

**SECURITIES AND STOCK EXCHANGE COMMITTEE**  
00-950 Warszawa Plac Powstańców Warszawy 1

**SA-Q 1/2004**

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

According to § 57 passage 2 of the Decree of the Cabinet of 16.10.2001 - Journal of Law No 139, item 1569 and of 2002 No 31, item 280

The Management Board of STALEXPORT Joint Stock Company publishes quarterly report for I /2004

30.04.2004  
date of publishing

Selected financial data	in thousand zlotys		in thousand EURO	
	1 quarter 2004	1 quarter 2003	1 quarter 2004	1 quarter 2003
	01.01.2004 31.03.2004	01.01.2003 31.03.2003	01.01.2004 31.03.2004	01.01.2003 31.03.2003
I. Net sales revenues	181 057	200 858	37 769	41 900
II. Operating profit (loss)	11 716	10 828	2 444	2 259
III. Profit (loss) before taxation	7 927	12 011	1 654	2 506
IV. Net profit (loss)	7 789	11 939	1 625	2 491
V. Net cash flows from operating activities	3 074	5 835	648	1 230
VI. Net cash flows from investing activities	14 616	12 722	3 080	2 681
VII. Net cash flows from financing activities	-12 473	-15 442	-2 628	-3 254
VIII. Total net cash flows	5 217	3 115	1 099	656
IX. Total assets	592 929	682 984	124 946	143 922
X. Liabilities and reserves for liabilities	639 440	1 027 743	134 747	216 572
XI. Long-term liabilities	209 643	441 799	44 177	93 099
XII. Short-term liabilities	216 155	249 346	45 549	52 544
XIII. Shareholders' equity	-46 511	-344 759	-9 801	-72 650
XIV. Share capital	215 524	25 668	45 416	5 409
XV. Number of shares	107 762 023	12 833 826	107 762 023	12 833 826
XVI. Earnings (loss) per ordinary share (in PLN / EUR)	0,33	-19,71	0,07	-4,11
XVII. Diluted earnings (loss) per ordinary share (in PLN / EUR)		-16,73		-3,49
XVIII. Book value per share (in PLN / EUR)	0,43	-26,86	-0,09	-5,66
XIX. Diluted book value per share (in PLN / EUR)		-22,81		-4,81
XX. Declared or paid-out dividend per ordinary share (in PLN / EUR)				



## Balance sheet

	31.03.2004	31.12.2003	31.03.2003	31.12.2002
<b>Assets</b>	<b>348 262</b>	<b>323 004</b>	<b>375 510</b>	<b>389 637</b>
<b>I. Fixed assets</b>	<b>1 446</b>	<b>1 739</b>	<b>2 515</b>	<b>2 771</b>
1. Intangible assets				
- of which goodwill	162 726	164 848	171 599	179 641
2. Tangible fixed assets	54 673	2 512	3 569	287
3. Long-term receivables	51 280	425	225	
3.1. From subsidiary and associated companies	3 393	2 087	3 344	287
3.2. From other companies	129 417	153 905	197 827	206 938
4. Long-term investments	36 658	36 658		
4.1. Real estate				
4.2. Intangible assets	92 559	117 047	182 003	191 114
4.3. Long-term financial assets	90 855	110 857	169 858	178 969
a) in subsidiary and associated companies				
- of which shares in companies valued under the equity method				
b) in other companies	1 704	6 190	12 145	12 145
4.4. Other long-term investments	200	200	15 824	15 824
5. Long-term deferred expenses	0	0	0	0
5.1. Deferred income tax				
5.2. Other deferred expenses				
<b>II. Current assets</b>	<b>244 667</b>	<b>236 348</b>	<b>307 474</b>	<b>259 034</b>
1. Inventories	56 257	31 200	18 225	12 057
2. Current receivables	164 334	185 037	269 753	231 642
2.1. From subsidiary and associated companies	21 020	84 829	109 107	110 869
2.2. From other companies	143 314	100 208	160 646	120 773
3. Short-term investments	22 319	19 591	16 691	13 577
3.1. Short-term financial assets	22 319	19 591	16 691	13 577
a) in subsidiary and associated companies		7 000		2
b) in other companies	5 026	515	73	72
c) cash and cash equivalents	17 293	12 076	16 618	13 503
3.2. Other short-term investments				
4. Short-term deferred expenses	1 757	520	2 805	1 758
<b>Total Assets</b>	<b>592 929</b>	<b>559 352</b>	<b>682 984</b>	<b>648 671</b>
<b>Shareholders' Equity and Liabilities</b>				
<b>I. Shareholders' Equity</b>	<b>-46 511</b>	<b>-56 412</b>	<b>-344 759</b>	<b>-356 497</b>
1. Share capital	215 524	215 524	25 668	25 668
2. Not paid-up share capital (negative value)				
3. Own shares in treasury (negative value)				
4. Reserve capital	2 634	2 634	2 612	71
5. Revaluation capital	8 488	8 488	8 589	11 130
6. Other reserve capitals	83 517	81 093		
7. Prior years' profit (loss)	-364 463	-404 142	-393 567	-123 791
8. Net profit (loss)	7 789	39 991	11 939	-269 575
9. Net profit write-downs during the financial year (negative value)				
<b>II. Liabilities and reserves for liabilities</b>	<b>639 440</b>	<b>615 764</b>	<b>1 027 743</b>	<b>1 005 168</b>
1. Reserves for liabilities	64 788	65 842	84 540	87 986
1.1. Reserve for deferred income tax	887	749	6 443	6 377
1.2. Provisions for pension and similar benefits	2 609	2 561	2 982	2 990
a) long-term provisions	1 788	1 858	2 982	2 990
b) short-term provisions	821	703		
1.3. Other provisions	61 292	62 532	75 115	78 619
a) long-term provisions	55 569	56 809	75 115	78 619
b) short-term provisions	5 723	5 723		
2. Long-term liabilities	209 643	222 438	441 799	362 289
2.1. To subsidiary and associated companies	6 581	8 525	21 591	20 756
2.2. To other companies	203 062	213 913	420 208	341 533
3. Current liabilities	216 155	174 438	249 346	303 294
3.1. To subsidiary and associated companies	15 748	25 734	60 459	57 521
3.2. To other companies	199 825	148 164	187 966	244 920
3.3. Special funds	582	540	921	853
4. Accrued expenses and deferred income	148 854	153 046	252 058	251 599
4.1. Negative goodwill				
4.2. Other accrued expenses and deferred income	148 854	153 046	252 058	251 599
a) long-term accruals	126 026	130 218	250 922	249 520
b) short-term accruals	22 828	22 828	1 136	2 079
<b>Total Shareholders' Equity and Liabilities</b>	<b>592 929</b>	<b>559 352</b>	<b>682 984</b>	<b>648 671</b>
Book value	-46511	-56412	-344759	-356497
Number of shares	107762023	107762023	12833826	12833826
Book value per share (in PLN) - basic	-0,43	-0,52	-26,86	-27,78
Diluted number of shares			15 114 774	15 114 774
Book value per share (in PLN) - diluted			-22,81	-23,59

Off-balance sheet liabilities

	31.03.2004	31.12.2003	31.03.2003	31.12.2002
1. Contingent receivables	0	0	0	0
1.1. From subsidiary and associated companies (due to)	0	0	0	0
- guarantees received				
1.2. From other companies (due to)	0	0	0	0
- guarantees received				
2. Contingent liabilities	353 657	354 273	311 623	322 913
2.1. In favour of subsidiary and associated companies	1 401	1 393	13 827	59 011
- guarantees extended	1 401	1 393	13 105	58 289
- bills of exchange			722	722
- other				
2.2. In favour of other companies (due to)	352 256	352 880	297 796	263 902
- guarantees extended	352 256	351 349	283 694	247 999
- letters of credit		1 531	14 102	15 903
- other				
3. Other (due to)	15 150	15 150	15 150	15 150
- customs guarantees	15 150	15 150	15 150	15 150
- other				
<b>Total off-balance-sheet liabilities</b>	<b>368 807</b>	<b>369 423</b>	<b>326 773</b>	<b>338 063</b>

PROFIT AND LOSS ACCOUNT

	1 quarter 2004 01.01.2004 31.03.2004	1 quarter 2003 01.01.2003 31.03.2003
<b>I. Net sales revenues</b>	181 057	200 858
- of which sales to subsidiary and associated companies	29 445	33 123
1. Net sales of products	25 351	19 567
2. Net sales of merchandise and raw materials	155 706	181 291
<b>II. Cost of products, merchandise and raw materials sold</b>	168 664	169 736
- of which sold to subsidiary and associated companies	240	13 968
1. Cost of products sold	24 211	
2. Cost of merchandise and raw materials sold	144 453	169 736
<b>III. Gross profit (loss) on sales (I-II)</b>	12 393	31 122
IV. Distribution expenses	3 750	22 049
V. General administrative expenses	4 764	5 332
<b>VI. Profit (loss) on sales (III-IV-V)</b>	3 879	3 741
VII. Other operating income	8 816	13 055
1. Gain on disposal of non-financial fixed assets	1	
2. Subsidies		
3. Other operating income	8 815	13 055
VIII. Other operating expenses	979	5 968
1. Loss on disposal of non-financial fixed assets		5 353
2. Revaluation of non-financial fixed assets		3
3. Other operating costs	979	612
<b>IX. Operating profit (loss) (VI+VII-VIII)</b>	11 716	10 828
X. Financial income	144 163	16 025
1. Equity income – dividends		
- of which from subsidiary and associated companies		
2. Interest receivable	2 296	2 922
- of which from subsidiary and associated companies	185	1 010
3. Gain on disposal of investments		
4. Revaluation of investments	141 479	7 304
5. Other financial income	388	5 799
XI. Financial expenses	147 952	14 842
1. Interest payable	5 123	5 595
- of which to subsidiary and associated companies	138	882
2. Loss on disposal of investments	141 754	6 486
3. Revaluation of investments		1 432
4. Other financial expenses	1 075	1 329
<b>XII. Profit (loss) on ordinary activities (IX+X-XI)</b>	7 927	12 011
<b>XIII. Result of extraordinary items (XIII.1. - XIII.2.)</b>	0	0
1. Extraordinary gains		
2. Extraordinary losses		
<b>XIV. Profit (loss) before taxation (XII+/-XIII)</b>	7 927	12 011
XV. Corporate income tax	138	72
a) current portion		
b) deferred portion	138	72
XVI. Other obligatory profit decreases (loss increases)		
XVII. Share in net profits (losses) of companies valued under the equity method		
<b>XIX. Net profit (loss) (XIV-XV-XVI+/-XVII)</b>	7 789	11 939
Net profit (loss) (on annual basis)	35 843	-252 923
Weighted average number of ordinary shares	107 762 023	12 833 826
Earning (loss) per ordinary share (in PLN) - basic	0,33	-19,71
Diluted weighted average number of ordinary shares		15 114 774
Earning (loss) per ordinary share (in PLN) - diluted		-16,73

## Cash flow statement

	1 quarter 2004 01.01.2004 31.03.2004	1 quarter 2003 01.01.2003 31.03.2003
<b>A. Cash flows from operating activities - indirect method</b>		
<b>I. Net profit (loss)</b>	7 789	
<b>II. Total adjustments</b>	-4 715	-6 104
1. Share in net (profits) losses of companies valued under the equity method		
2. Depreciation and amortisation	2 405	2 488
3. (Gain) loss on foreign exchange differences		
4. Interest and dividends	2 567	856
5. (Gain) loss on investing activities	141 793	5 353
6. Change in provisions	138	66
7. Change in inventories	-25 057	-6 168
8. Change in receivables	-31 458	-41 436
9. Change in current liabilities (excluding loans and bank credits)	38 514	38 341
10. Change in deferred and accrued expenses	-6 621	-4 099
11. Other adjustments	-126 996	-1 505
<b>III. Net cash flows from operating activities (I+II)</b>	3 074	-6 104
<b>B. Cash flows from investing activities</b>		
<b>I. Cash provided by investing activities</b>	14 657	14 274
1. Disposal of intangible assets and tangible fixed assets	1	3 494
2. Disposal of investments in real-estate and intangible assets		
3. From financial assets, of which:	14 656	10 780
a) in subsidiary and associated companies	500	9 765
- disposal of securities	500	8 960
- dividends and shares in profits		
- long-term loans collected		
- interest received		805
- other income from financial assets		
b) in other companies	14 156	1 015
- disposal of securities	5 500	1 015
- dividends and shares in profits		
- long-term loans collected	7 512	
- interest received		
- other income from financial assets	1 144	
4. Other investing income		
<b>II. Cash used in investing activities</b>	41	1 552
1. Purchases of intangible assets and tangible fixed assets	41	118
2. Purchases of investments in real-estate and intangible assets		
3. For financial assets, of which:	0	1 434
a) in subsidiary and associated companies	0	1 434
- acquisition of securities		1 434
- long-term loans granted		
b) in other companies	0	0
- acquisition of securities		
- long-term loans granted		
4. Other investing expenses		
<b>III. Net cash flows from investing activities (I-II)</b>	14 616	12 722
<b>C. Cash flows from financing activities</b>		
<b>I. Cash provided by financing activities</b>	0	0
1. Issuance of shares and other capital securities and additional paid-in capital		
2. Bank credits and loans contracted		
3. Issuance of debt securities		
4. Other financial income		
<b>II. Cash used in financing activities</b>	12 473	15 442
1. Acquisition of own shares		
2. Dividends and other payments to shareholders		
3. Profit distribution expenses other than payments to shareholders		
4. Payments of bank credits and loans	9 906	12 780
5. Redemption of debt securities		1 000
6. Payments of other financial liabilities		
7. Finance lease commitments paid		
8. Interest paid	2 567	1 662
9. Other financial expenses		
<b>III. Net cash flows from financing activities (I-II)</b>	-12 473	-15 442
<b>D. Total net cash flows (A.III+/-B.III+/-C.III)</b>	5 217	3 115
<b>E. Change in balance-sheet cash and cash equivalents</b>	5 217	3 115
- of which change in cash and cash equivalents due to foreign exchange differences		
<b>F. Cash and cash equivalents - beginning of period</b>	12 076	13 503
<b>G. Cash and cash equivalents - end of period (F+/-D)</b>	17 293	16 618
- of which those with restricted availability		

## Changes in company's equity

	1 quarter 2004 01.01.2004 31.03.2004	1 quarter 2003 01.01.2003 31.03.2003
<b>I. Shareholders' Equity at the beginning of period (opening balance)</b>	-56 412	-356 698
a) changes in accepted accounting principles (polices)		
b) corrections of material faults		
<b>I. Shareholders' Equity at the beginning of period (opening balance), after restatement to comparative data</b>	-56 412	-356 698
<b>1. Share capital at the beginning of period</b>	215 524	25 668
1.1. Changes in share capital	0	0
a) additions, of which:	0	0
- issuance of shares		
-		
b) reductions, of which:	0	0
- retirement of shares		
-		
<b>1.2. Share capital at the end of period</b>	215 524	25 668
<b>2. Not paid-up share capital at the beginning of period</b>		
2.1. Changes in not paid-up share capital	0	0
a) additions, of which:	0	0
b) reductions, of which:	0	0
<b>2.2. Not paid-up share capital at the end of period</b>	0	0
<b>3. Own shares in treasury at the beginning of period</b>		
3.1. Changes in own shares in treasury	0	0
a) additions, of which:	0	0
b) reductions, of which:	0	0
<b>3.2. Own shares in treasury at the end of period</b>	0	0
<b>4. Reserve capital at the beginning of period</b>	2 634	79
4.1. Changes in reserve capital	0	2 533
a) additions, of which:	0	2 533
- additional paid-in capital from issuance of shares		
- distribution of profit (by law)		
- distribution of profit (in excess of value required by law)		
-		
- sale of fixed assets		2 533
- other		
b) reductions, of which:	0	0
- coverage of loss		
<b>4.2. Reserve capital at the end of period</b>	2 634	2 612
<b>5. Revaluation capital at the beginning of period</b>	8 488	11 122
5.1. Changes in revaluation capital	0	-2 533
a) additions, of which:	0	0
b) reductions, of which:	0	2 533
- sale or disposal of tangible fixed assets		2 533
<b>5.2. Revaluation capital at the end of period</b>	8 488	8 589
<b>6. Other reserve capital at the beginning of period</b>	81 093	
6.1. Changes in other reserve capital	2 424	0
a) additions, of which:	2 424	0
	2 424	
b) reductions, of which:	0	0

transition to reserve capital		
loss coverage		
6.2. Other reserve capital at the end of period	83 517	0
<b>7. Prior years' profit (loss) at the beginning of period</b>	-364 151	-393 567
<b>7.1. Prior years' profit at the beginning of period</b>		
a) changes in accepted accounting principles (policies)		
b) corrections of material faults		
7.2. Zysk z lat ubieglych, na początek okresu, po uzgodnieniu do danych porównywalnych	0	0
a) zwiększenia (z tytułu)	0	0
- podziału zysku z lat ubieglych		
b) reductions, of which:	0	0
<b>7.3. Prior years' profit at the end of period</b>	0	0
<b>7.4. Prior years' loss at the beginning of period</b>	364 151	393 567
a) changes in accepted accounting principles (policies)		
b) corrections of material faults		
<b>7.5. Prior years' loss at the beginning of period, after restatement to comparative data</b>	364 151	393 567
a) additions, of which:	312	0
- transition of prior years' loss to be covered		
	312	
b) reductions, of which:	0	0
<b>7.6. Prior years' loss at the end of period</b>	364 463	393 567
<b>7.7. Prior years' profit (loss) at the end of period</b>	-364 463	-393 567
<b>8. Net profit (loss)</b>	7 789	11 939
a) net profit	7 789	11 939
b) net loss		
c) charges on the profit		
<b>II. Shareholders' Equity at the end of period (closing balance)</b>	-46 511	-344 759
<b>III. Shareholders' Equity adjusted by the proposed distribution of profit (coverage of loss)</b>		

## Commentary to the report for 1st quarter 2004 .

Quarterly report should, moreover, include information determined in § 61 passage 3 i 4 of the Decree of the Council of Ministers of 16th October 2001- Journal on Laws No. 139, item 1569 and from 2002 No. 31, item 280

Data indicated in the quarterly report as on 31st March 2004 are determined on the basis of the memorial principle of the commensurability of incomes and costs. The evaluation of assets and liabilities and determining the financial result were drawn up acc. to binding principles in the Act on Accounting of 29th September 1994 . (Journal on Laws No. 121, item 591) with later amendments.

The indicated data are presented in the preliminary annual report F-01/I-01 as on 31st March 2004.

The following items were covered by the careful evaluation:

**- foreign liabilities and commercial receivables**

Balance of the foreign exchange ratios amounts to	355 thousand PLN
- establishing a reserve for interest receivables burdening financial costs	627 thousand PLN
Effects of 1st quarter 2004 in total	-272 thousand PLN

Stalexport SA noted a gross margin of profit in the amount of 7 927 thousand PLN. including:

- profit from selling goods and services	3 879 thousand PLN
- result on other operating activity	7 837 thousand PLN
- result on financial activity	-3 789 thousand PLN
- balance of extraordinary losses and profits	thousand PLN
Gross profit for 1st quarter 2004	7 927 thousand PLN .
Obligatory charge of the financial result	138 thousand PLN
Net profit for 1st quarter 2004	7 789 thousand PLN

In the 1st quarter of the current year, the Company dissolved reserves for the total amount of 7 101 thousand PLN by virtue of:

- payments of doubtful receivables by virtue of supplies of goods	6 767 thousand PLN
- payments of interest receivables	8 thousand PLN
- used holiday leaves	326 thousand PLN

Dissolved reserves increased other operating incomes by the value of 7 093 thousand PLN and financial incomes by the value of 8 thousand PLN

The above values had an impact upon the financial result of 1st quarter 2004

The items of assets and liabilities of the balance sheet were calculated into EURO acc. to the average rate 4.7455 binding as on the balance-sheet day announced by Narodowy Bank Polski (National Bank of Poland)

The particular items of the profit and loss account concerning the 1st quarter for the period 1st January 2004 - 31st March 2004 were calculated into EURO acc. to the rate 4.7938 constituting the average arithmetical of the average rates announced by NBP binding as on the last day of January, February, March of the current year, however, the particular items of the profit and loss account of the chosen financial data concerning 1st quarter for the period from 1st January 2004 until 31st March 2004 were calculated into EURO acc. to the rate 4.7938 constituting the arithmetical average of average rates announced by Narodowy Bank Polski binding as on the last day of the completed month covered by the quarterly report.

Average EURO rates used for calculation:

31.01.2004 -	4.7614
29.02.2004 -	4.8746
31.03.2004 -	4.7455
<hr/>	
In total:	14.3815 : 3 = 4,7938

Differences in the incomes tax concerning the current year and the previous years .

Income subject to taxation in CIT-2 declaration for 3 months as below

Data in thousand PLN

Taxation base	-122 272
Gross profit	7 927
Difference	-130 199

including:

- permanent differences - balance	-1 299
- transient differences - balance	-129 000

<u>Transient differences concerning the reporting period</u>	Base	Tax
positive - book tax	1 036	197
Balance of transient differences	1 036	197

The Company in the current balance-sheet year does not set up the activated tax due to maintaining tax loss.

Court proceedings in progress of a considerable value

Item No.	Case No.	Value PLN	Opposing party	legal status of the case
1.	40/01	3 692 197.71	" EAST " Import Service Office Ruda Śląska defendant	adjudicative judgment of 5th October 2001. ineffective execution ( decision of 19th April 2002) case reported to the public prosecutor's office
2.	93/00	4 439 241.56	Bike-Sport Company with limited liability Gliwice defendant	adjudicative judgment of 19th July 2001. execution in progress
3.	60/03 73/03 5/04	1 366 061.00 1 366 061.00 1 366 061.00	SEBA Company with limited liability defendant	order to pay of 10th December 2003 order to pay of 27th January 2003. order to pay of 31st March 2004 without the executory formula
4.	8/03	190 490.79	Centrostal Profil Company with limited liability Kraków defendant	judgment of 24th March 2003 liquidation of the company liability reported to the bankrupt's estate partial payment
5.	30/03	11 995 000.00	Centrozap S. A. Katowice defendant	Order to pay of 13th June 2003. execution proceedings suspended on the strength of the decision of the District Court in Katowice of 23rd March 2004 in connection with the motion to announce the insolvency with the possibility to conclude the arrangement
6.	25/03	134 461.36	Partnerzy Spółka z o.o. i Chemko Partnerzy Spółka z o.o defendant	case in progress

Stalexport SA was sued by Inkasso Reform for the value of 1 110 836.80 PLN. The plaintiff claims damages from Stalexport in connection with actions undertaken by the court executive officer acting upon the motion of Stalexport SA. Case in progress.

Shareholders possessing more than 5 % of the total number of votes entitled to participate at the General Meeting of Shareholders of Stalexport SA are the following :

National Environment Protection and Water Conservation Fund	16.72%
Bank Przemysłowo-Handlowy PBK S. A.	9.12%
Powszechna Kasa Oszczędności Bank Polski S. A.	7.1%

Events mentioned in item 6,8,9 § 61 passage 4 of the Decree of the Council of Ministers of 16th October 2001 ( Journal on Laws No.139/01 ) in the discussed period did not occur.