

**Rury stalowe:**

- zgrzewane ze szwem wzdłużnym Ø 114,3÷ 406,4
- spawane ze szwem spiralnym Ø 273,0÷1016,0
- spawane ze szwem wzdłużnym Ø 559,0÷ 2020,0

**Kształtowniki zamknięte:**

- ze szwem wykonane na zimno
- kwadratowe: 90x90 - 300x300
- prostokątne: 100x80 – 320x200

**Powłoki izolacyjne:**

- zewnętrzne typu 3LPE, 3LPP
- wewnętrzne cementowe
- wewnętrzne i zewnętrzne epoksydowe

**Current Report:** 29/2011

**Date:** 2011-05-19

**Name of the Issuer:** "FERRUM" S.A.

**Subject:** The Supervisory Board's report on the results of assessing financial statements of the Company and the Capital Group, as well as reports of the Management Board on activity of the Company and the Capital Group "FERRUM" S.A. in 2010, the Supervisory Board's report on its operations in 2010 and the Management Board's report on implementation of the Resolutions of the General Meeting of Shareholders regarding acquisition / disposal of real estate

**Legal grounds:** Article 56 par. 1 pt. 2 of the Act on Offerings – current and periodic information

**Content of the Report:**

The Management Board of "FERRUM" S.A. (the "Issuer") hereby makes the following enclosures available:

- the Supervisory Board's report on the results of assessing financial statements of the Company and the Capital Group, as well as reports of the Management Board on activity of the Company and the Capital Group "FERRUM" S.A. in 2010,
- the Supervisory Board's report on its operations in 2010,
- the Management Board's report on implementation of the Resolutions of the General Meeting of Shareholders regarding acquisition / disposal of real estate.

The aforementioned documents shall be presented at the Ordinary General Meeting of Shareholders of "FERRUM" S.A. which will be held on 24 May 2011.

Moreover, the Issuer announces that these documents have been available to the public on the Issuer's website since the day of publishing current reports on convening the Ordinary General Meeting of Shareholders to be held on 24 May 2011, as well as on draft resolutions for the Ordinary General Meeting of Shareholders, i.e. since 28 April 2011.

**SIGNATURES OF PERSONS REPRESENTING THE COMPANY**

<b>Date</b>	<b>Position</b>	<b>First name and surname</b>
2011-05-19	Vice-President of the Management Board	Jarosław Zuzelski
2011-05-19	Registered Holder of a Commercial Power of Attorney	Marek Królik

## REPORT

### of the Supervisory Board on the results of assessing financial statements of the Company and the Capital Group, as well as reports of the Management Board on activity of the Company and the Capital Group "FERRUM" S.A. in 2010

Acting pursuant to Art. 382 Clause 3 of the Commercial Companies Code and the Company's Statute, the Supervisory Board of "FERRUM" S.A. assessed the Management Board's reports on activity of the Company, as well as financial statements of the Company and the Capital Group in 2010.

The financial statement of the Company and the Capital Group was examined taking materials prepared by the Management Board and opinion issued by an authorised auditor chosen by the Supervisory Board – PricewaterhouseCoopers Sp. z o.o. division Katowice, into consideration. Examination was also based on materials prepared by the auditor for shareholders of "FERRUM" S.A. in accordance with regulations of the Polish Financial Supervision Authority.

The financial statement included:

- report on financial situation of "FERRUM" S.A. and consolidated report on financial situation of the Capital Group "FERRUM" S.A. as of 31 December 2010,
- profit and loss account of "FERRUM" S.A. and consolidated profit and loss account of the Capital Group "FERRUM" S.A. for the period from 1 January 2010 till 31 December 2010,
- report on total revenue of "FERRUM" S.A. and consolidated report on total revenue of the Capital Group "FERRUM" S.A. for the period from 1 January 2010 till 31 December 2010,
- report on changes in equity of "FERRUM" S.A. and consolidated report on changes in equity of the Capital Group "FERRUM" S.A. for the period from 1 January 2010 till 31 December 2010,
- report on cash flow of "FERRUM" S.A. and consolidated report on cash flow of the Capital Group "FERRUM" S.A. for the period from 1 January 2010 till 31 December 2010,
- additional information on adopted rules of accounting and other explanatory information,
- additional explanatory information.

The Supervisory Board got acquainted with the opinion and report of the authorised auditor PricewaterhouseCoopers Sp. z o.o. division Katowice dated 16.03.2011 regarding the financial statement of "FERRUM" S.A. and opinion and report of the authorised auditor PricewaterhouseCoopers Sp. z o.o. dated 16.03.2011 regarding the financial statement of the Capital Group "FERRUM" S.A.

Being acquainted with the aforementioned documents, the Supervisory Board concludes that the financial statements for the business year ending on 31.12.2010 have been issued in compliance with International Accounting Standards, International Standards of Financial Reporting endorsed by the European Union, and, with regard to issues not regulated by the mentioned standards, in compliance with rules of accounting defined in the Act on Accounting dated 29.09.1994, as well in accordance with requirements regarding issuers of securities admitted to the public trading system.

Basic economic and financial data (thousands PLN):

No.	Item	"FERRUM" S.A. 2009	"FERRUM" S.A. 2010	The Capital Group "FERRUM" S.A. 2009	The Capital Group "FERRUM" S.A. 2010
1.	Total sales revenue	236 287	253 795	295 650	274 091
2.	Operating profit	10 947	4 066	13 806	-11 660
3.	Profit before income tax	8 092	343	10 218	-16 424
4.	Income tax	1 238	-3 594	1 373	-6 524
5.	Net profit	6 854	3 937	8 845	-9 900

Selected financial ratios characterising activity of the Company and of the Capital Group "FERRUM" S.A.:

No.	Item	"FERRUM" S.A. 2009	"FERRUM" S.A. 2010	The Capital Group "FERRUM" S.A. 2009	The Capital Group "FERRUM" S.A. 2010
1.	EBITDA	22 234	15 352	26 311	1 199
2.	Current ratio	1,31	1,11	1,45	1,08
3.	Quick ratio	0,67	0,43	0,79	0,44
4.	Debt - asset ratio	0,34	0,44	0,35	0,47
5.	Debt - equity ratio	0,62	0,89	0,64	1,00
6.	Long term debt - fixed asset ratio	3,91	6,07	3,69	6,53
7.	ROA	2,44 %	1,19 %	2,92 %	-2,92 %
8.	ROE	4,39 %	2,39 %	5,32 %	-6,15 %
9.	Net profit margin	2,90 %	1,55 %	2,99 %	-3,61 %

Katowice, April 2011

Signatures of Members of the Supervisory Board of "FERRUM" S.A.:

1. Bogusław Leśnodorski
2. Sławomir Bajor
3. Krzysztof Bilkiewicz
4. Piotr Chała
5. Witold Marszałek
6. Sławomir Pietrzak
7. Przemysław Stańczyk

## THE SUPERVISORY BOARD'S REPORT ON ITS OPERATIONS IN 2010

Acting pursuant to Rule III pt. 1 sub-pt. 2 of Best Practices of WSE Listed Companies, the Supervisory Board hereby submits the following to the General Meeting of Shareholders:

In the reporting period the Supervisory Board of "FERRUM" S.A. in Katowice operated on the basis of regulations included in the Commercial Companies Code, the Company's Statute and Rules of the Supervisory Board. The main objective of the Supervisory Board was to conduct constant supervision over the Company in all areas of its activity.

### I. Composition of the Supervisory Board

Composition of the Supervisory Board of "FERRUM" S.A. as of 1 January 2010:

- 1) Sławomir Bajor - Chairman of the Supervisory Board
- 2) Bogusław Leśnodorski - Deputy Chairman of the Supervisory Board
- 3) Krzysztof Bilkiewicz - Secretary of the Supervisory Board
- 4) Marek Dolina - Member of the Supervisory Board
- 5) Marzena Bielecka - Member of the Supervisory Board
- 6) Piotr Bieniek - Member of the Supervisory Board
- 7) Józef Jędruch - Member of the Supervisory Board

On 20 January 2010 Mrs. Marzena Bielecka resigned from the function of a Supervisory Board Member; on 25 January 2010 Mr. Bogusław Leśnodorski submitted his resignation; on 18 February 2010 Mr Piotr Bieniek submitted his resignation; on 19 February 2010 Mr. Józef Jędruch resigned from the function of a Supervisory Board Member.

At the Extraordinary General Meeting of Shareholders of "FERRUM" S.A. held on 18 March 2010 Mr. Marek Dolina was dismissed from the position of a Supervisory Board Member. Then new Members were appointed: Mr. Sławomir Pietrzak, Mr. Bogusław Leśnodorski and Mr. Daniel Ozon.

Composition of the Supervisory Board as of 18 March 2010:

- 1) Sławomir Bajor - Chairman of the Supervisory Board
- 2) Bogusław Leśnodorski - Deputy Chairman of the Supervisory Board
- 3) Daniel Ozon - Secretary of the Supervisory Board
- 4) Krzysztof Bilkiewicz - Member of the Supervisory Board
- 5) Sławomir Pietrzak - Member of the Supervisory Board

Mr. Sławomir Bajor submitted his resignation from the position of Chairman of the Supervisory Board as of the day of the General Meeting of Shareholders, i.e. 24 September 2010. Due to choosing Members of the Supervisory Board by voting in separate groups at the Extraordinary General Meeting of Shareholders of "FERRUM" S.A. on 24 September 2010, all mandates of the existing Supervisory Board Members of VI term of office expired prematurely. Composition of the Supervisory Board was extended from five to seven Members and the following persons were appointed:

[Composition of the Supervisory Board as of 24 September 2010 (Supervisory Board Resolution No. 65/VI/10, 66/VI/10, 67/VI/10 dated 24.09.2010 division of functions in the Supervisory Board)]

- 1) Bogusław Leśnodorski - Chairman of the Supervisory Board
- 2) Przemysław Stańczyk - Deputy Chairman of the Supervisory Board
- 3) Piotr Chała - Secretary of the Supervisory Board
- 4) Sławomir Bajor - Member of the Supervisory Board
- 5) Krzysztof Bilkiewicz - Member of the Supervisory Board
- 6) Witold Marszałek - Member of the Supervisory Board
- 7) Sławomir Pietrzak - Member of the Supervisory Board

Pursuant to the Commercial Companies Code Art. 390 § 2, one of the Supervisory Board Members, Mr. Sławomir Bajor, was delegated to permanent individual performance of supervisory functions.

## II. Operations of the Supervisory Board

The Supervisory Board of "FERRUM" S.A. in Katowice operated in accordance with the Commercial Companies Code, regulations of the Company's Statute and Rules of the Supervisory Board, as well as Best Practices of WSE Listed Companies.

The Supervisory Board worked during meetings convened by the Chairman of the Supervisory Board, at which resolutions were adopted and issues and information presented by the Management Board, on which resolutions were not necessary, were discussed. The Supervisory Board's operations were concentrated on assessing implementation of the planned objectives of the Management Board, current operations of the Company, as well as the Management Board itself.

In 2010 the Supervisory Board held 8 meetings at which minutes were taken and adopted 32 resolutions.

Supervisory and controlling activities of the Supervisory Board in 2010 covered, inter alia, the following issues:

1. assessing and endorsing the annual "Economic and Financial Plan for 2010";
2. assessing investments during implementation and already implemented;
3. giving consent to implement investments;
4. appointing and dismissing the Management Board Members;
5. assessing the Management Board's proposal on distribution of net profit for 2009;
6. adopting the uniform text of the Company's Statute, Rules of the Supervisory Board, as well as Rules of the Audit Committee of "FERRUM" S.A.;
7. upon the Management Board's request, giving consent to assume obligations and carry out transactions not included in the budget-plan for the given year concerning disposal, purchase, charge or lease of real estate, as well as property rights and any other possessions, when the value of a single obligation or a single transaction exceeded 10% of the Company's equity;
8. choosing authorised auditor to examine the Company's financial statements in accordance with the Act on accounting;
9. appointing the Audit Committee of "FERRUM" S.A. to advise the Supervisory Board on internal budget policy and procedures adopted by the Company, as well as advising on supervision of the Company's financial reporting, efficiency of the internal control systems, internal audit, risk management and cooperation with authorised auditor;
10. assessing and endorsing the "Strategy of operations of "FERRUM" S.A. in 2010 - 2015";
11. assessing and endorsing all issues presented by the Management Board to the General Meeting of Shareholders, both ordinary and extraordinary.

Moreover, the Supervisory Board adopted 32 resolutions, which were adopted both in writing and by using means of direct distant communication, i.e. in circular mode.

The Supervisory Board would like to thank the Management Board and employees of "FERRUM" S.A. and the Capital Group "FERRUM" S.A. for good cooperation in 2010.

In accordance with Rule III, pt. 1 sub-pt. 2 of Best Practices of WSE Listed Companies, the Supervisory Board hereby submits evaluation of its operations in 2010 to the Shareholders of "FERRUM" S.A.

Katowice, April 2011

Signatures of Members of the Supervisory  
Board of "FERRUM" S.A.

- 1) Bogusław Leśnodorski
- 2) Sławomir Bajor
- 3) Krzysztof Bilkiewicz
- 4) Piotr Chała
- 5) Witold Marszałek
- 6) Sławomir Pietrzak
- 7) Przemysław Stańczyk

## **REPORT OF THE MANAGEMENT BOARD OF "FERRUM" S.A. ON IMPLEMENTATION OF THE RESOLUTIONS OF THE GENERAL MEETING OF SHAREHOLDERS REGARDING ACQUISITION / DISPOSAL OF REAL ESTATE**

The Management Board of "FERRUM" S.A. hereby presents a report on implementation of the Resolutions of the General Meeting of Shareholders regarding acquisition or disposal of real estate, which have been defined in the so far presented reports as on order.

### **I. Resolutions adopted at the Ordinary General Meeting of Shareholders held on 15.05.2001**

#### **1. Resolution No. XXIX/2001**

The Resolution concerns sale of perpetual usufruct of parcel no. 1/24 of 4 137 m<sup>2</sup> built-up with charger building (pump station was dismantled in 2010).

The building (640 m<sup>2</sup>) is currently leased (since 15.11.2010 when an agreement with AQUAdem was entered into). The monthly net rent is PLN 5 500.

No buyer has been found.

**The Resolution is on order.**

#### **2. Resolution No. XXX/2001**

The Resolution concerns sale of perpetual usufruct of non-built-up parcel no. 34/15 and 1791/86 of 2 925 m<sup>2</sup> in total.

So far the parcel has not been sold and it is leased to Mostostal (2 628 m<sup>2</sup>) for monthly net rent of PLN 7 884.

**The Resolution is on order.**

### **II. Resolutions adopted at the Extraordinary General Meeting of Shareholders held on 06.09.2001**

#### **1. Resolution No. IV/2001**

The Resolution gave the shareholder's consent to acquire land (equalising the boarder in the area of Murckowska Street), of which:

- a) four parcels (non-built-up) of 3 754 m<sup>2</sup> in total were bought from Gmina Katowice on 21.12.2001.  
**The Resolution was implemented in this respect;**
- b) the issue of acquiring other parcels (6/5 and 7/3) of 108 m<sup>2</sup>, which are state owned, **is on order.**

### **III. Resolutions adopted at the Ordinary General Meeting of Shareholders held on 08.06.2006**

#### **1. Resolution No. XVI/2006**

The resolution concerns consent to dispose of the Company's land along Murckowska Street of ca. 6,5 ha (currently subject to operations aiming at obtaining final geodesy division).

The land offered for sale is not built-up. All objects were dismantled, except for operating water tower supplying "industrial water" for technological processes. The cost of dismantling was ca. PLN 382 000. Scrap worth ca. PLN 408 600 in the amount of 1 000 tons was sold.

Meantime, the following actions were undertaken with regard to the land:

- "SUW map" was created,
- geologic activities were carried out,

- concepts of road connections were created,
- appeal with regard to the existing spatial development of the city Katowice was filed (aiming at qualifying the land as area of shopping malls and service centres),
- property appraiser's assessment was issued, which defined fair value of the perpetual usufruct – appraiser's report January 2009. Estimated value of PLN 38 197 952,
- market value of the perpetual usufruct was defined for accounting purposes – appraiser's report December 2010. Estimated value of PLN 47 874 452.

Selling the real estate is currently discussed with interested investors – **the Resolution is on order.**

#### **IV. Resolutions adopted at the Ordinary General Meeting of Shareholders held on 10.09.2009**

##### **1. Resolution No. 7/2009**

The Resolution concerns consent to dispose of an organised part of the Company "FERRUM" S.A., the value and content of which were defined in details in the "Company Appraisal", by means of contributing to subsidiary company ZKS Ferrum S.A. The "Company Appraisal" – Adjustment dated 07.09.2009 was an appendix to the aforementioned Resolution.

On 30.04.2010 "FERRUM" S.A. contributed to ZKS Ferrum S.A. by means of vesting contribution in kind in form of an organised part of the Company. **The Resolution was implemented.**

The part of the Resolution concerning establishing real easement with regard to the right of passage through parcel no. 20/28 **is on order.**

President of the Management Board, Grzegorz Szymczyk  
Vice-President of the Management Board, Jarosław Zuzelski