

STALEXPORT SA

SA- QSr 3rd quarter 2006



consolidated quarterly report for the 3rd quarter 2006

1. *consolidated results*
2. *individual results*
3. *commentary to the report*

Katowice, 14.11.2006

SECURITIES AND STOCK EXCHANGE COMMITTEE

Quarterly Report SA-QSr 3/2006

According to the Decree of the Minister of Finance dated 19th October 2005. - Journal of Law No 209, item 1744

(for the issuers of securities of manufacturing, construction, commercial and service activity)

for the 3rd quarter of the current turnover year covering the period from 01.01.2006 to 30.09.2006
and for the 3rd quarter of the previous turnover year covering the period from 01.01.2005 to 30.09.2005

14.11.2006

(date of publishing)

STALEXPORT Joint Stock Company (full name of the issuer)		
STALEXPORT S.A. (abridged name of the issuer)	metal sector 17 (sector acc. To Securities Stock Exchange in Warsaw)	
40-085 (postal code)	Katowice (city)	
Mickiewicza (street)	29 (number)	
032 25-30-795 (telephone)	032 25-30-795 (fax)	stalex@stalexport.com.pl (e-mail)
634-01-34-211 (NIP - Tax Identification No.)	271936361 REGON - Statistical No.)	www.stalexport.com.pl (WWW)

BDO Polska Sp. z o.o.

SELECTED FINANCIAL DATA	thousand zloty		thousand EUR	
	3 quarters 2006 01.01.2006 30.09.2006	3 quarters 2005 01.01.2005 30.09.2005	3 quarters 2006 01.01.2006 30.09.2006	3 quarters 2005 01.01.2005 30.09.2005
I. Net income from sale of products, goods and materials	545 243	477 949	139 196	122 016
II. Operating profit (loss)	52 038	47 777	13 285	12 197
III. Gross profit (loss)	49 775	27 978	12 707	7 143
IV. Net profit (loss)	43 336	17 273	11 063	4 410
V. Net cash flow from operating activity	(7 617)	43 921	(1 912)	11 026
VI. Net cash flow from investment activity	38 602	4 098	9 690	1 029
VII. Net cash flow financial activity	33 452	(42 265)	8 398	(10 610)
VIII. Total net cash flow	64 437	5 754	16 176	1 444
IX. Total assets	838 577	573 657	210 513	144 008
X. Liabilities and reserves for liabilities	659 043	470 068	165 443	118 004
XI. Long-term liabilities	544 836	328 436	136 773	82 449
XII. Short-term liabilities	114 207	141 632	28 670	35 555
XIII. Equity capital	179 534	103 589	45 069	26 005
XIV. Share capital	315 524	215 524	79 208	54 104
XV. Number of shares	157 762 023	107 762 023	107 762 023	107 762 023
XVI. Profit (loss) per ordinary share (in zloty /EUR)	0,27	0,16	0,07	0,04
XVII. Diluted profit (loss) per ordinary share (in zloty /EUR)	-	-	-	-
XVIII. Book value per share (in zloty/EUR)	1,14	0,96	0,29	0,24
XIX. Diluted book value per share (in zloty /EUR)	-	-	-	-

Komisja Papierów Wartościowych i Giełd

Consolidated balance sheet

	30.09.2006	30.06.2006	31.12.2005	30.09.2005
ASSETS				
I. Long-term assets	566 916	557 754	595 001	383 132
1. Tangible fixed assets	316 760	304 381	307 310	170 143
2. Intangible assets, including:	295	339	413	424
- goodwill	-	-	-	-
2. Goodwill of subordinated entities	-	-	-	-
4. Long-term receivables	407	412	509	1 120
5. Long-term investments	25 310	25 634	62 780	68 989
5.1. Real estates	10 000	10 000	56 946	62 960
5.2. Intangible assets	-	-	-	-
5.3. Long-term financial assets	5 310	5 634	5 834	6 029
a) in related companies	3 381	3 431	3 631	3 741
- of which shares in subordinated companies valued under the ownership rights method	3 250	3 251	3 451	3 436
- shares in subsidiary and correlated entities not covered by consolidation	131	180	180	305
b) in other entities	1 929	2 203	2 203	2 288
5.4. Other long-term investments	10 000	10 000	-	-
6. Assets available for sale	-	2 199	4 231	132 581
7. Deferred income tax assets	6 071	6 716	6 064	9 780
8. Other long-term deferred expenses	218 073	218 073	213 694	95
II. Current assets	271 661	304 696	187 885	190 525
1. Inventories	65 721	61 303	53 151	46 402
2. Current receivables	106 736	133 981	97 418	113 714
3. Short-term investments	58	164	235	276
4. Cash and cash equivalents	90 651	99 936	26 214	27 979
4. Short-term deferred expenses	8 495	9 312	10 867	2 154
Total Assets	838 577	862 450	782 886	573 657

	30.09.2006	30.06.2006	31.12.2005	30.09.2005
LIABILITIES				
I. Equity capital	179 534	54 194	33 405	103 589
I.1 Equity capital falling to the shareholders of the Company	175 218	50 772	29 357	99 970
1. Stock capital	315 524	215 524	215 524	215 524
2. Not paid-up stock capital (negative value)	-	-	-	-
3. Own shares in treasury (negative value)	(71)	(72)	(73)	(73)
4. Reserve capital	152 807	148 909	101 675	101 640
5. Revaluation capital	16 383	16 389	16 393	8 699
6. Other reserve capitals	490	51 507	51 017	9 632
7. Differences in rates from re-counting of the subordinated entities	-	-	-	-
a) positive differences in rates	-	-	-	-
b) negative differences in rates	-	-	-	-
8. Prior years' profit (loss)	(353 251)	(403 438)	(252 791)	(252 725)
9. Net profit (loss) falling to the shareholders of the company	43 336	21 953	(102 388)	17 273
10. Net profit write-downs during the financial year (negative value)	-	-	-	-
I.2.Minority capitals	4 316	3 422	4 048	3 619
II. Long-term liabilities	544 836	600 656	637 009	328 436
1. Credits and loans	56 029	69 775	78 040	83 620
2. Liabilities by virtue of financial leasing	5 133	5 404	6 302	6 922
3. Liabilities by virtue of trade account receivable	-	-	-	-
4. Other liabilities	450 748	492 965	509 714	172 688
5. Reserve by virtue of the deferred income tax	2 281	1 848	11 209	12 408
6. Reserves for other liabilities	12 764	12 781	13 418	8 883
7. Long-term interperiod settlements	17 881	17 883	18 326	43 915
IV. Short-term liabilities	114 207	207 600	112 472	141 632
1. Credits and loans	4 599	15 112	5 528	9 298
2. Liabilities by virtue of financial leasing	-	-	-	-
3. Liabilities by virtue of trade account receivable	80 574	92 636	74 126	61 583
4. Other liabilities	20 418	89 411	19 761	19 302
5. Reserves for liabilities	3 705	4 398	6 282	7 450
6. Short-term interperiod settlements	4 911	6 043	6 775	43 999
Total liabilities	838 577	862 450	782 886	573 657

Book value	179 534	54 194	33 405	103 589
Number of shares	157 762 023	107 762 023	107 762 023	107 762 023
Book value per share (in zlotys)	1,14	0,50	0,31	0,96
Diluted number of shares				
Book value per share (in zlotys) - diluted				

Consolidated profit and loss account

	3rd quarter 2006 01.07.2006 30.09.2006	3 quarters 2006 01.01.2006 30.09.2006	3rd quarter 2005 01.07.2005 30.09.2005	3 quarters 2005 01.01.2005 30.09.2005
I. Net incomes from sale of products, goods and merchandise	181 110	545 243	144 326	477 949
1. Net sales of products	54 478	142 635	39 274	101 699
2. Net sales of goods and merchandise	126 632	402 608	105 052	376 250
II. Cost of products, goods and merchandise sold	136 886	424 052	111 929	393 578
1. Manufacturing cost of products sold	22 396	60 341	3 545	42 991
2. Value of merchandise and goods sold	114 490	363 711	108 384	350 587
III. Gross profit (loss) on sales (I-II)	44 224	121 191	32 397	84 371
IV. Other incomes	13 008	25 858	4 454	25 807
V. Sales costs	6 280	19 031	4 218	13 437
VI. Costs of general management	15 654	52 868	11 841	36 313
VII. Other costs	4 134	22 978	4 274	12 445
VIII. Share in profits (losses) in subordinated entities evaluated by property right method	(1)	(134)	(30)	(206)
IX. Profit (loss) on operating activity (III+IV-V-VI-VII+/-VIII)	31 163	52 038	16 488	47 777
IX. Financial incomes	3 247	13 768	1 197	10 189
1. Dividends and shares in profits	97	97	17	17
2. Interests	3 453	6 019	-	6 292
3. Profit from investment sale	-	6 758	-	-
4. Updating the investment value	-	8	-	2 143
5. Other	(303)	886	1 180	1 737
X. Financial costs	6 065	16 031	12 895	29 988
1. Interests	5 265	13 513	5 982	21 252
2. Loss from investment sale	-	-	7 320	7 320
3. Updating the investment value	-	-	4	4
4. Other	800	2 518	(411)	1 412
XII. Profit (loss) on sales of total or part of shares in subordinated entities	-	-	-	-
XIII. Gross profit (loss) (IX + X - XI +/- XII)	28 345	49 775	4 790	27 978
XIV. Income tax	6 068	4 012	4 161	9 019
a) current part	4 992	12 948	3 487	9 211
b) deferred part	1 076	(8 936)	674	(192)
XV. Net profit (loss) (XIII-XIV +/- XVI), including:	22 277	45 763	629	18 959
XVI.Profits (losses) of minority	894	2 427	726	1 686
XVII. Profit (loss) falling to the shareholders of the company (XIV+/-XVI)	21 383	43 336	(97)	17 273
Net profit (loss)		43 336		17 273
Weighted average number of ordinary shares		157 762 023,00		107 762 023,00
Earning (loss) per ordinary share (in zlotys)		0,27		0,16
Diluted weighted average number of ordinary shares				
Profit (loss) per ordinary share (in zlotys) - diluted				

Changes in consolidated equity

	30.09.2006	30.06.2006	31.12.2005	30.09.2005
I. Equity capital at the beginning of period (opening balance)	33 405	33 405	82 057	82 057
a) changes in accepted accounting principles (policy)	-	-	-	-
b) corrections of material faults	-	-	-	-
1. Equity capital at the beginning of period (opening balance), after restatement to comparative data	33 405	33 405	82 057	82 057
1. Stock capital at the beginning of period	215 524	215 524	215 524	215 524
1.1. Changes in stock capital	100 000	-	-	-
a) additions, of which:	100 000	-	-	-
- issuance of shares	100 000	-	-	-
- increase in basic capital	-	-	-	-
b) reductions, of which:	-	-	-	-
- retirement of shares	-	-	-	-
- decrease in basic capital	-	-	-	-
1.2. Stock capital at the end of period	315 524	215 524	215 524	215 524
2. Not paid-up share capital at the beginning of period	-	-	-	-
2.1. Changes in not paid-up stock capital	-	-	-	-
a) additions, of which:	(4 886)	-	(5 638)	(5 638)
consolidation adjustments	(4 886)	-	(5 638)	(5 638)
b) reductions, of which:	(4 886)	-	(5 638)	(5 638)
- settlement of not paid-up stock capital	(376)	-	(752)	-
consolidation adjustments	(4 510)	-	(4 886)	(5 638)
2.2. Not paid-up stock capital at the end of period	-	-	-	-
3. Own shares in treasury at the beginning of period	(73)	(73)	(44)	(44)
3.1. Changes in own shares in treasury	2	1	(29)	(29)
a) additions, of which:	-	-	(576)	(576)
- issue for minority shareholders	-	-	(576)	(570)
consolidation adjustments	-	-	-	(6)
b) reductions, of which:	(2)	(1)	(547)	(547)
- issue for minority shareholders	(2)	(1)	(547)	(547)
consolidation adjustments	-	-	-	-
3.2. Own shares in treasury at the end of period	(71)	(72)	(73)	(73)
4. Reserve capital at the beginning of period	101 675	101 675	113 153	113 153
4.1. Changes in reserve capital	51 132	47 234	(11 478)	(11 513)
a) additions, of which:	51 178	47 279	31 832	31 853
- shares issue above nominal value	3 894	-	-	-
- distribution of profit	47 218	47 275	30 888	30 956
- distribution of profit (in excess of minimum value required by law)	-	-	347	279
- consolidation adjustments, including those connected with excluding from consolidation the subsidiary companies	58	-	-	618
- other	-	-	562	-
- sale, disposal of fixed assets	8	4	35	-
b) reductions, of which:	46	45	43 310	43 366
- loss coverage	9	8	42 894	42 894
- exclusion of surcharges to capital	-	-	-	-
- consolidation adjustments, including those connected with excluding from consolidation the subsidiary companies	37	37	416	472
4.2. Reserve capital at the end of period	152 807	148 909	101 675	101 640
5. Revaluation capital at the beginning of period	16 393	16 393	43 382	43 382
5.1. Changes in revaluation capital	(10)	(4)	(26 989)	(34 683)
a) additions, of which:	-	-	7 904	-
- re-evaluation of fixed assets	-	-	7 903	-
- consolidation adjustments	-	-	1	-
b) reductions, of which:	10	4	34 893	34 683
- disposal of fixed assets	9	4	35	-
- consolidated adjustments including: those connected with excluding from consolidation the subsidiary companies	1	-	34 683	34 683
5.2. Revaluation capital at the end of period	16 383	16 389	16 393	8 699

	30.09.2006	30.06.2006	31.12.2005	30.09.2005
6. Other reserve capital at the beginning of period	51 017	51 017	97 446	97 446
6.1. Changes in other reserve capital	(50 527)	490	(46 429)	(87 814)
a) additions, of which:	891	891	51 215	9 830
profit distribution	891	891	-	-
- execution of arrangement liabilities - repayment of instalments	-	-	51 017	9 632
consolidation adjustments	-	-	198	198
b) reductions, of which:	51 418	401	97 644	97 644
- re-booking for inventory capital	-	-	-	-
- loss coverage	51 017	-	95 979	95 979
- other	-	-	-	-
consolidation adjustments	401	401	1 665	1 665
6.2. Other reserve capitals at the end of the period	490	51 507	51 017	9 632
7. Rates differences from re-calculation of subordinated entities	-	-	-	-
8. Prior years' profit (loss) at the beginning of period	(252 791)	(252 791)	(404 179)	(404 179)
8.1. Prior years' profit at the beginning of period	2 652	2 652	10 288	10 288
a) changes in accepted accounting principles (policy)	-	-	-	-
b) corrections of material faults	-	-	-	-
8.2 Prior years' profit at the beginning of period, after restatement to comparative data	2 652	2 652	10 288	10 288
a) additions, of which:	51 870	7 950	19 728	19 118
-prior years' profit distribution	47 912	5 293	19 469	3 672
- other	-	-	-	-
consolidation adjustments	3 958	2 657	259	15 446
b) reductions, of which:	54 459	8 577	27 364	21 315
- transition to reserve capital	47 144	185	13 246	371
- loss coverage	851	-	-	12 875
- dividend payment	4 763	2 877	1 965	3 437
- other	892	1 317	783	783
	-	-	-	-
	-	4 198	3 628	-
- consolidation adjustments connected with excluding from consolidation the subsidiary companies	809		7 742	3 849
8.3 Prior years' profit at the end of period	63	2 025	2 652	8 091
8.4 Prior years' loss at the beginning of period	255 443	255 443	414 467	414 467
a) changes in accepted accounting principles (policies)	-	-	(95)	-
b) corrections of material faults	-	-	-	-
8.5 Prior years' loss at the beginning of the period after restatement to comparative data	255 443	255 443	414 372	414 467
a) additions, of which:	164 137	150 446	3 389	3 607
transition of prior years' loss to be covered	146 329	146 329	834	729
- other	-	10	2 555	-
- consolidation adjustments	17 808	4 107	-	2 878
b) reductions, of which:	66 266	426	162 318	157 258
- loss coverage by profit	51 442	426	154 398	152 858
- consolidation adjustments connected with excluding from consolidation the subsidiary companies	14 824	-	7 920	4 400
8.6. Prior years' loss at the end of period	353 314	405 463	255 443	260 816
8.7. Prior years' profit (loss) at the end of period	(353 251)	(403 438)	(252 791)	(252 725)
9. Net profit (loss) falling to the shareholders of the company	43 336	21 953	(102 388)	17 273
a) net profit falling to the shareholders of the company	43 336	21 953	-	17 273
b) net loss falling to the shareholders of the company	-	-	102 388	-
c) charges on the profit	-	-	-	-
10.1.Minority capital at the beginning of period	4 048	4 048	5 262	5 262
a) increases	2 430	1 536	2 618	2 129
b) decreases	2 162	2 162	3 832	3 772
10.2 Minority capital at the end of period	4 316	3 422	4 048	3 619
II. Equity capital at the end of period (closing balance)	179 534	54 194	33 405	103 589

Consolidated cash flow account (indirect method)

	3rd quarter 2006 01.07.2006 30.09.2006	3 quarters 2006 01.01.2006 30.09.2006	3rd quarter 2005 01.07.2005 30.09.2005	3 quarters 2005 01.01.2005 30.09.2005
A. Cash flows from operating activities - indirect method				
I. Net profit (loss) falling to the shareholders of the Company	21 383	43 336	(97)	17 273
II. Total adjustments	9 693	(50 953)	19 424	26 648
1. Profits (losses) of minority	894	2 427	726	1 686
2. Share in net (profits) losses of subordinated companies valued under the equity method	1	134	30	206
3. Depreciation of which	4 903	14 639	2 055	6 017
- write-offs of goodwill of subordinated entities or negative goodwill of the subordinated entities	-	-	-	-
4. (Profits) losses on foreign exchange differences	(13)	(13)	-	-
5. Interests and shares in profits (dividends)	448	4 904	1 356	410
6. Profit (losses) on investing activities	2 862	(3 796)	7 652	7 309
7. Change in provisions	(1 342)	(9 072)	(651)	55
8. Change in inventories	(4 419)	(12 709)	9 677	26 350
9. Change in receivables	35 018	6 848	10 262	56 634
10. Change in current liabilities (excluding loans and credits)	(25 824)	(32 589)	(7 775)	(27 264)
11. Change in deferred and accrued expenses	(18)	(7 054)	(8 315)	(19 720)
12. Other adjustments	(2 817)	(14 672)	4 407	(25 035)
III. Net cash flows from operating activities (I+II)	31 076	(7 617)	19 327	43 921

	3rd quarter 2006 01.07.2006 30.09.2006	3 quarters 2006 01.01.2006 30.09.2006	3rd quarter 2005 01.07.2005 30.09.2005	3 quarters 2005 01.01.2005 30.09.2005
B. Cash flows from investing activities				
I. Inflows	7 094	72 034	14 508	20 535
1. Disposal of intangible assets and tangible fixed assets	378	8 873	47	152
2. Disposal of investments in real-estate and intangible assets	-	55 041	13 200	13 200
3. Disposal of financial assets, of which:	6 716	8 120	1 261	7 183
a) in related companies	101	659	745	2 267
- disposal of financial assets	-	-	-	-
- dividends and shares in profits	88	88	732	2 221
- payment of long-term loans granted	-	532	-	-
- interests	13	39	13	46
- other income from financial assets	-	-	-	-
b) in other companies	6 615	7 461	516	4 916
- disposal of financial assets	-	53	100	489
- dividends and shares in profits	9	9	1	1
- payment of long-term loans granted	106	177	11	152
- interests	-	722	404	4 274
- other income from financial assets	6 500	6 500	-	-
4. Other investing income	-	-	-	-
II. Expenses	19 309	33 432	2 160	16 437
1. Purchases of intangible assets and tangible fixed assets	19 254	31 474	1 958	15 842
2. Investments in real-estate and intangible assets	-	-	-	-
3. For financial assets, of which:	-	319	202	595
a) in related companies	-	319	202	202
- acquisition of financial assets	-	-	202	202
- long-term loans granted	-	319	-	-
b) in other entities	-	-	-	393
- acquisition of financial assets	-	-	-	393
- long-term loans granted	-	-	-	-
4. Dividends and other shares in profits paid to minority	-	-	-	-
5. Other investing expenses	55	1 639	-	-
III. Net cash flows from investing activities (I-II)	(12 215)	38 602	12 348	4 098

	3rd quarter 2006 01.07.2006 30.09.2006	3 quarters 2006 01.01.2006 30.09.2006	3rd quarter 2005 01.07.2005 30.09.2005
C. Cash flows from financing activities			
I. Inflows	421	78 743	174
1. Issuance of shares and other capital securities and additional paid-in capital	-	68 319	240
2. Credits and loans	-	10 000	(68)
3. Issuance of debt securities	-	-	-
4. Other financial income	421	424	2
II. Expenses	28 567	45 291	24 454
1. Acquisition of own shares	-	-	(405)
2. Dividends and other payments to shareholders	1 887	3 430	1 333
3. Other than payments in favour of owners, expenses by virtue of profit distribution	-	-	-
4. Payments of credits and loans	23 836	32 719	20 539
5. Redemption of debt securities	-	-	-
6. By virtue of other financial liabilities	-	-	-
7. Liabilities payments by virtue of financial leasing agreements	361	1 271	373
8. Interests	2 063	7 451	2 614
9. Other financial expenses	420	420	-
III. Net cash flows from financing activities (I-II)	(28 146)	33 452	(24 280)
D. Total net cash flows (A.III+B.III+C.III)	(9 285)	64 437	7 395
E. Change in balance-sheet cash and cash equivalents	(9 285)	64 437	7 395
- of which change in cash and cash equivalents due to foreign exchange differences	-	16	202
F. Cash and cash equivalents - beginning of period	99 936	26 214	20 584
G. Cash and cash equivalents - end of period (D+F)	90 651	90 651	27 979
- of which those with restricted availability			

3 quarters 2005 01.01.2005 30.09.2005
1 475
240
252
-
983
43 740
23
4 008
-
29 595
-
-
1 077
7 546
1 491
(42 265)
5 754
5 754
202
22 225
27 979

	30.09.2006	30.06.2006	31.12.2005	30.09.2005
1. Contingent liabilities	500	500	500	500
1.1. From related entities (by virtue of)	500	500	500	500
- received warranties and guarantees	500	500	500	500
1.2. From other entities (by virtue of)	-	-	-	-
- received warranties and guarantees	-	-	-	-
2. Contingent liabilities	32 055	24 786	48 180	308 142
2.1. In favour of related entities (by virtue of)	23 586	11 981	1 959	2 223
- granted warranties and guarantees	23 586	11 981	84	2 223
- custom warranties	-	-	-	-
- other	-	-	1 875	-
2.2. In favour of other entities (by virtue of)	8 469	2 805	8 540	278 571
- granted warranties and guarantees	8 469	2 805	4 640	278 071
- bill of exchange guarantees	-	-	3 900	500
2.3. Other (by virtue of)	-	10 000	37 681	27 348
- mortgage	-	10 000	12 000	14 250
- third party goods	-	-	5 200	6 698
- other	-	-	20 481	6 400
Total off-balance sheet liabilities	32 555	25 286	48 680	308 642

SECURITIES AND STOCK EXCHANGE COMMITTEE

Quarterly Report SA-Q 3/2006

According to the Decree of the Minister of Finance dated 19th October 2005. - Journal of Law No 209, item 1744

(for the issuers of securities of manufacturing, construction, commercial and service activity)

for the 3rd quarter of the current turnover year covering the period from 01.01.2006 to 30.09.2006
and for the 3rd quarter of the previous turnover year covering the period from 01.01.2005 to 30.09.2005

STALEXPORT Joint Stock Company (full name of the issuer)		
STALEXPORT S.A. (abridged name of the issuer)	metal sector 17 (sector acc. To Securities Stock Exchange in Warsaw)	
40-085 (postal code)	Katowice (city)	
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634-01-34-211 (NIP - Tax Identification No.)	271936361 (REGON - Statistical No.)	www.stalexport.com.pl (WWW)

BDO Polska Sp. z o.o.

SELECTED FINANCIAL DATA	thousand zloty		thousand EUR	
	3 quarters 2006 01.01.2006 30.09.2006	3 quarters 2005 01.01.2005 30.09.2005	3 quarters 2006 01.01.2006 30.09.2006	3 quarters 2005 01.01.2005 30.09.2005
I. Net income from sale of products, goods and merchandise	388 938	342 025	99 292	87 316
II. Operating profit (loss)	-11 885	5 907	-3 034	1 508
III. Gross profit (loss)	-13 460	-11 824	-3 436	-3 019
IV. Net profit (loss)	-4 863	-11 211	-1 241	-2 862
V. Net cash flow from operating activity	-37 658	13 553	-9 614	3 460
VI. Net cash flow from investment activity	55 467	19 421	14 160	4 958
VII. Net cash flow from financial activity	29 727	-35 328	7 589	-9 019
VIII. Total net cash flow	47 536	-2 354	12 136	-601
IX. Total assets	527 308	474 577	132 373	119 136
X. Liabilities and reserves for liabilities	419 758	505 142	105 374	126 809
XI. Long-term liabilities	323 905	325 382	81 312	81 682
XII. Short-term liabilities	95 853	179 760	24 063	45 126
XIII. Equity capital	107 550	-30 565	26 999	-7 673
XIV. Share capital	315 524	215 524	79 208	54 104
XV. Number of shares	157 762 023	107 762 023	157 762 023	107 762 023
XVI. Profit (loss) per ordinary share (in zloty/ EUR)	-0,03	-0,10	-0,01	-0,03
XVII. Diluted profit (loss) per ordinary share (in zloty/ EUR)	-	-	-	-
XVIII. Book value per share (in zloty/ EUR)	0,68	-0,28	0,17	-0,07
XIX. Diluted book value per share (in zloty /EUR)	-	-	-	-

Komisja Papierów Wartościowych i Giełd

Balance sheet

	30.09.2006	30.06.2006	31.12.2005	30.09.2005
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ASSETS

I. Long-term assets	302 804	296 218	338 653	325 599
1. Tangible fixed assets	53 750	44 941	49 069	48 941
2. Intangible assets	141	160	212	196
3. Long-term receivables	407	412	509	1 403
4. Long-term investments	248 506	248 506	286 664	140 747
4.1 Real estates	10 000	10 000	56 945	62 960
4.2 Intangible fixed assets				
4.3 Long-term financial assets	238 306	238 306	229 519	77 587
a) in related companies	236 499	236 499	227 712	75 780
- of which shares in subordinated companies valued under the ownership rights method	32	32	32	32
b) in other entities	1 807	1 807	1 807	1 807
4.4. Other long-term investments	200	200	200	200
5. Assets available for sale		2 199	2 199	130 211
6. Deferred income tax assets				4 101
7. Other long-term deferred expenses				
II. Short-term assets	224 504	275 556	179 926	148 978
1. Inventories	52 524	49 930	43 810	41 198
2. Short-term receivables	119 298	154 267	130 814	101 580
3. Short-term investments	58	165	235	276
4. Cash and cash equivalents	52 194	70 268	4 658	4 324
5. Short-term deferred expenses	430	926	409	1 600
Assets in total	527 308	571 774	518 579	474 577

	30.09.2006	30.06.2006	31.12.2005	30.09.2005
LIABILITIES				
I. Equity capital	107 550	3 238	1 399	-30 565
1. Share capital	315 524	215 524	215 524	215 524
2. Not paid-up share capital (negative value)				
3. Own shares in treasury (negative value)	-21	-21	-23	-23
4. Reserve capital	3 937	38	35	
5. Revaluation capital	139 989	139 994	132 879	8 457
6. Other reserve capitals		51 016	51 016	9 631
7. Prior years' profit (loss)	-347 016	-398 032	-252 943	-252 943
8. Profit (loss) per shareholders of the Company	-4 863	-5 281	-145 089	-11 211
9. Net profit write-downs during the financial year (negative value)				
II. Long-term liabilities	323 905	379 932	423 271	325 382
1. Credits and loans	46 029	59 775	78 040	83 620
2. Liabilities by virtue of financial leasing	753	770	995	1 215
3. Liabilities by virtue of trade account receivable				
4. Other liabilities	231 953	274 618	291 508	178 423
5. Reserve by virtue of the deferred income tax	31 760	31 356	38 687	9 465
6. Reserves for other liabilities	12 663	12 663	13 283	8 744
7. Long-term interperiod settlements	747	750	758	43 915
III. Short-term liabilities	95 853	188 604	93 909	179 760
1. Credits and loans	12 962	22 546	12 747	17 241
2. Liabilities by virtue of financial leasing				
3. Liabilities by virtue of trade account receivable	67 146	77 689	65 571	119 526
4. Other liabilities	8 142	79 475	4 360	10 832
5. Reserves for liabilities	2 991	3 597	5 459	6 746
6. Short-term interperiod settlements	4 612	5 297	5 772	25 415
Total liabilities	527 308	571 774	518 579	474 577

Book value	107 550	3 238	1 399	-30 565
Number of shares	157 762 023	107 762 023	107 762 023	107 762 023
Book value per one share (in zlotys)	0,68	0,03	0,01	(0,28)
Diluted number of shares				
Book value per one share (in zlotys) - diluted				

Profit and loss account

	3rd quarter 2006 01.07.2006 30.09.2006	3 quarters 2006 01.01.2006 30.09.2006	3rd quarter 2005 01.07.2005 30.09.2005	3 quarters 2005 01.01.2005 30.09.2005
I. Net incomes from sale of products, goods and merchandise	119 198	388 938	99 318	342 025
1. Net sales of products	18 804	50 103	13 592	35 039
2. Net sales of goods and merchandise	100 394	338 835	85 726	306 986
II. Cost of products, goods and merchandise sold	110 474	355 304	89 864	315 927
1. Manufacturing cost of products sold	19 203	48 816	12 016	31 634
2. Value of merchandise and goods sold	91 271	306 488	77 848	284 293
III. Gross profit (loss) on sales (I-II)	8 724	33 634	9 454	26 098
IV. Other operating incomes	9 490	14 658	4 265	21 506
V. Sales costs	4 572	14 584	3 075	8 387
VI. Costs of general management	7 378	23 047	7 979	23 001
VII. Other operating costs	3 789	22 546	2 187	10 309
VIII. Profit (loss) on operating activity (III+IV-V-VI-VII)	2 475	-11 885	478	5 907
IX. Financial incomes	4 155	13 780	1 553	12 697
1. Dividends and shares in profits	1 425	1 425	733	2 205
2. Interests	3 054	4 953	1 049	6 839
3. Profit from investment sale		6 758	-324	
4. Updating the investment value		8	60	125
5. Other	-324	636	35	3 528
X. Financial costs	5 809	15 355	14 262	30 428
1. Interests	5 090	12 928	5 561	20 160
2. Loss from investment sale			7 079	7 079
3. Updating the investment value			4	4
4. Other	719	2 427	1 618	3 185
XI. Gross profit (loss) (VIII + IX - X)	821	-13 460	-12 231	-11 824
XII. Income tax	403	-8 597	-7	-613
a) current part				
b) deferred part	403	-8 597	-7	-613
XIII. Net profit (loss) (XI - XII)	418	-4 863	-12 224	-11 211
Net profit (loss) (annualized)		-138 741		-17 967
Average weighted number of ordinary shares		157 762 023		107 762 023
Profit (loss) per one ordinary share (in zloty)		-0,88		-0,17
Average weighted diluted number of ordinary shares				
Diluted profit (loss) per one ordinary share (in zloty)				

Changes in equity capital

	30.09.2006	30.06.2006	31.12.2005	30.09.2005
I. Equity capital at the beginning of period (opening balance)	1 399	1 399	-28 963	-28 963
a) changes in accepted accounting principles (policy)				
b) corrections of material faults				
I.a. Equity capital at the beginning of period (opening balance), after restatement to comparative data	1 399	1 399	-28 963	-28 963
1. Stock capital at the beginning of period	215 524	215 524	215 524	215 524
1.1. Changes in stock capital	100 000	0	0	0
a) additions, of which:	100 000	0	0	0
- issuance of shares	100 000			
- increase in basic capital				
b) reductions, of which:	0	0	0	0
- retirement of shares				
- decrease in basic capital				
1.2. Stock capital at the end of period	315 524	215 524	215 524	215 524
2. Not paid-up stock capital at the beginning of period				
2.1. Changes in not paid-up stock capital	0	0	0	0
a) additions, of which:	0	0	0	0
b) reductions, of which:	0	0	0	0
2.2. Not paid-up stock capital at the end of period	0	0	0	0
3. Own shares in treasury at the beginning of period	-23	-23		
3.1. Changes in own shares in treasury	2	2	-23	-23
a) additions, of which:	0	0	-570	-570
- issue for minority shareholders			-570	-570
b) reductions, of which:	-2	-2	-547	-547
- issue for minority shareholders	-2	-2	-547	-547
3.2. Own shares in treasury at the end of period	-21	-21	-23	-23
4. Reserve capital at the beginning of period	35	35	42 343	42 343
4.1. Changes in reserve capital	3 902	3	-42 308	-42 343
a) additions, of which:	3 902	3	35	0
- shares issue above nominal value	3 894			
- distribution of profit				
- distribution of profit (in excess of value required by law)				
- other				
- sale, liquidation of fixed assets	8	3	35	
b) reductions, of which:	0	0	42 343	42 343
- loss coverage			42 343	42 343
- exclusion of surcharges to capital				
4.2. Reserve capital at the end of period	3 937	38	35	0
5. Revaluation capital at the beginning of period	132 879	132 879	8 457	8 457
5.1. Changes in revaluation capital	7 110	7 115	124 422	0
a) additions, of which:	8 787	8 787	153 651	0
- re-evaluation of fixed assets	8 787	8 787	153 651	
b) reductions, of which:	1 677	1 672	29 229	0
- disposal of fixed assets	8	3	35	
- reserve for deferred income tax by virtue of revaluation of the financial assets	1 669	1 669	29 194	
5.2. Revaluation capital at the end of period	139 989	139 994	132 879	8 457

	30.09.2006	30.06.2006	31.12.2005	30.09.2005
6. Other reserve capital at the beginning of period	51 016	51 016	95 979	95 979
6.1. Changes in other reserve capital	-51 016	0	-44 963	-86 348
a) additions, of which:	0	0	51 016	9 631
- profit distribution				
- execution of arrangement liabilities, instalments repayment			51 016	9 631
b) reductions, of which:	51 016	0	95 979	95 979
- re-booking for inventory capital				
- loss coverage	51 016		95 979	95 979
- other				
6.2. Other reserve capitals at the end of the period	0	51 016	51 016	9 631
7. Prior years' profit (loss) at the beginning of period	-252 943	-252 943	-391 266	-391 266
7.1. Prior years' profit at the beginning of period			12 876	12 876
a) changes in accepted accounting principles (policies)				
b) corrections of material faults				
7.2 Prior years' profit at the beginning of period, after restatement to comparative data	0	0	12 876	12 876
a) additions, of which:	0	0	0	0
-prior years' profit distribution				
- other				
b) reductions, of which:	0	0	12 876	12 876
- transition to reserve capital				
- loss coverage			12 876	12 876
- dividend payment				
- other				
7.3 Prior years' profit at the end of period	0	0	0	0
7.4 Prior years' loss at the beginning of period	252 943	252 943	404 142	404 142
a) changes in accepted accounting principles (policies)				
b) corrections of material faults				
7.5 Prior years' loss at the beginning of the period after restatement to comparative data	252 943	252 943	404 142	404 142
a) additions, of which:	145 089	145 089	0	0
transition of prior years' loss to be covered	145 089	145 089		
- other				
b) reductions, of which:	51 016	0	151 199	151 199
- loss coverage by profit	51 016		151 199	151 199
7.6. Prior years' loss at the end of period	347 016	398 032	252 943	252 943
7.7. Prior years' profit (loss) at the end of period	-347 016	-398 032	-252 943	-252 943
8. Net profit (loss) falling to the shareholders of the company	-4 863	-5 281	-145 089	-11 211
a) net profit per shareholders of the Company				
b) net loss per shareholders of the Company	4 863	5 281	145 089	11 211
c) charges on the profit				
II. Equity capital at the end of period (closing balance)	107 550	3 238	1 399	-30 565

Cash flow account (indirect method)

	3rd quarter 2006 01.07.2006 30.09.2006	3 quarters 2006 01.01.2006 30.09.2006	3rd quarter 2005 01.07.2005 30.09.2005	3 quarters 2005 01.01.2005 30.09.2005
A. Net cash flows from operating activities - indirect method				
I. Net profit (loss) per the Company's shareholders	418	-4 863	-12 224	-11 211
II. Total adjustments	9 924	-32 795	18 968	24 764
1. Share in net (profits) losses of subordinated companies valued under the equity method				
2. Depreciation	588	1 812	643	1 741
3. (Gain) loss on foreign exchange differences	-13	-13		
4. Interests and shares in profits (dividends)	314	4 406	1 228	261
5. Gain (loss) on investing activities	3 149	-3 502	7 400	7 034
6. Change in provisions	-1 266	-8 597	-403	-613
7. Change in inventories	-2 594	-8 714	6 991	18 670
8. Change in receivables	34 974	11 618	11 885	61 798
9. Change in current liabilities excluding loans and bank credits	-19 047	-18 623	-4 401	-20 316
10. Change in deferred and accrued expenses	-798	-4 279	-8 197	-18 509
11. Other adjustments	-5 383	-6 903	3 822	-25 302
III. Net cash flows from operating activities (I + II)	10 342	-37 658	6 744	13 553

	3rd quarter 2006 01.07.2006 30.09.2006	3 quarters 2006 01.01.2006 30.09.2006	3rd quarter 2005 01.07.2005 30.09.2005	3 quarters 2005 01.01.2005 30.09.2005
B. Net cash flows from investing activities				
I. Cash provided by investing activities	8 070	71 310	14 451	20 391
1. Disposal of intangible assets and tangible fixed assets	38	7 059	3	72
2. Disposal of investments in real-estate and intangible assets		55 041	13 200	13 200
3. Disposal of financial assets, of which:	8 032	9 210	1 248	7 119
a) in related companies	1 425	1 757	733	2 204
- disposal of financial assets				
- dividends and shares in profits	1 425	1 425	733	2 204
- payment of long-term loans granted		332		
- interests				
- other income from financial assets				
b) in other companies	6 607	7 453	515	4 915
- disposal of financial assets		53	99	488
- dividends and shares in profits			1	1
- payment of long-term loans granted	107	178	11	152
- interests		722	404	4 274
- other income from financial assets	6 500	6 500		
4. Other investing income				
II. Expenses	11 401	15 843	716	970
1. Purchases of intangible assets and tangible fixed assets	11 347	13 886	716	970
2. Investments in real-estate and intangible assets				
3. For financial assets, of which:	0	319	0	0
a) in related companies	0	319	0	0
- acquisition of financial assets				
- long-term loans granted		319		
b) in other entities	0	0	0	0
- acquisition of financial assets				
- long-term loans granted				
4. Dividends and other shares in profits paid to minority				
5. Other investing expenses	54	1 638		
III. Net cash flows from investing activities (I-II)	-3 331	55 467	13 735	19 421

	3rd quarter 2006 01.07.2006 30.09.2006	3 quarters 2006 01.01.2006 30.09.2006	3rd quarter 2005 01.07.2005 30.09.2005	3 quarters 2005 01.01.2005 30.09.2005
C. Cash flows from financing activities				
I. Inflows	0	68 319	0	0
1. Net inflows from issuance of shares and other capital securities and additional paid-in capital		68 319		
2. Credits and loans				
3. Issuance of debt securities				
4. Other financial income				
II. Expenses	25 085	38 592	22 429	35 328
1. Acquisition of own shares			-405	23
2. Dividends and other payments for the benefits of the owners				
3. Other than payments in favour of owners, expenses by virtue of profit distribution				
4. Payments of credits and loans	23 329	31 797	20 468	28 565
5. Redemption of debt securities				
6. By virtue of other financial liabilities				
7. Payments of liabilities by virtue of finance lease agreement	17	242		
8. Interests	1 739	6 553	2 366	6 740
9. Other financial expenses				
III. Net cash flows from financing activities (I-II)	-25 085	29 727	-22 429	-35 328
D. Total net cash flows (A.III+B.III+C.III)	-18 074	47 536	-1 950	-2 354
E. Change in balance-sheet cash and cash equivalents	-18 074	47 536	-1 950	-2 354
- of which change in cash and cash equivalents due to foreign exchange differences		16	201	202
F. Cash and cash equivalents - beginning of period	70 268	4 658	6 273	6 678
G. Cash and cash equivalents - end of period (D+F)	52 194	52 194	4 324	4 324
- of which those with restricted availability				

Off balance-sheet liabilities

	30.09.2006	30.06.2006	31.12.2005	30.09.2005
1. Contingent liabilities	0	0	0	0
1.1. From related entities (by virtue of)	0	0	0	0
- received warranties and guarantees				
1.2. From other entities (by virtue of)	0	0	0	0
- received warranties and guarantees				
2. Contingent liabilities	21 805	14 536	4 474	278 169
2.1. In favour of related entities (by virtue of)	13 336	11 731	84	98
- granted warranties and guarantees	13 336	11 731	84	98
- customs warranties				
- other				
2.2. In favour of other entities (by virtue of)	8 469	2 805	4 390	278 071
- granted warranties and guarantees	8 469	2 805	4 390	278 071
- opening of the letter of credit				
- bill of exchange guarantees				
2.3 Other (by virtue of)	0	0	0	500
- mortgage				
- third party goods				
- other				500
Total off-balance sheet liabilities	21 805	14 536	4 474	278 669

Commentary to the consolidated quarterly report of the Capital Group of Stalexport SA for the 3rd quarter of the year 2006

I. Applied accounting principles, including methods of assets and liabilities valuation, measuring the financial result and preparing financial statement.

Issuer: Stalexport Joint Stock Company, with seat in: 40-085 Katowice, ul. Mickiewicza 29, Judicial National Register KRS no 16854.

Core business: wholesale of metals and metal ores - PKD 5152.

The consolidated financial report for third quarter 2006 was drawn up under the assumption of continuation of the business activity of the Capital Group of Stalexport S.A.

The consolidated financial report for 3rd quarter 2006 was drawn up according to the binding International Accounting Standards and International Financial Reporting Standards binding as at 30.09.2006, and in matters not settled in the mentioned standards according to the act on accountancy dated 29.09.1994 (Dz. U. of 2002 No 79, item 694 with later amendments).
All financial data are shown in thousand zlotys, unless otherwise stated.

Stalexport S.A. is the dominant company and it draws up the consolidated financial statement.

Full consolidation in the dominant company included the following subsidiary companies (in brackets - share of Stalexport S.A. in stock capital at the end of the 3rd quarter 2006):

- Capital Group Stalexport Autoroute S.a.r.l. Luxembourg (100,00%)
comprising:
 - Stalexport Autostrada Małopolska S.A. Mysłowice (100,00%)
 - Stalexport Transroute Autostrada S.A. Mysłowice (55,00%)
 - Stalexport Autostrada Dolnośląska S.A. Katowice (100,00%)
 - Stalexport Metalzbyt Sp. z o.o. Białystok (98,76%)
 - Stalexport Serwis Centrum S.A. Katowice (97,78%)
 - Stalexport Serwis Centrum Bełchatów S.A. Rogowiec (95,14%)
 - Stalexport Centrostal S.A. Lublin (66,00%)

The entities the shares of which do not constitute essential items in consolidated financial report, were not covered by the financial consolidated report.

The evaluation of shares with ownership right method was applied for associated company:

- Biuro Centrum Sp. z o.o. Katowice - (40.63%)
- Stalexport Autostrada Śląska S.A. Katowice (37.50%)

The principles of accounting policy accepted by the Capital Group

Principles of consolidation

Consolidated financial report covers the report of the dominant entity - Stalexport S.A. and the reports of the subsidiary companies controlled by the dominant entity. Control is understood as the possibility to manage the operating and financial policy of the entity by the dominant entity in order to achieve economic benefits.

Subsidiary entities

Subsidiary companies purchased in the financial year are covered by the consolidated financial report as from the date they are controlled by the dominant company. On the date of purchasing the subsidiary entity (getting the control), the assets, liabilities and contingent liabilities of the subsidiary company are evaluated at fair value. The surplus of purchasing price over the fair value of the acquired net assets is the goodwill. The surplus of the taken over net assets stated in fair values, is shown in profit and loss account of the financial year, in which the purchase occurred.

The shares of the minority shareholders are shown according to fair value of net assets falling to them.

All the financial operations between entities of the Capital Group are excluded from the consolidated financial report. All profits and losses regarding economic operation in progress on the date of drawing up the consolidated financial report are also subject to elimination. A part of equity capital of the capital group of Stalexport S.A. falling to minority capital is shown in separate item of equity capital.

Associated entities

Associated entities are the ones on which the group has considerable impact, understood as the impact on decisions taken in operating and financial policies.

Shares in associated entities are shown in financial report according to evaluation via ownership right method, excluding the situation when these shares are classified as available for sale.

The purchase price of share in associated entity is subject to any adjustments by changes in fair value of net assets, falling to value of possessed share since its purchase to the date of the financial report and results of the stated loss of value.

All profits and losses on transactions carried out between entities in the group and the associated companies, are subject to exclusions to the level of held share.

Long-term assets

Tangible fixed assets

The fixed assets comprise the assets components according to the net purchase prices (without VAT tax) the period of use of which exceeds 1 year; and the right of perpetual usufruct of land, the co-operative ownership right to an apartment, the land in perpetual usufruct.

Tangible fixed assets are amortised by straight line method in the period of economic use. Fixed assets are amortised the moment they are accepted for usage.

Land is not amortised. The costs of overhaul and modernisation not increasing the opening use value of given component of fixed assets, debit the costs of period in which they were borne.

Fixed assets, which are the subject of financial leasing, are shown in the balance sheet on a par with other components of fixed assets and they are subject to amortisation according to the same principles.

Intangible assets

Intangible fixed assets acquired from the economic entity within the separate transaction are evaluated according to the purchase price. Intangible assets purchased within the transaction of taking over the economic entity are shown in assets separately from the goodwill, if at initial disclosing their fair value can be reliably determined.

Intangible assets with determined period of use are subject to amortisation via straight line method in the period of their economic use.

Goodwill of the subordinated entities

Goodwill shown as the component of assets on the date of its purchase, constitutes the surplus of purchase price over the fair value of the acquired assets, liabilities and contingent liabilities of the subsidiary, associated or correlated entity. This value is subject to yearly tests for loss of value. Loss of value stated during the conducted tests is momentarily shown in profit and loss account and it is not subject to subsequent correction.

Long-term receivables

Long-term receivables are evaluated in the amounts due for payment, considering the principles of careful evaluation, thus decreased by the updating write offs.

Long-term investments

The components of long-term financial assets are evaluated at purchase prices considering the adjustment for permanent loss of value.

The real estates investments are maintained so as to achieve the incomes from lease or accrual of their value, they are evaluated on the date of their purchase according to purchase price (manufacturing cost), on the balance sheet date according to their fair value. Revenues and costs connected with achieving the fair value by them, are assigned to profit and loss account in the period they originated.

Assets available for sale

Assets available for sale is the group of assets for which the Company's management has been looking for purchasers and it is probable that the assets will be sold within one year or they are immediately available for sale.

Assets by virtue of deferred income tax

The balance sheet value of the component of assets by virtue of deferred income tax is verified on each balance sheet date and it is subject to write-off in case when there is doubt of taking economic advantage by the Group, connected with using the tax assets.

Short-term assets

Inventories

Inventories of materials and goods are evaluated as on the balance sheet date according to the purchase price. Finished products and work in progress are evaluated according to the technical manufacturing cost (determined as the direct costs and price spread of indirect costs determined upon assumption of usual use of production capacity). The technical manufacturing costs does not comprise the evaluated costs of external financing.

The method FIFO "first in, first out" was accepted as the method of disposal of inventories.

If the purchase price or the technical manufacturing cost is higher than anticipated sale price, the Company establishes updating write offs which correct own sale cost.

Moreover the Company establishes updating write offs for inventories which do not show rotation over 360 days.

Short-term receivables

Short-term receivables are shown in value due for payment considering careful evaluation, i.e. diminished by the updating write-offs which result from carried out analysis of these receivables and from decisions made by the Management Boards of the Companies.

The amounts of established write-offs updating the receivables are assigned to other costs of activity.

Short-term investments

Short-term investments comprise:

- securities which are shown in purchase prices according to the method first in – first out and are subject to revaluation as on the balance sheet date, according to stock exchange listing as on 29.09.2006 given by Warsaw Stock Exchange,
- short-term loans shown in the amount due for payment.

Cash and its equivalent

Cash comprises cash at bank and on hand. They are shown according to nominal value, and in foreign currencies calculated according to binding average rate of National Bank of Poland as on 29.09.2006. Positive rate differences increase financial incomes and negative rate differences increase financial costs.

Liabilities

Long-term liabilities

Liabilities comprise:

- receivables by virtue of credits and loans – are shown at purchase prices corresponding fair price of received cash,
- arrangement liabilities – were recorded in connection with concluded agreement by Stalexport S.A. with creditors after taking into consideration of 40 % depreciation resulting from concluded arrangement proceedings;
- leasing liabilities – are evaluated on the date the leasing begins, according to the lower of two values: fair value of the subject of leasing or current value of minimum leasing charges,
- liabilities towards the State Treasury shown in the amount due for payment according to the concluded agreement,
- deferred income tax reserve – established for put down interests on receivables, for evaluation of land in perpetual usufruct and other evaluations of assets,
- reserves for other liabilities – established when the Company has legal duty resulting from the past events and when it is probable that the fulfilment of this duty results in outflow of means and that reliable evaluation of the amount of this liability can be made,
- long-term interperiod settlements – comprise long-term settlements of incomes by virtue of rents for Passengers Servicing Centres and lease of light pipes in the company Stalexport Autostrada Małopolska S.A. Mysłowice. The period of settlement till 2027.

Short-term liabilities

These liabilities are shown in the amount due for payment.

Negative rate differences were included in costs of financial transactions, while positive rate differences were included in financial incomes.

Short-term liabilities comprise:

- credits and loans which were granted for one year,
- liabilities by virtue of trade account receivable – liabilities with maturity up to one year
- other liabilities – liabilities by virtue of customs, taxes, insurances and other benefits prepayments received, bill of exchange liabilities, by virtue of investments, received due payments on account of an increase in share capital, and other,
- reserves for liabilities and short-term interperiod settlements – refer to the same items as the ones mentioned in long-term liabilities, but with the execution period up to one year.

II. Financial results of the capital group and the dominant entity for 3rd qtr 2006

Financial results of the capital group of Stalexport S.A.

The capital group of Stalexport S.A. for 3rd quarter 2006 shows consolidated gross profit in the amount of 28,345 thousand zloty including:

- gross profit on sale of products and services	44,224 thousand zloty
- sales and management costs	21,934 thousand zloty
- profit on other operating activity	8,874 thousand zloty
- loss on financial activity	- 2,818 thousand zloty

Consolidated net profit for 3rd qtr 2006 amounts to 22,277 thousand zloty including:

- profit per minority shareholders	894 thousand zloty
- profit per shareholders of the Company	21,383 thousand zloty

The consolidated financial result of 3rd quarter 2006 was affected by the financial results of the companies of the capital group, which for each companies were as follows:

- Stalexport S.A.	418 thousand zloty
Stalexport Serwis Centrum S.A. Katowice	662 thousand zloty
- Stalexport Centrostal S.A. Lublin	142 thousand zloty
Stalexport Serwis Centrum Bełchatów S.A. Rogowiec	2 thousand zloty
- Stalexport Metalzbyt Sp. z o.o. Białystok	63 thousand zloty
Stalexport Autostrada Małopolska S.A. Mysłowice	19,458 thousand zloty
- Stalexport Transroute Autostrada S.A. Mysłowice	1,847 thousand zloty
- Stalexport Autostrada Dolnośląska S.A. Katowice	- 40 thousand zloty

Financial results of the dominant entity - Stalexport SA

In 3rd quarter 2006 the incomes from sale of Stalexport S.A. amounted to 119,198 thousand zloty and were by 21 % higher in comparison with the analogous period of the previous year.

An increase in export sale and products (reinforcement elements) were the main factors of an increase in incomes from sale. In 3rd quarter 2006 Stalexport S.A. achieved gross profit on sales in the amount of 8,724 thousand zloty.

The positive result on other operating activity in the amount of 5,701 thousand zloty resulted from dissolved allowance for tax assets (7,065 thousand zloty – sale of the real estate in Katowice), dissolving updating allowances for commercial receivables in the amount of 894 thousand zloty,

written off arrangement liabilities in the amount of 835 thousand zloty, which increased the other operating incomes, and borne loss on sale of fixed assets in the amount of 3,148 thousand zloty, which affected an increase in other operating costs.

For the period of 3rd qtr 2006 Stalexport S.A. achieved profit on operating activity in the amount of 31,163 thousand zloty, which was by 14,675 thousand zloty higher (by 89%) in comparison with the profit for the period of 3rd qtr 2005.

Stalexport S.A. incurred a loss on financial activity in the amount of 1,654 thousand zloty. The biggest items of financial costs were: interest on guarantees concerning Walcownia Rur Jedność (2,128 thousand zloty), interests on executed arrangement instalment (1,096 thousand zloty) and interests on credits (1,568 thousand zloty); while considerable items of financial incomes are: interests received (2,486 thousand zloty) and dividend (1,368 thousand zloty) received from Stalexport Autoroute S.a.r.l. – subsidiary entity with seat in Luxembourg.

Summing up, Stalexport S.A. for 3rd qtr 2006 achieved net profit in the amount of 418 thousand zloty, while for 3rd qtr 2005 it shows net loss in the amount of 12,224 thousand zloty.

For three quarters 2006 gross loss amounts to 13,460 thousand zloty, while the net result shows loss in the amount of 4,863 thousand zloty. Diminishing of net financial result was caused by dissolving, established in 2005, a reserve for income tax in connection with re-valuation of the right of perpetual usufruct of land in Warsaw at Obrzeźna Street, which was sold in the 1st half 2006.

The stock capital increase in the dominant entity Stalexport S.A

In 3rd qtr 2006 there was an increase in stock capital in the dominant entity, Stalexport S.A., by issuing 50,000,000 ordinary bearer shares of F series with nominal value of 2 zloty each share; from the amount of 215,524 thousand zloty to the amount of 315,524 thousand zloty, i.e. by the amount of 100,000 thousand zloty. The shares of F series were subscribed in two “tranches”.

On the basis on the Agreement signed with Bank Syndicate and the Management Board’s resolution no 63 dated 5.06.2006, changed by the resolution no 71/2006 dated 9.06.2006, the Company carried out the private subscription directed to Bank Syndicate. On 9.06.2006 within the private subscription the agreements on subscribing the Ist Tranche of shares of F series between the Company and Bank Syndicate were signed. In the framework of the Ist tranche of shares of F series Stalexport S.A. issued 15,840,622 ordinary bearer shares of F series with nominal value of 2 (two) zloty each share. All shares were subscribed at the issue price equal to 2,2458 zloty per one share and covered by non-cash contributions in the form of the receivables due the Bank Syndicate.

The shares of IInd Tranche of F series were issued upon the authorization granted the Management Board of the Company by the General Meeting of the Company to increase the stock capital within the target capital by the maximum amount of 100,000,000 zloty. On 26.06.2006 the Management Board of Stalexport S.A. passed the resolution no 82/2006 in regard to increasing the stock capital of the Company within the target capital by issuing 34,159,378 shares of the IInd Tranche of F series directed and subscribed by cash, by Autostrade S.p.A., at the issue price of 2.00 zloty per one share.

The stock capital increase resulting from the issue of shares of F series was registered by the District Court in Katowice, Economic Department of the Judicial National Register in the 3rd qtr 2006.

The stock capital increase considerably affected the amount of the equity capital both in individual and consolidated balance sheet.

The equity capital of Stalexport S.A. at the end of 3rd qtr 2006 amounts to 107,549 thousand zloty and is by 104,311 thousand zloty higher in comparison with the balance at the end of 2005. The share of equity capital in total assets increased from 0.3% to 20.4%.

The consolidated equity capital of Stalexport S.A. at the end of 3rd qtr 2006 amounts to 179,534 thousand zloty and is by 146,129 thousand zloty higher in comparison with the balance at the end of 2005. The share of the consolidated equity capital in total assets increased from 4.3 % to 21.4 %.

Financial results of the commercial companies

The incomes from sale of 4 subsidiary companies conducting commercial activity in 3rd quarter 2006 were higher by 6,420 thousand zloty (by 26%) in comparison with 3rd quarter 2005. The financial results of all commercial companies were positive and amounted to 869 thousand zloty, what resulted in increasing the consolidated financial result.

Financial results of motorway activity

The motorway activity had an essential impact upon the consolidated financial result for 3rd quarter 2006, which consists in operating, toll collection and execution of motorway investments on A4 motorway section Katowice -Kraków. This activity has been conducted by two subsidiary companies: Stalexport Autostrada Małopolska S.A., and Stalexport Transroute Autostrada S.A. in Myslowice, the dominant entity of which is Stalexport Autoroute S.a.r.l. with seat in Luxembourg. Stalexport Autoroute S.a.r.l. is the subsidiary company of Stalexport S.A. in 100%.

Stalexport Autostrada Małopolska S.A. – which is the concessionaire – carries out the motorway investments. Stalexport Transroute Autostrada S.A. is dealing with current operating of motorway and on the behalf of SAM S.A. collects the tolls.

The consolidated revenues for 3rd quarter 2006 amounted to 35,138 thousand zloty and were by 39% higher in comparison with 3rd quarter 2005. This increase resulted from traffic increase.

Consolidated net profit of both companies for 3rd quarter 2006 amounts to 21,305 thousand zloty.

III. Balance of reserves and deferred income tax in the Capital Group of Stalexport S.A.

Stalexport S.A. the dominant company, because of the maintaining tax loss, does not create activated tax, while assets by virtue of deferred income tax in the capital group of Stalexport S.A. amounts to 6,071 thousand zloty, and reserve by virtue of deferred income tax amounts to 2,281 thousand zloty.

The balance of reserves in the group as at 30.09.2006 amounts to 16,469 thousand zloty, out of which, including:

- long-term ones - 12,764 thousand zloty
- short-term ones - 3,705 thousand zloty

In comparison with 2nd quarter 2006 the balance of reserves decreased by 710 thousand zloty, while in comparison with the analogous period of the previous year it increased by 136 thousand zloty.

IV. Average EUR rates of exchange during the period covered by the financial report established by the National Polish Bank

Items of balance sheet assets and liabilities have been converted into EUR according to the National Polish Bank average rate of exchange that amounted to 3,9835 zloty binding on 29.09.2006.

Specific items in the profit and loss account pertaining to 3rd quarter 2006 have been converted into EUR according to the rate 3,9171 zloty, being the arithmetic mean of average exchange rates published by the National Polish Bank, binding on the last day of each month of the third quarter 2006.

V. List of Shareholders having more than 5% of the total number of votes at the General Meeting of Shareholders on 14.11.2006

Shareholders having more than 5% of the total number of votes authorizing them to participate in the General Meeting of Shareholders of Stalexport S.A. are as follows:

	Number of shares	%
Autostrade S.p.A. Rome	34,159,378	21,65%
Narodowy Fundusz Ochrony Środowiska i Gospodarki Wodnej	18,022,835	11,42%
Powszechna Kasa Oszczędności Bank Polski S.A.	8,863,385	5,62%
Fund - Julius Baer Internationale Equity Fund	8,409,631	5,33%
Customers of the company Julius Baer Investment Management LLC	7,925,631	5,02%

VI. List of shares held by the group of persons managing and supervising the dominant entity as at 14.11.2006

Managing persons - 82,430 shares
Supervising persons - 30,010 shares

VII. Specification of judicial proceedings pending in court as at 30.09.2006

Legal proceedings of considerable value pending before the court and regarding Stalexport S.A.:

Item	Case number	Amount in zloty	Adverse party	legal status
1.	93/00/Ba	4,135,410.85	Bike-Sport Sp z o.o. Gliwice	Adjudging judgement of 19.07.2001 payment to be enforced ca 4,135,410.85-zloty of main receivable and also interests and proceedings costs By decision of court executive officer the executive proceedings were discontinued because of the change of seat of the company on 13.07.2005 A motion to levy the execution from bank accounts

			and movables which are in the new seat of the debtor. Seizure of the bank accounts without effects. There is probability of discontinuance of proceedings.
2.	60/03/Ba	1,366,061.00	SEBA Sp. z o.o.
			Payment order of 10.12.2003 legally valid with executory formula 01.09.2005 District Court in Katowice declared it insolvent covering liquidation of the debtor's assets. Court executive Officer discontinued the executive proceedings, receivable was notified in bankruptcy proceedings X GUP 26/5/1
3.	73/03/Ba	1,366,061.00	SEBA Sp. z o.o.
			Payment order of 27.01.2003. legally valid with executory formula directed to court executive officer on 03.08.2004 01.09.2005 District Court in Katowice declared it insolvent covering liquidation of the debtor's assets. Court executive Officer discontinued the executive proceedings, receivable was notified in bankruptcy proceedings X GUP 26/5/1
4.	5/04/Ba	1,366,061.00	SEBA Sp. z o.o.
			Payment order of 30.03.2004 legally valid with executory formula 01.09.05 District Court in Katowice declared it insolvent covering liquidation of the assets of the debtor. Court executive officer discontinued executive proceedings. Debts reported in bankruptcy proceedings X GUP 26/5/1
5.	25/04/Ba	2,006,500.00	Mirosław Ćwiąka FHP MIMEX Mielec
			payment order of 11.04.2004. decision of court executive officer of 16.05.2006 termination due to the fact that from enforcement one will not get higher sum than costs of enforcement. Decision of execution on execution from real estate
6.	150/06/ Ba	2,807,241.00	Hydrobudowa-6
			date of trial was appointed on 08.12.2006
7.	85/06/Ba	5.130.789,57	Arkadiusz Czerwiński TOP-AR Piła
			claim of 04.08.2006

8.	86/06/S	3.540.771,81	Marek Tutlewski MEGA-Bis Walcz	claim of 04.08.2006 sentence of 18.08.2006 Executory formula of 15.09.2006
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In 2002 Stalexport Transroute Autostrada S.A. due to the instituted anti-monopoly proceedings received the decision of the President of Anti-monopoly Office inflicting a penalty in the amount of 678 thousand zlotys, for applying practices limiting competition. For the a/m amount the company established a reserve debiting other operating costs of 2002.

On 24.03.2004 before District Court in Warsaw a trial was held, by action of Stalexport Transroute Autostrada S.A. against President of the Anti-monopoly Office, for appeal of STA S.A. against the decisions of President of Anti-monopoly Office no RKT 6/2003 issued on 21.03.2003. The Court passed a judgement, according to which the appeal lodged by the company was totally dismissed. The Company lodged a cassation to the Court of Appeal in this matter, and the date of a trial was assigned for September 20, 2006. The Court of Appeal dismissed the appeal, the penalty was paid by the company o 25.10.2006. Despite penalty payment the Management Board of Stalexport Trasnroute Autostrada S.A. is planning to lodging cassation do the Supreme Court.

In other entities constituting the Capital Group the value of proceedings running before the court does not exceed the amount of 10% of the equity.

VIII. Description of essential events in the Capital Group of Stalexport SA in the period from 01.07.2006 to 30.09.2006

- § On July 10, 2006, Stalexport S.A. received the Decision of the District Court in Katowice, Economic Department of the National Judicial Register dated July 6, 2006, in regard to an increase in the share capital of the Company. The Court's decision resulted in the increase in the share capital of the Company from the amount of 215,524,046 zloty to the amount of 247,205,290 zloty; an increase in number of shares from 107,762,023 to 123,602,645 ordinary bearer shares with nominal value of 2 zloty each share. The issue was in total subscribed by the Bank Syndicate and covered by non-cash contributions in the form of receivables.
- § On August 2, 2006 Stalexport S.A. received the Decision of the District Court in Katowice, Economic Department of the National Judicial Register dated July 27, 2006, in regard to an increase in share capital of the Company. The Court's Decision resulted in increasing the share capital of the Company from the amount of 247,205,290 zloty to the amount of 315,524,046 zloty, i.e. by the amount of 68,318,756 zloty; an increase in number of shares from 123,602,645 shares to 157,762,023 ordinary bearer shares with nominal value of 2 zloty each share. The total issue was subscribed in cash by Autostrade S.p.A.

- § On August 4, 2006 the Management Board of Stalexport S.A. signed as the other party two agreements concluded with Hutmen S.A., with seat in Wrocław, at Grabiszyńska 241, Street. The subject of the agreement: the delivery of coins blankets, the receiver of which is the Ukrainian Mint. Walcownia Metali „Dziedzice” S.A., subsidiary entity of Hutmen S.A. is the producer of the coins blankets. Total value of the agreements amounts to 5,656 thousand EUR, while estimated value of the agreements in zloty amounts to 21,870 thousand zloty. The agreements will be executed to the end of 2006. The criterion of recognising the agreements as the significant ones is the fact that their total value exceeds 10 % of the equity capital of Stalexport S.A
- § On September 12, 2006 the Management Board of Stalexport S.A. received an information on validation of the Court’s decision on striking off the company Centrostal Profil Sp. z o.o. in liquidation with seat in Cracow (associated company – with share of Stalexport S.A. in the amount of 49,15%) from the National Judicial register (KRS) as from 28.07.2006.
- § On September 14, 2006 the Management Board of Stalexport S.A. signed with the company Belgian Polish Investment Sp. z o.o. with seat in Wrocław an purchase agreement of the right of perpetual usufruct of land and the ownership of building for the net amount of 5,700 thousand zloty. This agreement in question concerns the real estate located in Warsaw, section Ursus, at Gierdziejewskiego 3, Street, with total area of 14,481 sq. m. along with production surface of 7,290 sq. m. The amount resulting from the agreement was paid. The criterion of recognising the agreements as the significant ones is the fact that their total value exceeds 10 % of the equity capital of Stalexport S.A
- § On September 19, 2006 the person supervising the Company purchased on stock market 30 thousand shares of Stalexport S.A. The purchase price of one, ordinary bearer share amounted to 3,14 zloty.
- § In 3rd qtr 2006 Stalexport S.A. concluded export contracts for deliveries to:
- Germany, Sweden and Belarus for total amount of ca 7 m zloty, with execution date in August 2006,
 - the USA, South America and Germany with total value of 34.3 m zloty, execution: in 3rd qtr 2006,
 - the United Kingdom with total value of ca 860 thousand zloty, execution in September-October 2006,
 - the USA with total value of ca 3.6 m zloty, execution: 4th qtr 2006,
 - Germany with total value of ca 1.8 m zloty, execution: September 2006,
 - North and South America with total value of ca 12 m zloty, execution: 4th qtr 2006,
 - the Scandinavian countries with total value of 900 thousand zloty, execution September - October 2006.

IX. Events occurring after the date of the consolidated balance-sheet

- § On October 4, 2006 Stalexport S.A. received from the representative of the Company Julius Baer Investment Management LLC („the Company”) a notification of purchasing of shares resulting in the crossing of the threshold of 5 % at the GSM of Stalexport S .A. by the clients – represented by the above mentioned Company, with seat in new York, at 330 Madison Avenue, NY 10017, USA. In result of an open market transaction on 29.09.2006, the clients of „the Company” hold in aggregate 7,925,631 shares/votes at the GSM, what constitutes 5,02% of the total number of shares/votes at the GSM. Before this transaction the clients of „the Company” held in aggregate 7,600,631 shares/votes, what constituted 4,82 % of the total number of shares/votes at the GSM
- § On October 9, 2006 Stalexport S.A. received from Julius Baer Internationale Equity Fund with seat in New York, at 330 Madison Avenue, NY 10017, USA („the Company”) a notification of purchasing of shares resulting in the crossing of the threshold of 5 % at the GSM of Stalexport S .A. In result of an open market transaction on 04.10.2006, ‘the Company” hold in aggregate 8,409,631 shares/votes at the GSM, what constitutes 5,33% of the total number of shares/votes at the GSM f the Company Stalexport S.A. Before this transaction „the Company” held in aggregate 7,799,631 shares/votes, what constituted 4,94 % of the total number of shares/votes at the GSM.
- § On October 9, 2006 Stalexport S.A. received:
- The decision of the District Court in Katowice X-Economic Department dated 30.06.2006 on acceptance of the arrangement with the creditors of the company CENTROZAP S.A. in Katowice.
 - A parcel of shares of CENTROZAP SA issued for 90,431,165 bearer shares of C series, with total nominal value of 9,043,116.50 zloty. Nominal value of 1 share amounts to 0.10 zloty. The a/m shares constitute 8.34% in stock capital of CENTROZAP S.A. and were subscribed by STALEXPORT S.A. within the agreement with creditors of CENTROZAP S.A., accepted by Court’s decision dated 30.06.2006. The shares were subscribed at price of 0.15 zloty per one share and were covered by arrangement liabilities.
- § On October 20, 2006 in the seat of the Company the Extraordinary General Meeting of Shareholders of Stalexport S.A. was held. The shareholders present at the EGSM represented 83,498,995 shares out of total number 157,762,023 share/votes, what constituted 52,93% of the share capital of the Company. The detailed content of the resolutions passed by the EGSM was published in the current report no 80/2006.
- § On the motion of Mr. Emil Wąsacz, the Supervisory Board of Stalexport S.A. at the meeting on 21.10.2006 – considering his current personal situation decided to suspend Mr. Emil Wąsacz in duties of the Chairman of the Management Board of Stalexport S.A. for the period from 01.11.2006 to 31.12.2006. In this period Mr. Emil Wąsacz will be performing the function of the General Director of the Company. Simultaneously the Supervisory Board has

put Mr. Mieczysław Skołączyński, Vice-Chairman of the Management Board of the Company in performing the duty of (interim) of the Chairman of the Management Board for the period from 01.11.2006 to 31.12.2006.

- § Stalexport S.A. in 4th qtr 2006 concluded export contracts for deliveries to Germany and Czech Republic with value of ca 3.8 m zloty, to South America with total value of ca 27.5 m zloty and to Scandinavian countries with total value of ca 1 m zloty. Execution of the mentioned deliveries. October, November 2006.

X. Contingent liabilities

Contingent liabilities of the capital group of Stalexport S.A. as at 30.09.2006 amount to 32,055 thousand zloty, out of which: :

- | | |
|---|-----------------------|
| • by virtue of granted warranties and guarantees, | 32,055 thousand zloty |
| out of which for the benefit of: | |
| - related entities covered by consolidation | 23,336 thousand zloty |
| - related entities not covered by consolidation | 250 thousand zloty |
| - other entities | 8,469 thousand zloty |
| • by virtue of other liabilities, | - |
| out of which for the benefit of: | |
| - related entities | - |
| - other entities | - |

The dominant company Stalexport S.A. possesses the contingent liabilities for the total amount of 21,805 thousand zloty, by virtue of:

- | | |
|---|-----------------------|
| • granted guarantees and warranties for the benefit of: | |
| - related entities | 13.336 thousand zloty |
| - other entities | 8.469 thousand zloty |

The amount of guarantees granted by Stalexport S.A. in comparison with 3rd quarter 2005 diminished by 256,864 thousand zloty. The liabilities decrease resulted in including to the balance sheet items, the guarantee granted Walcownia Rur Jedność Sp. z o.o. in Siemianowice Śląskie in the amount of 119,208 thousand zloty.

The only binding version is the Polish original that should be referred to in matters of interpretation.

ZARZĄD :

**Wiceprezes Zarządu Dyrektor Finansowy
p.o. Prezesa Zarządu
Mieczysław Skołożyński**

14.11.2006 r.

Data

Podpis

**Członek Zarządu Dyrektor Handlowy
Urszula Dzierżoń**

14.11.2006 r.

Data

Podpis

**Osoba, której powierzono
prowadzenie ksiąg rachunkowych :**

**Prokurent Główny Księgowy
Małgorzata Michalunio-Kępys**

14.11.2006 r.

Data

Podpis