infrastructural sector of transmission networks, despite a periodical slowdown between the I investment perspective for years 2009 - 2014, and the postponed new investment perspective of OGP Gaz-System S.A. for the years 2014 – 2018. In view of a temporary drop in sales of coated steel pipes for OGP Gaz-System S.A., IZOSTAL S.A. supplied products to other customers. In view of the coming quarters, there is a high probability of a significant growth in IZOSTAL's sales to OGP Gaz-System and Polska Spółka Gazownictwa sp. z.o.o.

Gas infrastructure of the Polish transmission and distribution system is now being developed and thoroughly modernized. In Q1 2015 activities of OGP Gaz-System S.A. and PGNiG S.A. with respect to further investment prospects were focused mainly on finalizing tender procedures aimed at selecting suppliers of coated pipes. Following a public tender, on April 17, 2015, IZOSTAL acting in a consortium with Stalprofil S.A., concluded a frame contract with O.G.P. Gaz-System S.A. for supplies of steel pipes DN700 and DN1000 with external coating and painted inside related to the performance of investment tasks planned till 2018. The contract concluded defines conditions for awarding and performing partial contracts that may be concluded by Gaz-System S.A. with the consortium as one of the contractors. Gaz-System will select suppliers for individual batches of pipes (from among suppliers with whom it concluded analogous frame contracts), under the closed tender procedure. The frame contract covers supplies of pipes of the total length of approx. 1057 km for investment tasks performed by O.G.P. Gaz-System S.A. Total compensation for the performance of partial contracts under the frame contract will not be higher than PLN 1.839.280.858 net. The above-mentioned contract creates optimistic outlooks for sales growth in IZOSTAL in the coming quarters and years. In the first investment perspective realized by Gaz-System S.A., IZOSTAL was the supplier of 44% of steel pipes (386,1km) and provided over 60% of coating.

The other entity belonging to the Group which represents the infrastructural segment i.e. ZRUG Zabrze S.A., being the leader of the Consortium, finalizes the construction of gas pipeline DN 700 Szczecin - Gdańsk of the length of 204 km and continues the construction of gas pipeline DN 500 Gałów - Kielczów of the length of 41.6km.

Gas pipeline Szczecin – Gdańsk is integrated along its whole length, it successfully went through technical tests and was filled with gas. Works related to the final acceptance of the investment are now in progress and should be completed in Q2 2015.

ZRUG Zabrze S.A., being aware of risks related to the performance of long-term risks, initiated in 2014 and continued in Q1 2015 a restructuring program aimed at achieving permanent operating profitability through improvement of the quality of project management based on the use of IT tools facilitating cost controlling and monitoring of works status, restructuring of real estate owned by the company, and adjustment of employment level and structure to the orders portfolio held.

Good market outlooks and improvement actions taken by ZRUG Zabrze S.A. should improve the efficiency of the company's functioning as compared to previous years.

5. List of other important events in Q1 2015.

On January 15, 2015 the Management Board of Stalprofil S.A. received information that Bank Zachodni WBK S.A. signed five annexes to credit agreements which extended availability dates of particular credit lines awarded to the Company by Bank Zachodni WBK S.A. As a result of the annexes concluded, the availability dates of the following bank products utilized by the Company were extended:

- working capital loan (long-term) up to the amount of PLN 10.000.000 – available till 25.01.2017,
- renewable working capital loan in PLN up to the amount of PLN 10.000.000 – available till 28.02.2015,
- renewable working capital loan in EUR up to the amount of EUR 500,000 – available till 28.02.2015,
- working capital loan in the current account of up to PLN 10,000,000 – available till 28.02.2015,
- facility for letters of credit without financing up to the amount of PLN 5.000.000 - available till 31.01.2016.

On February 26, 2015 the Company concluded a Multi-Line credit agreement with Bank Zachodni WBK S.A. which replaced short-term credit limit agreements in place so far which the Company had with the bank. Following the conclusion of the Multi-Line credit agreement, the Company will be able to utilize a credit line of PLN 23.000.000 till January 25, 2016, made available in form of the following bank products:

- renewable working capital loan in PLN up to PLN 10.000.000,
- renewable working capital loan in EUR up to the amount of EUR 500,000
- revolving credit up to PLN 10,000,000.

Following the conclusion of the Multi-Line agreement, the total credit limit (including long-term working loan and a limit for opening letters of credit) granted to the Company by Bank Zachodni WBK S.A. remained unchanged and still amounts to PLN 38.000.000. Legal security for the credit lines granted by Bank Zachodni WBK S.A. includes registered pledge on commercial goods (steel products) belonging to Stalprofil S.A. of net record prices value of PLN 10.000.000, and a transfer of receivables under commercial contracts of the value of PLN 27.500.000.

On March 31, 2015, Stalprofil S.A. and mBank S.A. w Warszawie, Corporate Accounts Unit in Katowice, concluded annexes to two agreements on long-term renewable working loans financed with funds from the European Investment Bank, with a limit of PLN 10 million each. The annexes

extended by another year the availability dates of the two credits mentioned above i.e. from 12.02.2016 to 14.02.2017 and from 29.01.2016 to 30.01.2017. Stalprofil S.A. utilizes a credit limit provided by mBank S.A. in the amount of PLN 35 million, allocated to the following credit lines:

- long-term renewable working capital loan of PLN 10 million, available till 30.01.2017,
- long-term renewable working capital loan of PLN 10 million, available till 30.01.2017,
- long-term renewable working capital loan of PLN 10 million, available till 14.02.2017,
- overdraft of PLN 5 million, available till 28.01.2016.

Basic legal security of the total credit limit with mBank S.A. remained unchanged and include registered pledge on commercial goods belonging to Stalprofil S.A. of total net record prices value of PLN 33 million, and a transfer of Stalprofil S.A. receivables under commercial contracts of the estimated value of 2 million, made in favor of mBank S.A.

The above-mentioned credits were granted to the Company to be used for financing its current activity. Financial conditions, based on which the Company utilizes the limits granted, do not deviate from conditions commonly used for this type of agreements and are based on WIBOR rate+ bank margin.

On February 20, 2015 the Management Board of Stalprofil S.A. was informed that the management board of subsidiary company ZRUG Zabrze S.A. (leader of the executive consortium) corrected the forecast profitability of the contract for the "Construction of gas pipeline DN 700 Szczecin - Gdańsk, Stage II-IV", which had further deteriorated the financial result of ZRUG Zabrze S.A., and at the same time the consolidated result of Stalprofil S.A. Group for 2014. As a result of the increase of contract costs, and due to the creation of revaluation write-offs for the company's assets, ZRUG Zabrze S.A. recorded a negative financial result for 2014 which decreased the consolidated net result of Stalprofil S.A. Group for shareholders of the parent company by 14.205 kPLN and not by 10.822 kPLN as previously expected. .

In Q1 2015, the Management Board of Stalprofil S.A. informed that Towarzystwo Ubezpieczeń Euler Hermes S.A., at the request of Stalprofil S.A., signed annexes to agreements on granting contract guarantees, which extended the validity dates of the contract performance guarantee and defects and failures removal guarantee for the contract: "Construction of gas pipeline DN 700 Szczecin - Gdańsk: Stage II Karlino-Koszalin, Stage III Koszalin - Słupsk and Stage IV Słupsk Wiczlino", granted in favor of Operator Gazociągów Przesyłowych Gaz-System S.A. seated in Warszawa, respectively:

- for Stages II and III till March 30, 2015 as regards claims on account of a failure to perform or inadequate performance of the contract, and March 30, 2018 as regards claims on account of warranty.

- for Stage IV till April 14, 2015 as regards claims on account of a failure to perform or inadequate performance of the contract, and till April 14, 2018 as regards claims on account of warranty.

Total value of the contract performance guarantee and defects and failures removal guarantee is PLN 27 537 510,60 and PLN 8 261 253,19 respectively.

On March 16, 2015, at the request of STALPROFIL S.A., the validity date of the loan repayment guarantee granted by PKO Bank Polski S.A. seated in Warszawa in favor of the beneficiary - OGP Gaz-System S.A. was extended from June 14, 2015 till August 18, 2015. According to annexes to the guarantee for the repayment of advance payments issued by PKO Bank Polski S.A., the guarantees came into force on the day they were issued i.e. March 16, 2015 and remain valid till the day falling 60 days after the date of final acceptance, however not later than August 18, 2015. The total value of advance payments related to financing the performance of the contract received by the Leader of the Consortium - ZRUG Zabrze S.A., from OGP Gaz - System S.A. amounted to 51,500 kPLN (gross).

The validity date of the above-mentioned guarantees was extended in connection with the extension of the deadline for the performance of the contract concluded on May 10, 2012 between the consortium of companies consisting of ZRUG Zabrze S.A. (leader of the consortium), and Stalprofil S.A. seated in Dąbrowa Górnicza (member of the consortium) and Operator Gazociągów Przesyłowych Gaz-System S.A. seated in Warszawa for the general contracting of an investment called *"The construction of gas pipeline DN 700 Szczecin - Gdańsk: Stage II Karlino – Koszalin, Stage III Koszalin – Słupsk and Stage IV Słupsk-Wiczlino"*.

In Q1 2015 Stalprofil S.A. informed about transactions concluded with ArcelorMittal Commercial Sections S.A. seated in Luxembourg related to supplies of steel products manufactured by steel plants belonging to ArcelorMittal Group. Stalprofil S.A. purchased in Q1 from ArcelorMittal Group steel products of the value of 43 567 kPLN (net). Contracts (orders) concluded are related to supplies of steel products manufactured by ArcelorMittal Ostrava A.S. in Ostrava, ArcelorMittal Esch-Belval, Differdange, Rodange in Luxembourg, ArcelorMittal Bergara S.A. in Bergara, ArcelorMittal Hunedoara and ArcelorMittal Poland S.A. in Dąbrowa Górnicza.

On March 5, 2015 the Management Board of Stalprofil S.A. passed a resolution on recommending the Annual General Meeting of the Company the proposal referring to division of net profit generated in 2014, including a proposal to allocate the amount of PLN 1,750,000.00 to dividend for the Company's shareholders i.e. 10 grosz (ten grosz) of dividend per share. The Management Board proposed that the date for determining the right to dividend be set for July 15, 2015, and the date for dividend payment for August 5, 2015.

On March 12, 2015, the Management Board of IZOSTAL S.A. passed a resolution on recommending to the Annual Shareholders Meeting the proposal referring to division of net profit generated in 2014, including the proposal to allocate the amount of PLN 2,292,080 for dividend i.e.

PLN 0.07 (seven grosz) of dividend per each share. Furthermore, the Management Board decided to submit a request to the Annual General Shareholders' Meeting of IZOSTAL S.A. to set date for determining the dividend right on July 14, 2015, and dividend payment date on August 3, 2015.

6. Description of factors and events having significant impact on the actual financial results recorded by the issuer, particularly those that are not typical.

STALPROFIL S.A. Group is divided into the following two basic segments of operations :

- sales in the field of steel industry as the domain of STALPROFIL S.A., including steel processing with production of steel structures by KOLB sp. z o.o.,
- activity related to the infrastructure of transmission networks for gas and other utilities, covering the production of anti-corrosion insulation for steel pipes by IZOSTAL S.A., as well as construction and assembly services for transmission networks provided by ZRUG Zabrze S.A.

Business diversification in the Group makes it more resistant to changes of the business situation in individual sectors and makes it possible to periodically focus the capital on that sector which is more efficient in a given period. In Q1 2015 the steel segment generated considerably higher income for the Group, and the situation in the steel market remained stable despite difficult market situation (falling prices of steel products, growing competition in the domestic market and the neighboring countries).

Table 17 Results of STALPROFIL S.A. Group for Q1 2015, segment-wise (kPLN)

STALPROFIL S.A. Group	Q1 of 2015			Q1 of 2014		
	Sales, processing and services in steel market	Infrastructure of transmission networks for gas and other utilities	Total	Sales, processing and services in steel market	Infrastructure of transmission networks for gas and other utilities	Total
Sales revenues	109 307	49 436	158 743	103 214	66 577	169 791
share in total revenues	68,9%	31,1%	100,0%	60,8%	39,2%	100,0%
Internal sales cost	101 083	42 803	143 886	94 209	60 392	154 601
Gross sales profit	8 224	6 633	14 857	9 005	6 185	15 190
gross profit to total sales	55,4%	44,6%	100,0%	59,3%	40,7%	100,0%

Development of the situation in the steel segment is, to a big extent, determined by changes in steel products' prices. In Q1 2015, prices of steel products were falling which prevented customers from making purchases, and at the same time limited demand. In the period Q1 2014 / Q1 2015

average prices of steel products in the European market decreased in the following way: sections by 2.5%, bars by 5.9%, hot rolled strips by 8.9% and cold-rolled strips by 9.3%. However the Group's revenues in the steel segment were 6% higher in Q1 2015 than in Q1 2014.

thanks to higher sales volumes. The intensification of steel products' sales made it possible to compensate for lower commercial margins. Moreover, the Group searches for market niches and promotes the sale of higher-margin products and adjusts its commercial infrastructure to this purpose. In view of the risk of insolvency in some steel consuming sectors (e.g. the construction sector), the Group was very cautious when concluding business transactions in these markets, effecting those transactions that were covered by receivables' insurance.

Whereas the infrastructural sector for transmission networks, experiencing a temporary slowdown, recorded in Q1 2015 over 31% of revenues and approx. 45% of gross profit on sales of the entire Group.

Total sales volume of internal and external coating for steel pipes decreased as a result of a temporary reduction in demand from OGP Gaz-System S.A. which is now preparing for big public procurement contracts (approx. 1057 km of steel pipes DN 700 and DN 1000) to be completed till 2018.

The other representative of the infrastructural sector - company ZRUG Zabrze S.A. - is at the final stage of the performance of the contract for the construction of gas pipeline Szczecin – Gdańsk, which has the biggest impact on the results generated by this company. The completion of this contract was postponed for a number of objective reasons which in turn had a negative impact on its profitability and resulted in serious losses recorded in 2014. Delays in the completion of the abovementioned contract are mainly the fault of subcontractors, including the main subcontractor i.e. company Instalgaz Andrzej Szulc. In Q1 2015 ZRUG Zabrze S.A. enforced provisions of the subcontract related to contractual penalties and imposed a penalty of 5 995 kPLN on company Instalgaz for the delay in the completion of works related to the construction of gas pipeline Szczecin-Gdańsk. At the same time, according to the prudence principle, ZRUG made a revaluation write-off for receivables in the amount of 3 297 kPLN which reduces the impact of the penalty imposed on the operating result of ZRUG to the amount of 2 698 kPLN.

Total result of the operating activity of ZRUG Zabrze S.A. for Q1 2015 was negative and reached (1 028) kPLN. The result of ZRUG was determined in accordance with IAS 11 i.e. taking into account income and costs related to contracts performed until their planned completion.

The Company continues the restructuring of its operating activity, it aims in particular at the improvement of long-term contract management. The changes made will enable the company to perform other contracts as scheduled and in line with planned budgets.

Total revenues recorded by STALPROFIL S.A. Group in Q1 2015 amounted to 158,743 kPLN i.e. over 6.5% less than in the corresponding period of the previous year. Whereas the Group's operating profit amounted to PLN 1,861 kPLN.

The result of the Group's financial activity was (-) 615 kPLN against 102 kPLN recorded in Q1 2014. The financial activity result in Q1 2015 was to the biggest extent impacted by a lower balance of positive exchange rate differences (decrease from 530 kPLN in Q1 2014 to 54 kPLN in

Q1 2015). In Q1 2015 companies belonging to Stalprofil Group paid the total cost of interest (on loans and leasing) of 752 kPLN which was lower by 151 kPLN against costs incurred in Q1 2014. The Group secures its foreign currency cash flows mainly with the use of natural hedging and forward transactions.

Furthermore, company IZOSTAL S.A. secures the percentage rate risk with the use of the IRS transaction.

In Q1 2015 STALPROFIL S.A. Group recorded consolidated net profit of 2,065 kPLN, including for the shareholders of the parent entity in the amount of 1,716 kPLN. Whereas in the corresponding quarter of the previous year, profit for the shareholders of the parent company amounted to 2,048 kPLN.

7. Influence of seasonality on operations of STALPROFIL SA Group in Q1 2015.

Basic elements impacted by seasonality which may influence the activity of individual entities belonging to STALPROFIL S.A. Group:

a) Sales, processing and services in steel market

Generally speaking, seasonality has no significant impact on the results of total sales of steel products. Drop in sales may occur in case of exceptionally severe winters (logistic problems, problems with assembling structures, slowdown in case of production in the construction sector) It regards both STALPROFIL S.A. and KOLB sp. z o.o.

b) infrastructure of transmission networks for gas and other utilities

The sales result of the Group in the segment of infrastructural networks for transmission of gas and other utilities depends on the seasons. Higher turnover is usually generated in this segment in quarters 2 to 4, depending on weather conditions and works schedules adopted by investment project contractors. During severe winters, the intensity of investments such as construction of transmission networks drops, and is combined with delays in the performance of some already started works (e.g. civil works), which altogether has a negative impact on the turnover of the subsidiaries operating in this segment – IZOSTAL S.A. and, in particular, ZRUG Zabrze sp. z o.o. In the reporting period STALPROFIL S.A. Group was not exposed to factors impacted by seasonality.

8. information about transactions with affiliates concluded by the issuer or its subsidiaries ,on conditions other than arms-length basis

All transactions concluded by the Company with affiliated entities were effected on arm's length conditions.

The main supplier of STALPROFIL S.A. is an affiliated entity i.e. ArcelorMittal Commercial Sections S.A. (plus other entities from ArcelorMittal Group incl. ArcelorMittal Poland S.A., which holds 32.68 % of votes at the General Shareholders' Meeting of the company). Commercial transactions concluded in Q1 2015 by STALPROFIL S.A. with entities belonging to ArcelorMittal Group or subsidiaries – IZOSTAL S.A., ZRUG Zabrze S.A. and KOLB Sp. z o.o. were of a typical and routine character. They involved mainly supplies of steel products, and their nature and conditions were a result of ongoing operations of the issuer and affiliated entities.

Routine arms-length commercial transactions were also concluded between individual subsidiaries and affiliated companies of STALPROFIL S.A. and were a result of their complementary objects.

9. Information on sureties for a credit or a loan or guarantees granted by STALPROFIL S.A. or its subsidiary.

Companies of Stalprofil S.A. Group did not grant sureties to entities from outside the Group. Off-balance sheet liabilities of the Group's entities as on March 31, 2015 are shown by the tables below.

Table 18 a-c Sureties granted by entities belonging to STALPROFIL S.A. Group (kPLN)

a) Sureties granted by Stalprofil S.A. to affiliates

Beneficiary	Debtor	Loan repayment date	Loan amount	Validity date of the enforceability clause	Enforceable amount
ING Bank Śląski S.A.	ZRUG Zabrze S.A.	11.12.2015	6 000	11.12.2021	6 000
mBank S.A.	ZRUG Zabrze S.A.	30.11.2015	5 000	30.09.2017	7 500

Sureties granted by Stalprofil S.A. to affiliated entities - limit for contract performance guarantees and defects and failures removal guarantees

Beneficiary	Debtor	Validity date	Bond amount	Validity date	Limit amount
mBank S.A.	ZRUG Zabrze S.A.	06.11.2017	43	06.02.2019	56
		15.01.2016	221	15.01.2017	290
		28.03.2016	177	28.03.2017	230

b) Sureties granted by Izostal S.A. to affiliated entities

Beneficiary	Debtor	Loan repayment date	Loan amount	Validity date of the enforceability clause	Enforceable amount
Bank Zachodni WBK S.A.	ZRUG Zabrze S.A.	25.01.2016	5 000	17.12.2017	7 500

c) Sureties granted by Izostal S.A. to affiliated entities - limit for contract performance guarantee and defects and failures removal guarantee

Beneficiary	Debtor	Validity date	Bond amount	Validity date	Limit amount
Eurovia Polska S.A.	ZRUG Zabrze S.A.	18.06.2017	3 250	18.06.2017	3 250
OGP Gaz-System S.A.	ZRUG Zabrze S.A.	25.02.2021	4 097	25.02.2021	4 097
TennecoSilesia Sp. z o.o.	Kolb Sp.z o.o.	30.06.2015	2 090	30.06.2015	2 090
		30.06.2018	627	30.06.2018	627

Table 19 Guarantees given at the request of companies belonging to STALPROFIL S.A. Group (kPLN)

Total value of guarantees granted by companies of Stalprofil S.A. Group	As on 31.03.2015	As on 31.12.2014
Bid bond guarantees, contract performance guarantees and defects and failures removal guarantees, incl. in favor of:	54 246	56 130
OGP Gaz-System S.A.	41 154	43 404
Advance payment bond (gross amount), including to:	51 500	51 500
OGP Gaz-System S.A.	51 500	51 500

The aforementioned guarantees were issued by banks and insurance institutions and secure the liability of Group entities related to the contracts performed and tenders. In case of payments under the guarantee, the issuer has a recourse against Group companies. Guarantees granted by external entities at the request of companies belonging to STALPROFIL S.A. Group, the beneficiary of which is OGP Gaz-System S.A., exceed 10% of STALPROFIL S.A. equity and reached 92,654 kPLN at the end of the reporting period. Remuneration for guarantees granted does not differ from conditions commonly used in the market.

10. List of pending proceedings, including court proceedings.

In the reporting period neither STALPROFIL S.A. nor its subsidiaries were parties to court, administrative or arbitration proceedings on matters related to payables or receivables of the issuer or its subsidiary, the total value of which would be at least 10% of the issuer's equity.

11. Management Board's opinion on a possibility to fulfill the previously published forecasts.

STALPROFIL SA did not publish any forecast financial results for the Company or the Group.

12. Issuer's shares held by managing and supervising persons.

According to the information available to the Company, as on March 30, 2015, Mr. Zenon Jędrocha, Management Board member, held 30 shares of STALPROFIL S.A. of the total nominal value of PLN 3,00 and 1 584 shares of subsidiary company IZOSTAL S.A. of the total nominal value of PLN 3 168,00. To the Company's knowledge on 31.03.2015 no other Management Board or Supervisory Board Member of STALPROFIL S.A. held any issuer's shares. The number of shares held by managing and supervising persons has not changed since the submission of the last report for the previous period.

13. List of shareholders holding at least 5% votes at General Shareholders Meeting

The following table shows the shareholders of STALPROFIL S.A. who - to the best of our knowledge - held at least 5% votes at the General Meeting as on the day of announcing this quarterly report. The information in the table is based on information obtained from the shareholders in line with art. 69 paragraph 1 of the Act of September 4, 2008 on amendments to the public offering act and conditions for marketing financial instruments in the organized trading system and public companies, and amendments to other laws. There have been no changes in the issuer's shareholding structure since the day on which the previous quarterly report was submitted.

Table 20 Shareholding structure of STALPROFIL S.A. as on the day of presenting the report for Q1 of 2015:

Shareholder	Total number of shares	Shareholding	Total number of votes	% of votes at the General Shareholders' Meeting
ArcelorMittal Poland S.A.	5 508 800	31,48%	10 948 800	32,68%
MZZ Pracowników Arcelor Mittal Dąbrowa Górnicza	2 955 000	16,89%	8 235 000	24,58%
MOZ NSZZ „Solidarność” ArcelorMittal Poland S.A.	1 320 000	7,54%	6 600 000	19,70%
Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK	1 722 100	9,84%	1 722 100	5,14%
Other shareholders	5 994 100	34,25%	5 994 100	17,89%
Total	17 500 000	100,00%	33 500 000	100,00%

14. Information on stocks revaluation write-offs.

Table 21 Stocks revaluation write-offs, STALPROFIL S.A. Group (kPLN)

01.01. to 31.03.2015

	Amount of inventory write-offs at the beginning of the period	Costs of inventory revaluation write-offs reversal recognized as write-offs reduction in the period	Amounts of inventory revaluation write-offs recognized as cost in the period	Amount of inventory write-offs at the end of the period

	1	2	3	4 = 1 - 2 + 3
Materials	541	402	-	139
Finished products	164	125	-	39
Goods	1 566	152	-	1 414
TOTAL	2 271	679	-	1 592

15. Revaluation write-offs of financial assets, tangible fixed assets, intangible assets or other assets.

Table 22 Receivables revaluation write-offs, STALPROFIL S.A. Group (kPLN)

	01.01. to 31.03.2015
Impairment write-offs at the beginning of the period	7 665
Recognition in the period of impairment losses	3 581
Reversal in the period of impairment losses	314
Impairment write-offs at the end of the period, incl.:	10 932
receivables on account of supplies and services, incl.:	5 647
principle receivable	4 088
interest receivable	1 559
Other receivables	5 285

In Q1 2015 revaluation write-offs were made for receivables in the amount of 3,581 kPLN. The main part of this amount is+ the revaluation write-off for receivables in the amount of 3,297 kPLN related to a contractual penalty imposed by ZRUG Zabrze S.A. in the amount of 5,995 kPLN for a delay in the performance of works connected with the construction of gas pipeline Szczecin-Gdańsk, by Instalgaz Andrzej Szulc.

16. Creation, increase, utilization and release of provisions.

Table 23 Provisions, STALPROFIL S.A. Group (kPLN)

	01.01. to 31.03.2015		
	Provisions for employee and similar benefits	Other provisions	Total
Value at the beginning of the period, including:	1 958	1 735	3 693
- short-term at the beginning of the period	1 282	1 735	3 017
- long-term at the beginning of the period	676	-	676
Increases	167	718	885
- established in the period and increase in the existing ones	167	718	885
Reductions	693	1 115	1 808

-utilized over the year	518	265	783
- reversed but non-utilized	175	850	1 025
Value at the end of the period, including:	1 432	1 338	2 770
- short-term at the beginning of the period	757	1 338	2 095
- long-term at the beginning of the period	675	-	675

17. Deferred income tax assets and provisions.

Table 24 Income tax, STALPROFIL S.A. Group (kPLN)

	Balance sheet		Profit and loss account
	As on 31.03.2015	As on 31.12.2014	01.01. to 31.03.2015
Provision on account of deferred income tax			
positive exchange rate differences	76	110	(34)
tangible assets valuation	952	936	16
depreciation	112	122	(10)
discount on goods	35	-	35
damages	151	151	-
interest not covered by revaluation write-off	189	373	(184)
value of fixed assets under lease	962	1 006	(44)
accruals - long-term contracts	7 560	7 144	416
unrealized margin	(151)	(151)	-
revaluation of provisions for employee benefits	20	20	-
revaluation of financial assets	83	83	-
Provision on account of deferred income tax	9 989	9 794	

deferred income tax assets			
interest charged	158	156	(2)
value of lease liabilities	522	604	82
negative foreign exchange differences	44	53	9
provisions for future costs	373	492	119
provisions for employee benefits	143	146	3
revaluation write-offs for receivables	1 315	696	(619)
revaluation write -offs for inventory	303	432	129
costs which do not constitute tax deductible expenses/ tax cost in future periods	486	343	(143)
accruals - long-term contracts	8 966	7 827	(1 139)
other	286	532	246
unrealized margin	1 207	1 217	10
deductible tax loss	2 305	2 209	(96)
revaluation of provisions for employee benefits	15	15	-
revaluation of financial assets	-	-	-
deferred income tax assets	16 123	14 722	

burden / (credit) on account of deferred income tax shown in the profit and loss account		(1 206)
burden / (credit) on account of deferred income tax shown in other comprehensive income statement		-

18. Information on significant transactions of purchase and sale of tangible assets and major liabilities on account of purchases of tangible fixed assets

There were no significant purchase and sale transactions of tangible fixed assets or major liabilities on account of purchases of tangible fixed assets (exceeding 10% of the value of issuer's capital) in the reporting period.

19. Major settlements related to court cases.

There were no major settlements related to court cases in the reporting period. The Company has no major settlements related to court cases.

20. Adjustments of errors from previous periods.

There were no errors requiring adjustment in the previous reporting periods.

21. Changes in the economic situation and operating conditions that have a significant impact on the fair value of financial assets and the entity's financial liabilities.

Changes in the item "Profits and losses on account of financial assets valuation, shown in Total comprehensive income statement of STALPROFIL S.A. for Q1 2015 are mainly the result of current market valuation of IZOSTAL S.A. shares listed on the Warsaw Stock Exchange, the fair value of which is determined based on market quotation on the balance sheet day. As on March 31, 2015 the stock exchange value of IZOSTAL S.A. shares was by 53% higher than the value as on December 31, 2014 which was reflected in the valuation of fair value of shares (Table 25).

Fair value of long-term financial assets, which are not+ traded on the active market (e.g. shares in KOLB sp. z o.o., and ZRUG Zabrze S.A.), is determined based on valuations made at the end of a financial year by an independent licensed expert with experience in valuation of financial instruments. Fair value of shares in KOLB sp. z o.o. and ZRUG Zabrze S.A. was determined based on the income method by discounting forecast cash flows

As on each balance-sheet day, the Issuer evaluates whether there are objective reasons for reducing the fair value of each asset or a group of financial assets. Whereas at the end of a

financial year, the Company performs an asset impairment test and in justified cases revaluates them.

Table 25 Change in the fair value of financial assets of STALPROFIL S.A. in Q1 2015 (kPLN)

Financial assets	Assets fair value as on 31.03.2015	Assets fair value as on 31.12.2014	Difference
Shares of Izostal S.A.	132 449	86 852	45 597
shares of ZRUG Zabrze S.A.	16 950	16 950	0
shares of KOLB sp. z o.o.	13 030	13 030	0
TOTAL	162 429	116 832	45 597

Change in the value of the aforementioned financial assets was reflected in the increase of the reserve capital from the revaluation of assets by the amount of 36,933 kPLN and increase in assets on account of deferred income tax by 8,664 kPLN.

22. Information on unpaid credits or loans or violation of important provisions of a credit or loan agreement.

There were no cases of violating provisions of credit or loan agreements to which STALPROFIL S.A. or subsidiaries are a party in the reporting period. Companies from STALPROFIL S.A. Group repay their credits and loans on a regular basis according to effective agreements.

23. Issue, buyout and repayment of no-shareholding and capital commercial papers.

In the reporting period there was no issue, buyout or repayment of the issuer's no-shareholding and capital commercial papers.

24. Dividend paid or declared.

In the reporting period, STALPROFIL S.A. did not pay any dividend. On March 5, 2015 the Management Board of STALPROFIL S.A. passed a resolution on recommending to the Annual Shareholders Meeting the proposal referring to division of net profit generated in 2014, including the proposal to allocate the amount of PLN 1,750,000.00 for dividend i.e. PLN 0.10 (ten grosz) of dividend per each share. Furthermore, the Management Board decided to submit a request to the Annual General Shareholders' Meeting of STALPROFIL S.A. to set the date for determining the dividend right on July 15, 2015 and dividend payment date on August 5, 2015. The Annual General Meeting held on April 16 passed a resolution in accordance with the recommendation of the Management Board.

On March 12, 2015, the Management Board of IZOSTAL S.A. passed a resolution on recommending to the Annual Shareholders Meeting the proposal referring to division of net profit

generated in 2014, including the proposal to allocate the amount of PLN 2,292,080 for dividend i.e. PLN 0.07 (seven grosz) of dividend per each share. Furthermore, the Management Board decided to submit a request to the Annual General Shareholders' Meeting of IZOSTAL S.A. to set date for determining the dividend right on July 14, 2015, and dividend payment date on August 3, 2015. The Annual General Meeting held on April 14 passed a resolution in accordance with the recommendation of the Management Board.

25. Changes in contingent liabilities or assets since the closing of the previous business year.

Table 26 Total value of securities established on the assets of companies belonging to STALPROFIL S.A. Group (kPLN)

Total value of securities established on the assets of Stalprofil S.A. Group	As on 31.03.2015	As on 31.12.2014
Pledge on fixed assets	24 106	24 331
Pledge on inventories	112 500	112 500
Mortgages	82 237	83 737
Transfer of receivables from buildings insurance agreement	47 583	47 336
Transfer of receivables under the agreement on the insurance of machines and equipment	1 725	1 724
Transfer of trade receivables - as per the estimated annual turnover	42 755	27 000
Transfer of trade receivables - as per the estimated monthly sales	2 500	2 500

Information on sureties and guarantees granted by entities belonging to STALPROFIL S.A. Group is presented in section V/8.

26. List of events that followed the day on which the financial statement was prepared and not included in the statement, which might considerably influence future financial results.

There were no significant events that followed the day on which the Group's financial statement was prepared which might have significantly influenced future financial results.

27. Other information which might have a significant impact on the evaluation of the property and financial situation, as well as the financial result of STALPROFIL S.A. Group.

STALPROFIL S.A. Group shows high resistance to problems affecting the real economy, such as difficult access to borrowing sources, payment backlogs and difficulties with financial liquidity. The financial situation of STALPROFIL S.A. Group remains stable which is important in view of the

changeable situation in markets where the Group entities operate. The Group is in possession of working capital necessary to conduct business activity on the current scale and enabling further development of this activity. In addition to the available internal funds, the business sustainability is ensured by bank loans, including medium-term working capital loans which may be increased if there is a bigger demand for the Group's working capital.

The risk of insolvency in steel-consuming sectors decreased in the reporting period. The dominant majority of the Group's receivables related to steel trading have an insurance cover.

Group companies insure their assets and periodically verify insurance sums and the possibility of the occurrence of new risks. The Group also insures its civil liability on account of the business activity run.

While extending the scope of activity on the gas market with respect to the construction of transmission networks, the Group's entities, being members of consortia and guarantors, are exposed to the risk related to the performance of those contracts. The risk is also related to a performance bond and a guarantee covering the repayment of advance payments, issued at the request of companies belonging to the Group and received by the leader of the consortium, the beneficiary of which is OGP Gaz-System S.A. Furthermore, companies belonging to the Group, being members of executive consortia or parties requesting the issue of the above-mentioned performance bond, also bear the risk of contractual penalties for a delay in the performance of contracts, for delays in the removal of defects, including defects identified during the period covered by the quality guarantee or warranty. The extended deadline for the performance of the contract increases the risk of contractual penalties.

Significant risk is also related to the timely performance and the quality of works entrusted to subcontractors whose production potential and financial situation may be inadequate to requirements arising from contract performance. Furthermore, there is a risk of deteriorated standing of subcontractors during the performance of works under a long-term contract which is related to the risk of financial claims that could be raised against entities belonging to the Group by further subcontractors who did not receive payment for works performed.

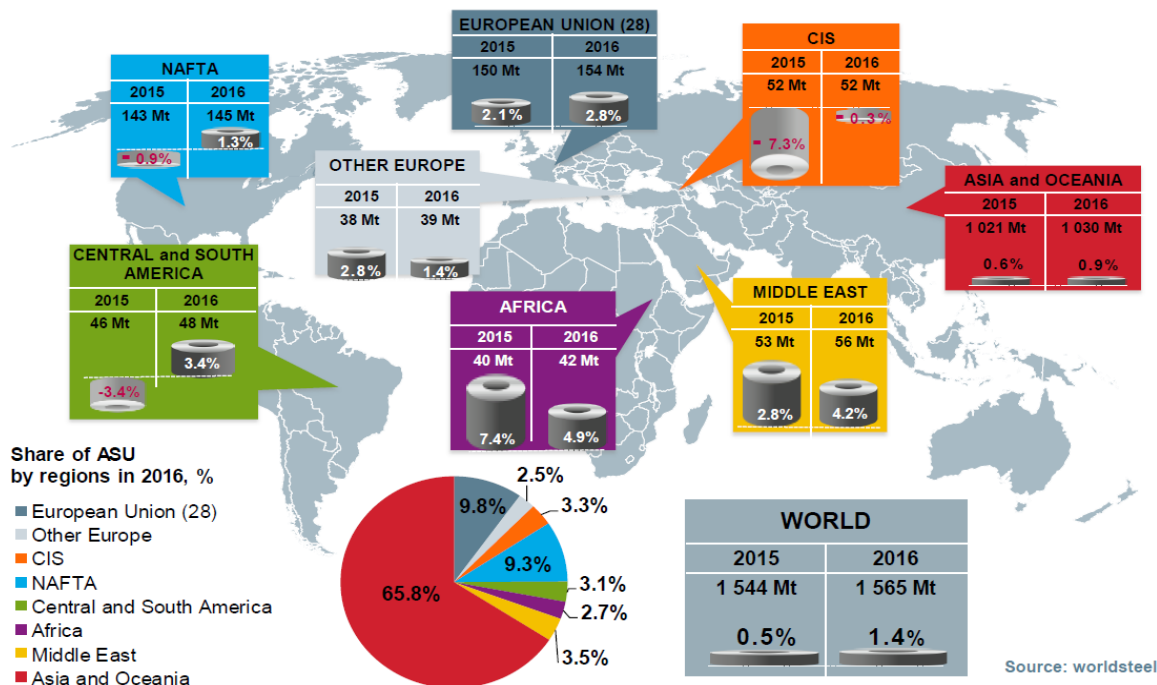
28. Factors that might influence the financial results of STALPROFIL S.A. Group in the next quarter.

The main factor determining the actual results of STALPROFIL SA Group is the current market situation in the steel distribution sector and investments market, including investments related to gas transmission networks. Business diversification in the Group makes it more resistant to changes of the business situation in individual sectors, and makes it possible to periodically focus the capital on that sector which is more efficient in a given period. In Q1 2015 the steel segment generated considerably higher income for the Group, and the situation in the steel market remained stable.

a) Steel segment.

Forecast improvement of situation in the steel segment in the long run is optimistic when it comes to the increase in production and apparent steel consumption. The forecast production increase in the domestic and European steel-consuming sectors should have a positive impact on demand and should stabilize prices of steel products in the coming periods. According to EUROFER April forecasts, a recovery may be expected in the European steel market in 2015 since all steel-consuming sectors will record a production increase by 2.2% on average. Steel consumption will increase as a result of the production increase in steel-consuming sectors. According to recent forecasts of another organization – World Steel Association – apparent steel consumption in EU 28 will increase in 2015 by 2.1%, and by 2.8% in 2016.

Fig.1 Forecast steel consumption in the years 2015 and 2016 according to the World Steel Association



Thanks to planned big infrastructural investments financed under the new EU budget perspective, Polish market should grow faster than EU market. According to the Polish Steel Association, in the next 3 or 4 years, a stable increase in steel consumption of 3-5% per year should be expected. The Polish Steel Association estimates that apparent consumption of steel in Poland in 2014 reached 12.1 million ton i.e. the same volume as in the record year 2007.

Despite the fact that the forecasts are burdened with risk, development prospects for the steel sector and steel products distribution sector in the following quarters should be considered optimistic.

Still there are risks related to low prices of input materials for steel production: iron ore and coking coal. Forecasts do not show significant changes in prices of these raw materials or steel products either. Iron ore prices are no longer falling and prices of steel became stable.

Surplus production capacity in European steel industry and its lower competitiveness, particularly in comparison with Asian and South American economies, remain a significant risk factor for the long-term situation in the steel market. According to estimates of the World Steel Association, global production capacity of steel producers are currently utilized in approx. 72% (as at the end of March 2015).

Moreover, stronger PLN, especially against EUR, has a direct impact on the profitability and activity of foreign exchange and price relations in the domestic market.

b) Segment of gas transmission networks infrastructure

Forecasts for the market of gas transmission networks are much more predictable.

Significant changes in the gas transmission market started in 2009 and their first stage involved construction of LNG terminal in Świnoujście and its connection to the transmission system, including the necessary development of the transmission system. Furthermore, a system connection with the Czech Republic was provided, and the connection with Germany was extended. Stage I will be completed this year.

The development plan for the years 2014-2023 prepared by Gaz-System S.A., performed with delays, assumes two more perspectives for investment activities aimed at completing the following goals:

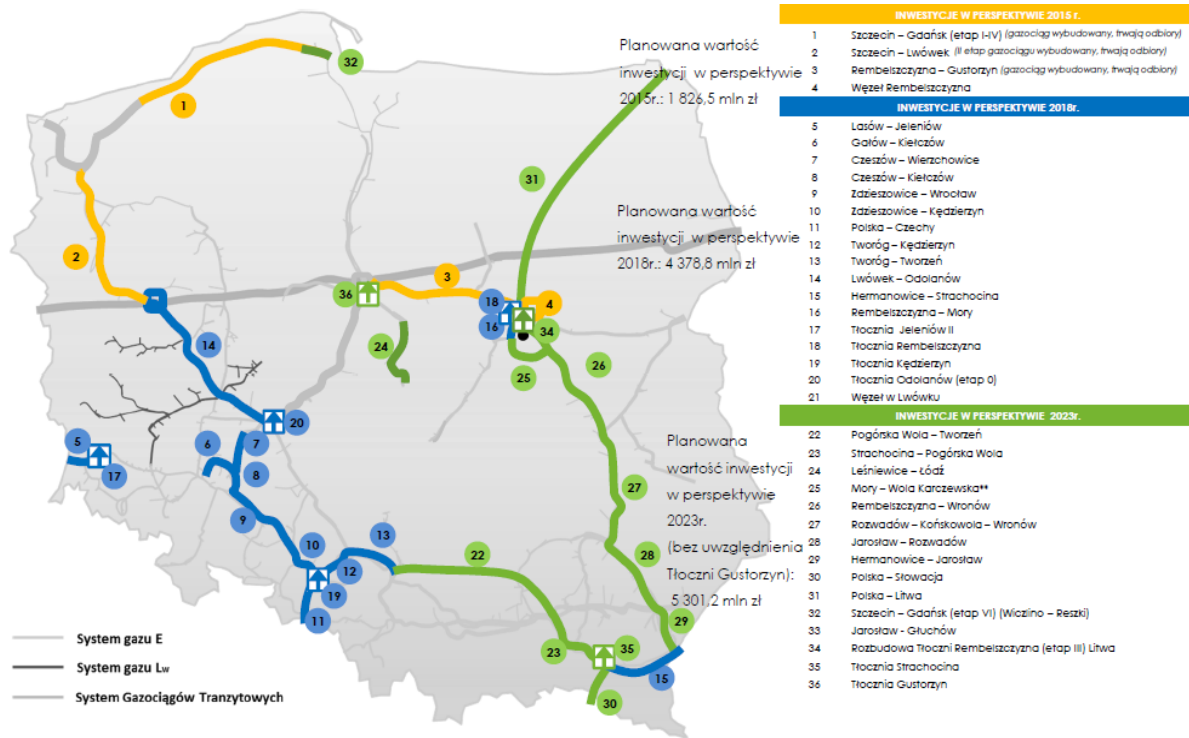
- 2018 perspective will include the most crucial investment tasks being part of the North-South corridor expected to ensure conditions facilitating the creation of a regionally integrated gas market in Central and Eastern European states.
- 2023 perspective will include the completion of modernization works on the domestic transmission system in Eastern Poland, and will provide conditions for the integration of Baltic states' market with the market of Central and Eastern European states.

Activities involving the development of the domestic gas transmission market planned for the years 2014-2023 will result in the creation of a fully functional transmission system which will be integrated with gas systems in the neighboring countries and will provide an adequate infrastructural basis for long-term development and functioning of a competitive gas market in Poland.

The above-mentioned plans ensure considerable demand for coated gas pipes. Moreover, in 2023 over 60% of gas pipelines will be over 36 years old and will have to be modernized and replaced.

Prospective infrastructural market of transmission networks for gas and other utilities is now in a period between the 2009-2014 perspective, which is now coming to an end, and the new perspective till 2018 which results in a temporary market slowdown. In the years 2015-2023 GAZ-SYSTEM S.A. plans to build in total ca. 2000 km of new gas pipelines in the Western, Southern and Eastern Poland.

Fig. 2 List of key investments of Gaz – System S.A. planned till 2023



Source: OGP Gaz-System S.A.

Due to an extensive scope of investment works, GAZ-SYSTEM S.A. decided to follow the optimum procedure of completing investment projects involving purchases of materials for the construction of gas pipelines (pipes and fittings) directly from producers (investor's supplies). This way of performing projects makes it possible to significantly accelerate investment works and to improve cost efficiency. Major investment tasks related to the Polish transmission system, being part of the so-called North-South corridor.

In April 2015 Operator Gazociągów Przesyłowych GAZ-SYSTEM S.A. finalized a public tender procedure for the supply of pipes with diameter 700 and 1000 mm for the construction of strategic transmission gas pipelines. Frame contracts with contractors will be effective for four years from their signing. Specific orders will be fulfilled based on separate partial contracts concluded each time after the best offer has been selected in a closed public tender. This will provide supplies of pipes for the construction of strategic gas pipelines by GAZ-SYSTEM S.A. Total amount to be spent by GAZ-SYSTEM S.A. for the performance of these contracts will not exceed the approximate amount of PLN 1.84 billion net.

10 contractors, including Izostal/Stalprofil and 8 companies/consortia were selected following a completed tender procedure, to supply pipes with diameter of 700 mm and 1000 mm and 2 suppliers for 700 mm- diameter pipes only.

Considerable demand for the construction of new gas pipelines and replacement of the existing ones comes also from PGNiG S.A. Polska Spółka Gazownictwa. It plans to spend PLN 3.8 billion for this purpose over the next 6 years (supplies of pipes + execution), with 1.5 thousand km of distribution gas pipelines to be built for this amount. Izostal plans to take an active role in the fulfillment of those investments. All this indicates that for companies operating on the market of pipe suppliers and coating producers, such as IZOSTAL S.A, year 2015 and the following years will be much better when it comes to turnover and financial results as compared to 2014.

At the same time the selection of contractors for the construction of gas pipelines is in progress (market where ZRUG Zabrze S.A. operates), being a part of the so-called North-South corridor. A tender was announced for the construction of gas pipeline Lwówek-Odolanów, including infrastructure necessary to operate it, diameter DN 1000, MOP pressure 8.4 MPa and the length of approx. 167 km, including Stage I - gas pipeline Lwówek-Krobia (115km), Stage II - gas pipeline Krobia-Odolanów (53km). Following tenders will be prepared gradually during the investment perspective. In 2015 GAZ-System S.A. plans to finalize 6 tenders for the construction of transmission gas pipelines DN700 and DN1000 of the total length of approx. 352 km.

The last few years have been difficult for construction companies in the gas sector. The lowest-price criterion and big competition during tender procedures has considerably decreased profitability of this sector and eliminated a number of entities from that sector. All this indicates that the list of domestic construction companies which may participate in the new investment perspective of Gaz-System (2014-2018) and investments planned by Polska Spółka Gazownictwa (which belongs to PGNiG S.A.), as a general contractor, will be very limited as compared to the list of companies planning to perform works, being a part of the 1st investment perspective which is now coming to an end.

The involvement of foreign entities on the Polish gas pipelines construction market is also hard to determine. A number of foreign entities applied to participate in the 1st investment perspective of Gaz - System S.A. which is coming to an end now, however due to the specificity of the Polish market, including high tender-related requirements, complicated formal procedures, lower personnel costs etc., foreign contractors try to look for a possibility of alliance with Polish companies with references, at the same time reducing high costs of entering our market.

Development and modernization of gas transmission networks by OGP Gaz-System and modernization of gas distribution network by PGNiG will in future create a huge market for coated pipes' suppliers and companies which construct gas pipeline

Thanks to its subsidiaries, Izostal and ZRUG Zabrze, STALPROFIL S.A. Group is already prepared to service this market both in scope of supplies of steel pipes with anticorrosive coating and construction of gas pipelines.

