

REPORT

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

- consolidated financial statement of Stalprofil S.A. Group for 2010,
- Management Board's report on the activity of Stalprofil S.A. Group in 2010,

The Supervisory Board evaluated the consolidated financial statement of Stalprofil S.A. Group for 2010 and analyzed the report and opinion of the chartered auditor (company REVISION Katowice Sp. z o.o.) examining Group's consolidated financial statement for this period.

On this basis the Supervisory Board states that the consolidated financial statement of Stalprofil S.A. Group for 2010, comprising:

- introduction to financial statement,
- consolidated financial position report as on December 31, 2010, showing assets and liabilities of PLN 469,664,369.54 (four hundred and sixty-nine million six hundred and sixty-four thousand three hundred and sixty-nine zlotys and 54/100),
- consolidated comprehensive income statement for the business year from January 1, 2010 to December 31, 2010 showing a comprehensive income of PLN 30,049,970.06, (thirty million forty-nine thousand nine hundred and seventy zlotys and 06/100),
- statement of changes in consolidated equity for the business year from January 1, 2010 to December 31, 2010 showing an increase in equity by PLN 90,503,652.42, (ninety million five hundred and three thousand six hundred and fifty-two zlotys and 42/100),
- consolidated cash flow statement for the period from January 1, 2010 to December 31, 2010 showing an increase in net cash by PLN 26,161,144.85, (twenty-six million one hundred and sixty-one thousand one hundred and forty-four zlotys and 85/100),
- notes and explanations.

complies with the books and shows the information relevant for assessment of the Group's assets and financials as on December 31, 2010, as well as its financial result for the business year from January 1, 2010 to December 31, 2010 in a reliable and clear way,

The Supervisory Board concludes that the financial statement of Stalprofil S.A. Group has been prepared in line with the International Accounting Standards and International

Financial Reporting Standards applied by the Group, and in line with related interpretations thereto having the form of European Commission's directives, and for the scope not mentioned in the standards, in line with the Accounting Law.

Moreover, according to the evaluation of the Supervisory Board, the financial statement of Stalprofil S.A. Group complies with the effective legal regulations influencing its content and binding for the Group.

The Supervisory Board did also review in detail the Management Board's report on activity of Stalprofil S.A. Group in 2010, and concluded that the figures and fact-based information presented therein reflected the actual situation of the Group and its market environment in 2010 in a true and reliable manner.

The Supervisory Board assesses positively another year of Stalprofil S.A. Group operations, concluding that the results achieved in extraordinarily changeable market conditions of 2010 are satisfactory against the other entities from steel sector and from infrastructural sector of transmission networks for gas and other utilities. The Group proved to be a mature entity, resistant to market downturns and fluctuations, capable of adapting itself to the changes flexibly and able to take advantage of emerging market opportunities.

According to the Supervisory Board, Stalprofil S.A. Group succeeded in taking advantage of improved market situation to increase revenues and profits dynamics in the domestic and export markets. Domestic sales revenues of the Group increased by 38%, and export increased by 26% 2009. With total sales revenues of PLN 630.8 million, net profit amounted to PLN 30.1 million, which was almost 2.5 times the result of 2009.

Investment activity of Stalprofil SA Group in 2010 focused mainly on initiation and support of pro-development projects, the purpose of which was to strengthen mutual cooperation inside the Group. The Supervisory Board assesses positively the implemented investment program, both in steel segment and in infrastructural segment of transmission networks, the flagship project of which is the state-of-the-art Anti-Corrosion Insulation Center for Steel Pipes. These investments, to a great extent financed from the EU funds, have increased the production and commercial potential of the Group and are starting to bring measurable effects in form of increased value.

An increase in the value of the Group will be also influenced positively by market valuation of shares issued by Izostal S.A. that decided to obtain funds from the stock exchange. In December 2010 Izostal succeeded in public offering of 12 million shares obtaining PLN 66 million gross from their sale. These funds, in addition to being used for investments in the

research and development facilities, let the company have working capital necessary to service the growing infrastructural market of transmission networks for gas. The Supervisory Board assessed the public offering of Izostal as positive.

Given the results of the analyzes, the Supervisory Board requests that the Annual General Shareholders' Meeting approve the following documents submitted by the Company's Management Board: consolidated financial statement of Stalprofil S.A. Group for 2010 and Management Board's report on the activity of Stalprofil S.A. Group in 2010.

Dąbrowa Górnicza, May 23, 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 | _____ |