

REPORT

of the Supervisory Board of STALPROFIL S.A. on the evaluation of the following documents submitted by the Management Board:

- consolidated financial statement of Stalprofil S.A. Group for 2009,
- Management Board's report on the activity of Stalprofil S.A. Group for 2009,

Supervisory Board evaluated the consolidated financial statement of Stalprofil S.A. Group for 2009, and acquainted itself with the report and the opinion of the chartered auditor – company REVISION Katowice sp. z o.o., which examined the consolidated financial statement of Stalprofil S.A. Group, covering this period.

Based on the above, the Supervisory Board states that the consolidated financial statement of Stalprofil S.A. Group for 2009, consisting of:

- introduction to the financial statement,
- consolidated report on the financial situation prepared as on December 31, 2009, with the amount of PLN 372.328.704,45 thou. under assets and liabilities. (three hundred seventy two million three hundred twenty eight thousand seven hundred and four zloty 45/100),
- consolidated report on total income for the financial year from January 1 to December 31, 2009, showing total income of PLN 12.384.920,98. (twelve million three hundred eighty four thousand nine hundred and twenty zloty 98/100),
- statement of changes to consolidated equity for the financial year from January 1 to December 31, 2009, showing increase of equity by PLN 10.459.920,98. (ten million four hundred fifty nine thousand nine hundred and twenty zloty 98/100),
- consolidated cash flow statement for the financial year from January 1 to December 31, 2009 showing net cash increase by PLN 25.590.765,79. (twenty five million five hundred and ninety thousand seven hundred sixty five zloty 79/100),
- notes and explanations.

is complaint with accounting books and documents, and reliably and clearly present all information essential for the evaluation of the material and financial situation of the Group as on December 31, 2009, as well as its financial result for the financial year from January 1 to December 31, 2009,

Supervisory Board states that the financial statement of Stalprofil S.A. Group was prepared in line with the International Accounting Standards, International Financial Reporting Standards adopted by the Group, and related interpretations announced in form

of EC regulations, and in line with the act on accounting with respect to issues not governed by the standards.

Moreover, according to the Board's evaluation the financial statement of Stalprofil S.A. Group is compliant with legal regulations, binding for the Group, which influence its content.

Supervisory Board also performed a detailed analysis of the Management Board' report on the activity of Stalprofil S.A. Group for 2009, and stated that the figures and facts presented therein reflect the actuality and reliably and clearly presents Group's situation and its market environment in the financial year 2009.

Supervisory Board positively evaluates another year of the Group's operation, stating that the results recorded in particularly difficult market conditions in 2009 are satisfactory as compared to other entities, both from the steel sector and those representing the sector of transmission networks for gas and other utilities.

Financial results of Stalprofil S.A. Group for the difficult period of characterized by a dramatic drop in prices and demand for steel were favorable in the context of the industry. With income from sales in the amount of PLN 465 million, the Group's net profit was PLN 12.4 million i.e. 5% more than in 2008. All entities belonging to the Group recorded a positive financial result.

Global slump and recession on the steel market did not stop the investment program adopted for the Group, the value of which in 2009 was at a record level in the Group's history and amounted to PLN 81 million.

Supervisory Board positively assesses the investment program in place, both in the steel sector where the main investment was a capital investment involving an increase of the initial capital of Izostal S.A. by PLN 12 million, and in the sector of transmission networks infrastructure with the flagship investment project being the construction of a modern Anticorrosion Insulation Center for Steel Tubes by subsidiary company Izostal SA.

Those investments should considerably increase the Group's production capacity and should, in the nearest future, bring measurable results as regards increase of its value.

In view of the results of its analyses, the Supervisory Board requests the Annual General Meeting to approve the following documents submitted by the Company's Management Board: consolidated financial statement of Stalprofil S.A. Group for the financial year 2009,

and Management Board report on the activity of Stalprofil S.A. Group for the financial year 2009.

Dąbrowa Górnicza May 18, 2010.

Signatures of Supervisory Board Members

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|---------------------|-----------------------------------|-------|
| 1. Stefan Dzienniak | - Supervisory Board Chairman | _____ |
| 2. Jacek Zub | - Supervisory Board Vice-Chairman | _____ |
| 3. Marcin Gamrot | - Supervisory Board Member | _____ |
| 4. Jerzy Goinski | - Supervisory Board Member | _____ |
| 5. Jarosław Kuna | - Supervisory Board Member | _____ |
| 6. Gaetan Stiers | - Supervisory Board Member | _____ |
| 7. Tomasz Ślęzak | - Supervisory Board Member | _____ |