



QUARTERLY CONDENSED FINANCIAL STATEMENT FOR Q4 OF 2011

prepared in line with

THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

Table of contents

I.	Selected financial data.....	3
II.	Financial position report (PLN thousand).....	4
III.	Comprehensive income statement - calculation basis (PLN thousand).....	5
IV.	Cash flow income statement - indirect method (PLN thousand).....	6
V.	Statement of changes in equity (PLN thousand).....	7
VI.	Notes to the quarterly condensed financial statement for Q4 of 2011.....	8
1.	Information about accounting principles adopted for preparation of the report including changes in accounting principles.	8
2.	Information about significant changes in estimates.....	8
3.	Brief description of what went well or what went wrong in Q4 of 2011 including the list of the most important events.	8
4.	Description of extraordinary factors and events having significant impact on the actual financial results.	9
5.	Explanations on seasonality or cyclical character of business in the presented period.	10
6.	Information about the issue, buyback and repayment of non-equity and equity securities. .	11
7.	Information about paid or declared dividend.....	11
8.	List of events that followed the day on which the condensed quarterly financial statement was prepared and not included in the statement, which might significantly influence the future financial results.	11
9.	Information about changes in contingent liabilities or assets since the closing of the previous business year.....	11
10.	Description of the issuer's Group organization, with information about the entities subject to consolidation.....	12
11.	Results of changes in the structure of a business entity, including merger, acquisition or sale of the issuer's capital group entities, long-term investments, spin-off, restructuring or business discontinuation.....	12
12.	Management Board's opinion on a possibility to fulfill the previously published forecasts.	12
13.	Information about shareholders holding directly or indirectly (via subsidiaries) at least 5% of votes at the general meeting on the day of publishing this quarterly report.	13
14.	Statement of shareholding of the issuer's shares or rights to shares by managing and supervisory persons of the issuer as on the date of announcing the quarterly report.	13
15.	Proceedings at courts, arbitration bodies or public administration authorities where the aggregate value was at least 10% of the issuer's equity.....	13

16. Information about the conclusion by the issuer or its subsidiary of a single or multiple transaction(s) with affiliated entities, if any single transaction or aggregate transactions are significant and were concluded on the conditions other than arm's length conditions. 13
17. Information about loan sureties, loans or guarantees offered by the issuer or its subsidiary to a single entity or this entity's subsidiary equal to at least 10% of the issuer's equity..... 14
18. Other information which in the issuer's opinion is important for the evaluation of its personnel, property and financial situation, its financial results and changes thereto, and information important for the evaluation of the issuer's capability to fulfill its obligations..... 14
19. Factors that according to the issuer will influence their results in the time horizon of at least one coming quarter. 15

I. Selected financial data

	PLN thousand		EUR thousand	
	4 quarters to date/ 2010 from 2010-01-01 to 2010-12-31	4 quarters to date/ 2011 from 2011-01-01 to 2011-12-31	4 quarters to date/ 2010 from 2010-01-01 to 2010-12-31	4 quarters to date/ 2011 from 2011-01-01 to 2011-12-31
Net revenues from sale of products, goods and materials	138 329	259 732	34 544	62 735
Operating profit/loss	11 131	25 666	2 780	6 199
Gross profit/loss	8 538	23 773	2 132	5 742
Net profit (loss)	7 438	19 134	1 857	4 622
Operating cash flow	-9 332	19 029	-2 330	4 596
Investment cash flow	-479	-27 620	-120	-6 671
Financial activity cash flow	49 040	12 101	12 247	2 923
Change in cash and cash equivalents	39 229	3 510	9 797	848
Number of shares	20 744 000	31 856 329	20 744 000	31 856 329
Profit (loss) per one ordinary share (PLN / EUR)	0,36	0,60	0,09	0,15
Diluted number of shares	32 744 000	32 744 000	32 744 000	32 744 000
Diluted profit (loss) per one ordinary share (PLN / EUR)	0,23	0,58	0,06	0,14
	As on 31.12.2010	As on 31.12.2011	As on 31.12.2010	As on 31.12.2011
Total assets	203 466	272 426	51 376	61 679
Long-term liabilities	40 793	46 292	10 300	10 481
Short-term liabilities	41 327	85 858	10 435	19 439
Equity	121 346	140 276	30 641	31 760

Selected financial data presented in the financial statement have been converted to EUR as follows: items of comprehensive income statement, cash flow statement, profit (loss) per one ordinary share and diluted profit (loss) per one ordinary share for four quarters of 2011 (four quarters of 2010) have been converted according to the exchange rate being an arithmetic mean of two mean exchange rates announced by the National Bank of Poland and effective on the last day of each month of the year. This rate was EUR 1 = PLN 4.1401 (EUR 1 = PLN 4.0044). Items of the financial position report were converted based on the mean exchange rate announced by the National Bank of Poland effective on the balance sheet date. This rate as on December 31, 2011 was EUR 1 = PLN 4.4168 (as on December 31, 2010 - EUR 1 = PLN 3.9603).

II. Financial position report (PLN thousand)

ASSETS	As on 31.12.2010	As on 30.09.2011	As on 31.12.2011
A. Fixed assets (long-term)	99 568	121 026	132 200
1. Tangible fixed assets	98 947	120 450	131 407
2. Other intangible assets	177	159	199
3. Investments available for sale	0	0	0
4. Long-term financial assets	0	0	0
5. Deferred income tax assets	319	186	345
6. Long-term receivables and prepayments	125	231	249
B. Current assets (short-term)	103 898	101 496	140 226
1. Inventory	20 062	24 004	45 909
2. Long-term receivables and prepayments	54 450	61 688	57 757
3. Receivables on account of income tax	455	0	336
4. Long-term financial assets	0	0	0
5. Currency derivatives	0	0	541
6. Cash and cash equivalents	28 931	15 804	35 683
Total assets	203 466	222 522	272 426

LIABILITIES	As on 31.12.2010	As on 30.09.2011	As on 31.12.2011
A. Equity	121 346	135 778	140 276
1. Share capital	41 488	65 488	65 488
2. Surplus from the sale of shares above their face value	38 379	38 175	38 175
3. Spare and reserve capital	34 041	17 479	17 479
4. Retained and current profit/loss	7 438	14 636	19 134
B. Long-term liabilities	40 793	45 296	46 292
1. Provisions	171	171	224
2. Provision on account of deferred income tax	213	133	128
3. Long-term bank loans and credits	16 688	21 735	19 214
4. Other long-term financial liabilities	4 464	3 667	3 425
5. Long-term liabilities and accruals	19 257	19 590	23 301
C. Short-term liabilities	41 327	41 448	85 858
1. Provisions	238	149	181
2. Short-term bank loans and credits	16	48	9 389
3. Short-term part of long-term bank loans and credits	4 656	8 601	10 212
4. Other short-term financial liabilities	962	926	942
5. Short-term liabilities and accruals	35 455	31 349	65 134
6. Liabilities on account of income tax	0	375	0
Total liabilities	203 466	222 522	272 426

III. Comprehensive income statement - calculation basis (PLN thousand)

CALCULATION TABLE	From 01.01 to 31.12.2010	From 01.10 to 31.12.2010	From 01.01 to 31.12.2011	From 01.10 to 31.12.2011
Revenues from sale of products, goods and materials	138 329	43 221	259 732	79 301
Costs of products, goods and materials sold	117 810	35 616	220 946	67 683
Gross sales profit/loss	20 519	7 605	38 786	11 618
Costs of goods sold	1 791	495	3 477	1 168
Overheads	8 953	2 608	10 180	2 917
Other income	1 787	121	1 402	386
Other costs	431	323	865	677
Operating profit/loss	11 131	4 300	25 666	7 242
Financial income	684	533	1 777	706
Financial costs	3 277	920	3 670	2 302
Gross profit/loss	8 538	3 913	23 773	5 646
Income tax	1 100	263	4 639	1 148
Net operating profit/loss	7 438	3 650	19 134	4 498
Total other income	0	0	0	0
- Gains/losses on revaluation of tangible fixed assets	0	0	0	0
- Gains/losses on valuation of investments available for sale carried to equity	0	0	0	0
-Gains/losses on the security of cash flows (effective part)	0	0	0	0
-Exchange rate differences in valuation of entities operating abroad	0	0	0	0
- Income tax related to the items shown under total other income	0	0	0	0
Total income	7 438	3 650	19 134	4 498

	From 01.01 to 31.12.2010	From 01.10 to 31.12.2010	From 01.01 to 31.12.2011	From 01.10 to 31.12.2011
Profit per share: (PLN thousand)				
- basic profit based on financial result of a going concern	0,36		0,60	
- basic profit based of the financial result for the business year	0,36		0,60	
- diluted profit based on financial result of a going concern	0,23		0,58	
- diluted profit based of the financial result for the business year	0,23		0,58	

IV. Cash flow income statement - indirect method (PLN thousand)

	From 01.01 to 31.12.2010	From 01.10 to 31.12.2010	From 01.01 to 31.12.2011	From 01.10 to 31.12.2011
Cash flow from operating activity				
Profit/loss before taxation	8 590	4 026	23 884	5 811
Item adjustments	-17 922	-20 164	-4 855	13 080
Depreciation of fixed assets	3 656	951	3 479	871
Depreciation of intangible assets	50	13	71	18
Foreign exchange gains/losses	0	0	-635	-635
Interest costs and income	2 762	835	1 186	138
Profit/loss on investment activity	-470	0	-164	-135
Change in provisions	-1	277	-88	81
Change in inventory	2 835	-3 748	-25 847	-21 905
Change in receivables and prepayments	-24 360	-9 410	-3 657	3 754
Change in liabilities and accruals	4 504	-7 397	30 093	36 788
Paid/refunded income tax	-1 687	-1 142	-4 632	-2 025
Other adjustments	-5 211	0	-4 661	-3 870
Net cash flow from operating activity	-9 332	-16 138	19 029	18 891
Cash flow from investment activity				
Earnings from the sale of fixed assets and intangible assets	40	3	398	151
Earnings from the sale of financial assets	0	0	0	0
Earnings from interest	0	0	0	0
Other investment earnings - obtained subsidies	4 668	0	4 661	3 870
Expenditure on the purchase of tangible fixed assets and intangible assets	4 783	790	32 754	11 105
Net expenditure on the purchase of subsidiaries and associated entities	0	0	0	0
Other	-404	-97	75	-88
Net cash flow from investment activity	-479	-884	-27 620	-7 172
Cash flow from financial activity				
Earnings from loans and credits	8 000	0	18 590	6 232
Net earnings from the issue of shares, bonds, bills of exchange and vouchers	66 000	66 000	0	0
Repayment of credits and loans	18 656	9 164	4 404	1 038
Repayments of liabilities under financial lease contracts	868	250	1 059	225
Dividends paid to Company shareholders	0	0	0	0
Interest paid	2 358	738	822	51
Other	-3 078	-3 078	-204	0
Net cash flow from financial activity	49 040	52 770	12 101	4 918
Increase/decrease in cash and cash equivalents	39 229	35 748	3 510	16 637
Cash, cash equivalents and credit lines in the current account at the beginning of the period				
	-10 298	-6 817	28 931	15 804
Gains/losses on exchange rate differences regarding valuation of cash, cash equivalents and credit lines in the current account	0	0	22	0
Cash, cash equivalents and credit lines in the current account at the end of the period	28 931	28 931	32 441	32 441

V. Statement of changes in equity (PLN thousand)

	Share capital	Surplus from the sale of shares above their face value	Treasury shares	Spare and reserve capital	Reserve capital from revaluation of assets	Retained and current profit/loss	Total
Balance as on 01.01.2010	41 488	0	0	4 970	0	5 071	51 529
Changes in equity in 2010	0	38 379	0	29 071	0	2 367	69 817
Appropriation of net profit	0	0	0	5 071	0	-5 071	0
Issue of share capital	0	38 379	0	24 000	0	0	62 379
Profit/loss for business year	0	0	0	0	0	7 438	7 438
Cost of shares issue	0	0	0	0	0	0	0
Registration of share capital	0	0	0	0	0	0	0
Total revenues and costs shown in 2010	0	0	0	0	0	0	0
Dividends	0	0	0	0	0	0	0
As on 31.12.2010	41 488	38 379	0	34 041	0	7 438	121 346

	Share capital	Surplus from the sale of shares above their face value	Treasury shares	Spare and reserve capital	Reserve capital from revaluation of assets	Retained and current profit/loss	Total
Balance as on 01.01.2011	41 488	38 379	0	34 041	0	7 438	121 346
Changes in equity in 2011	24 000	-204	0	-16 562	0	11 696	18 930
Appropriation of net profit	0	0	0	7 438	0	-7 438	0
Issue of share capital	0	0	0	0	0	0	0
Profit/loss for business year	0	0	0	0	0	19 134	19 134
Cost of shares issue	0	-204	0	0	0	0	-204
Registration of share capital	24 000	0	0	-24 000	0	0	0
Total revenues and costs shown in 2011	0	0	0	0	0	0	0
Dividends	0	0	0	0	0	0	0
As on 31.12.2011	65 488	38 175	0	17 479	0	19 134	140 276

	Share capital	Surplus from the sale of shares above their face value	Treasury shares	Spare and reserve capital	Reserve capital from revaluation of assets	Retained and current profit/loss	Total
Balance as on 01.10.2011	65 488	38 175	0	17 479	0	14 636	135 778
Changes in equity in Q4 2011	0	0	0	0	0	4 498	4 498
Appropriation of net profit	0	0	0	0	0	0	0
Issue of share capital	0	0	0	0	0	0	0
Profit/loss for business year	0	0	0	0	0	4 498	4 498
Cost of shares issue	0	0	0	0	0	0	0
Registration of share capital	0	0	0	0	0	0	0
Total revenues and costs shown in Q4 of 2011	0	0	0	0	0	0	0
Dividends	0	0	0	0	0	0	0
As on 31.12.2011	65 488	38 175	0	17 479	0	19 134	140 276

VI. Notes to the quarterly condensed financial statement for Q4 of 2011

1. Information about accounting principles adopted for preparation of the report including changes in accounting principles.

The report was prepared in a manner that ensures comparability of financial data. In the reporting period the Company did not change its accounting policy. Accounting principles were described in the periodic report for H1 of 2011.

2. Information about significant changes in estimates.

Table of changes in estimate provisions (PLN thousand):

	As on 31.12.2011	As on 01.01.2011	Delta
Provision on account of deferred income tax	128	213	-85
Provision for retirement and similar benefits	405	409	-4
Other provisions	0	0	0

Table of changes in estimate deferred income tax (PLN thousand):

	As on 31.12.2011	As on 01.01.2011	Delta
Deferred income tax assets	345	319	26

Table of changes in estimate write-downs (PLN thousand):

	As on 31.12.2011	As on 01.01.2011	Delta
Revaluation write-offs of principal receivables	64	737	-673
Inventory revaluation write-offs	549	48	501

3. Brief description of what went well or what went wrong in Q4 of 2011 including the list of the most important events.

The results achieved by the Company in Q4 of 2011 confirm a significant increase in demand for materials consumed for the construction of the gas networks infrastructure and significant share of the Company in this market. Izostal is the only company in Poland capable of industrial production of internal coating for steel pipes used in the construction of gas pipelines, which translates into a significant competitive advantage of the company. The Issuer's revenues generated in Q4 of 2011 amounted to PLN 79,301 thousand. With this level of revenues, in Q4 of 2011 the Company generated a net profit of PLN 4,498 thousand.

In Q4 of 2011 the Company located in the market a total of 255,908 thousand m² of its main product, namely coating for steel pipes, which makes an increase in the sales volume by 58.4% against Q4 of 2010.

The actual sales volumes of the Issuer are shown in the table below:

	Q4 2011	Q4 2010	Delta (%)
External coating (m ²)	152.389	99.084	153,8
Internal coating (m ²)	103.519	62.446	165,8
Total	255.908	161.530	158,4

The Company is consistent in the fulfillment of its targets. One of the new markets for Izostal is the market of pipes and accessories for gas extraction drillings. On November

21, 2011 the bid submitted by Izostal S.A. was selected the most favorable one in the public procurement procedure realized by Polskie Górnictwo Naftowe i Gazownictwo S.A. for the delivery in 2011 and 2012 of pipes and accessories for extraction drillings. The value of the bids submitted by Izostal S.A. and selected by the buyer is PLN 50,232 thousand. The Company concluded the sales agreement on January 9, 2011, as mentioned in the current report no. 1/2012.

In Q4 of 2011, as scheduled, the Company started the deliveries of coated steel pipes DN700 to O.G.P. Gaz-System S.A. for the construction of Rembelszczyzna – Gustorzyn gas pipelines. The deliveries were based on the contract concluded on September 21, 2011 of a total value of PLN 41.574,1 thousand.

In December 2011 the Company completed the construction of the Research and Development Center for steel technologies and products. In November, the deliveries of equipment to furnish the Center started. The Company assumes that the investment will be finished in February 2012. In 2011, the amount of PLN 27,817 thousand was spent on this project.

The Company settles the expenditure on this investment in line with the co-funding agreement of April 29, 2011 concluded with the Ministry of Economy under the Operational Program Innovative Economy. In 2011 the Company was paid a subsidy of PLN 4,661 thousand. 2 further applications for payment have been submitted with the Ministry of Economy, they are for the total value of PLN 1,525 thousand. Further applications for payment will be submitted by the Company as scheduled in the subsidy agreement. The total subsidy is PLN 7,262.5 thousand.

Moreover, in Q4 of 2011 the Company, with the producer of external coating for large diameter pipes, worked out the line upgrade method which enables significant savings on polyethylene and polypropylene used for the production of 3LPE and 3LPP coatings (reduction in consumption by 10-15%). A patent application for this upgrade was submitted with the Polish Patent Office.

4. Description of extraordinary factors and events having significant impact on the actual financial results.

In Q4 of 2011 Company revenues amounted to PLN 79,301 thousand, i.e. 184% of the amounts achieved in Q4 of 2010. In Q4 the Company generated a net profit of PLN 4,498 thousand, that is by 23% higher than in the corresponding quarter of 2010. Costs of sales in Q4 of 2011 amounted to PLN 1,168 thousand, that is they were by 136% higher than in Q4 of 2010. It was due to higher revenues in Q4 of 2011 and high costs of transport of pipes to O.G.P. Gaz-System S.A. In other operating income, the main item is income from subsidies (PLN 153 thousand) and in other operating costs there is a significant amount (PLN 548 thousand) of revaluation write-off in respect of Company assets (materials and goods) made in Q4 of 2011. Financial activity result in Q4 of 2011 was (-) PLN 1,596 thousand. In the corresponding period of 2010, the Company showed a loss on this

activity in the amount of (-) PLN 387 thousand. The below table shows the main financial income and costs:

	Q4 2011	Q4 2010
Interest on deposits	142	0
Interest on receivables	24	32
Interest on liabilities	(-) 240	(-) 1
Exchange rate differences	(-) 1.287	279
Interest on loans	(-) 60	(-) 601
Interest on leasing	(-) 87	(-) 96
Other	(-) 88	0
Total	(-) 1.596	(-) 387

Cash obtained via public offering let the company reduce the utilization of bank loans. Temporary cash surplus is invested by the Company in banks. PLN/EUR depreciation trend observed in H2 of 2011 resulted in negative foreign exchange balance, however this is mainly to the valuation of currency transactions as on 31.12.2011.

The value of tangible fixed assets at the end of Q4 of 2011 increased against Q3 of 2011 by PLN 10,957 thousand, mainly thanks to the expenditure on the construction of the Research and Development Center for Steel Technologies and Products; in the reporting period said expenditure was at the level of PLN 7.519 thousand.

In Q4 of 2011 inventories increased significantly (increase by PLN 21,905 thousand). It was mainly related to the purchasing for the contracts realized for OGP Gaz-System S.A.

Days sales outstanding improved. After four quarters of 2011 this ratio was at the level of 74 days against 89 days for three quarters of the current year. The Company settled its liabilities related to deliveries and services with an average payment terms of 92 days for 3 quarters of 2011.

Company's equity in Q3 increased by the value of the net profit generation (PLN 4,498 thousand).

An increase in the value of utilized short-term loans (total of PLN 10,952 thousand) was related to the financing of import purchasing (mainly steel pipes) through currency loans, which in the period of PLN depreciation was a solution making it possible to actually repay the debt at a better exchange rate. Utilization of currency loans had influence on the level of cash in Q4 by PLN 19.879 thousand.

Increase in revenues against Q3 of 2011 (by 36%) and increase in inventories (by 91.3%) had impact on short-term liabilities and accruals level, which in Q4 increased by PLN 33,785 thousand.

5. Explanations on seasonality or cyclical character of business in the presented period.

In the previous years, the Company, similarly to the majority of entities operating as the suppliers in the construction investment goods, was impacted by the seasonality of sales, which means that the majority of revenues are generated in Q2, Q3 and Q4. Seasonality depended on the weather conditions and contract works schedules arising from technological conditions, where the majority of Izostal's customers implement their investments from April till December.

Due to this seasonality in the business run by Izostal S.A., proper evaluation of the Company's financial standing is only possible when analyzing the financials for the full business year.

In 2011 (as we informed in the report for Q1), with the project plans approved by Company customers beforehand and relatively soft winter, the situation is different, therefore when we analyze the data for 2011 no seasonality of the previous years can be noticed.

6. Information about the issue, buyback and repayment of non-equity and equity securities.

In Q4 of 2011 the Company did not issue, buy out or repay any non-equity or equity securities.

7. Information about paid or declared dividend.

In Q4 of 2011 the Company did not pay or declare any payment of dividend.

8. List of events that followed the day on which the condensed quarterly financial statement was prepared and not included in the statement, which might significantly influence the future financial results.

No events followed the day on which the quarterly financial statement was prepared that could have significant impact on future results of the Company.

9. Information about changes in contingent liabilities or assets since the closing of the previous business year.

Change in the off-balance sheet liabilities from 01.01.2011 to 31.12.2011 is as follows:

1. Change in guarantees (PLN thousand):

Beneficiary	Guarantee type	Validity date	Stan na 31.12.2011	As on 01.01.2011	Delta
OGP Gaz-System S.A.	bid bond guarantee	28.02.2011	0	10.000	-10.000
OGP Gaz-System S.A.	performance guarantee	01.04.2011	0	530	-530
	defects and faults removal	from 02.04.2011 to 01.04.2016	159	159	0
OGP Gaz-System S.A.	performance guarantee	28.03.2011	0	431	-431
	defects and faults removal	from 29.03.2011 to 28.03.2016	129	129	0
ZRUG Sp. z o.o.	performance guarantee	31.05.2011	0	1 097	- 1 097
OGP Gaz-System S.A.	performance guarantee	03.02.2012	4 157	0	4 157
	defects and faults removal	from 04.02.2012 to 03.02.2015	1 247	0	1 247
OGP Gaz-System S.A.	performance guarantee	10.05.2012	4 688	0	4 688
	defects and faults removal	from 11.05.2012 to 10.05.2015	1 407	0	1 407
Polskie Górnictwo Naftowe i Gazownictwo S.A.	bid bond guarantee	13.01.2012	920	0	920

2. Change in encumbrances on fixed and working assets of the Company (PLN thousand):

Type	Stan na 31.12.2011	As on 01.01.2011	Delta
Pledge on fixed assets	18.280	19.069	-789
Pledge on inventories	26.500	16.500	10 000
Mortgages	60.936	59.400	1 536

Moreover, the investment loan taken from BNP Paribas Bank Polska S.A. requires that the Company establish registered pledge on machinery and plant financed with the loan, of the value of PLN 9,000 thousand, with said bank as the beneficiary. As on 30.09.2011 the machinery and plant had not been purchased yet.

10. Description of the issuer's Group organization, with information about the entities subject to consolidation.

Izostal S.A. does not have its capital group, therefore it does not prepare consolidated financial statements.

The Company is part of Stalprofil S.A. Group, where the other entities are also:

- Stalprofil S.A. seated in Dąbrowa Górnicza - dominant entity
- Kolb sp. z o.o. seated in Kolonowskie
- ZRUG Zabrze sp. z o.o. seated in Zabrze

11. Results of changes in the structure of a business entity, including merger, acquisition or sale of the issuer's capital group entities, long-term investments, spin-off, restructuring or business discontinuation.

No significant changes were recorded in the basic Company management principles in the period covered by the report. The Company runs a production activity in the Coating Department in Zawadzkie and Anti-Corrosion Center in Kolonowskie. The Company's Management Board is based in Zawadzkie.

12. Management Board's opinion on a possibility to fulfill the previously published forecasts.

In its Prospectus approved by the Financial Supervision Authority on December 8, 2010, the Company presented forecast for 2011. On December 9, 2011 following the analysis of a financial result feasible in the financial year, the Management Board of the Company corrected the Company's forecast result for 2011 by way of a current report no. 56/2011. The following table shows the comparison of the Company results' forecast for 2011 and actuals.

	Forecast 2011	Actual 4 quarters of 2011	% of actual
Sales revenues (PLN thousand)	252 980	259 732	102,7
Operating costs (PLN thousand)*	227 503	234 603	103,1
Gross sales profit (PLN thousand)	38 230	38 786	101,5
Depreciation and amortization (PLN thousand)	3 556	3 549	99,8
EBITDA (PLN thousand)	30 028	29 215	97,3
Operating profit (PLN thousand)	26 472	25 666	97,0
Net profit (PLN thousand)	19 044	19 134	100,5

* - includes costs of products, goods and materials sold, costs of sale and overheads

The table above shows that results recorded by the Company in 2011 are close to the forecast.

13. Information about shareholders holding directly or indirectly (via subsidiaries) at least 5% of votes at the general meeting on the day of publishing this quarterly report.

To the best of the Company's knowledge on the date of announcing the report for Q4 of 2011, the shareholders holding at least 5% of total votes at the General Meeting, either directly or indirectly via subsidiaries, were as follows:

Shareholder	Number of shares	Shareholding (%)	Number of votes at the general meeting	Percentage of total votes at the general meeting (%)
Stalprofil S.A.	19 739 000	60,28 %	19 739 000	60,28 %
Aviva OFE Aviva BZ WBK	1 669 877	5,10 %	1 669 877	5,10 %
BPH TFI S.A.	1 644 021	5,02 %	1 644 021	5,02 %
Other	9 691 102	29,60 %	9 691 102	29,60 %
TOTAL	32 744 000	100 %	32 744 000	100 %

In the period since the announcement of the previous quarterly report of Izostal S.A. there have been no significant changes to the ownership structure.

14. Statement of shareholding of the issuer's shares or rights to shares by managing and supervisory persons of the issuer as on the date of announcing the quarterly report.

To the best of the Company's knowledge, the shareholding at Izostal S.A. by Management Board and Supervisory Board members on the date of announcing the report for Q4 of 2011 was as follows:

Management Board	Total number of shares held
Marek Mazurek	5 314
Jacek Podwiński	738
Supervisory Board	Total number of shares held
Zdzisław Mendelak	3 489

In the period since the announcement of the previous quarterly report, no changes in the number of shares or rights to shares held by management board and supervisory board members have occurred.

15. Proceedings at courts, arbitration bodies or public administration authorities where the aggregate value was at least 10% of the issuer's equity

In the period covered by the report Izostal S.A. did not initiate or was involved in any proceedings at courts, arbitration bodies or public administration authorities where the aggregate value was at least 10% of the issuer's equity.

16. Information about the conclusion by the issuer or its subsidiary of a single or multiple transaction(s) with affiliated entities, if any single transaction or aggregate transactions are significant and were concluded on the conditions other than arm's length conditions.

Transactions concluded by the Company with affiliated entities were effected on arm's length conditions.

Transactions between Stalprofil S.A., ZRUG Zabrze Sp. z o.o., Kolb Sp. z o.o. covered mainly the supplies of steel products and Company products. Izostal S.A. did also some purchasing from affiliated entities in connection with the investments in the scope of the services provided by these entities. Transactions were of a typical and routine character.

17. Information about loan sureties, loans or guarantees offered by the issuer or its subsidiary to a single entity or this entity's subsidiary equal to at least 10% of the issuer's equity.

Izostal S.A. did not grant any loan sureties or loans.

The amount of guarantees provided by the Company to a single entity or this entity's subsidiary as on December 31, 2011 did not exceed 10% of equity.

18. Other information which in the issuer's opinion is important for the evaluation of its personnel, property and financial situation, its financial results and changes thereto, and information important for the evaluation of the issuer's capability to fulfill its obligations.

The Company's financial situation is very good. Thanks to the public offering of shares in Q4 of 2010, Izostal has the working capital required to financially service contracts fulfilled since 2011. Company's financial capacity is secured by bank loans taken to finance current activity. As on December 31, 2012 the company could utilize the following overdrafts for its ongoing activity, in the following amounts:

- multi-purpose credit limit at PKO BP S.A. for PLN 22,000 thousand. As part of this credit limit was utilized for contract performance guarantees, the balance to be utilized as on December 31, 2011 is PLN 12,234 thousand. The credit may be utilized in PLN and EUR,
- multi-currency overdraft facility at BRE Bank S.A. for the amount of PLN 10.000 thousand. The credit may be utilized in PLN and EUR. The balance to be utilized as on December 31, 2011 is PLN 6,940 thousand
- multi-purpose credit facility at BNP Paribas Bank Polska S.A. for the amount of PLN 5,000 thousand. As on December 31, 2011 the credit was not utilized.

Apart from the aforementioned credits, the Company took a working capital loan of EUR 5,000 thousand to finance contracts concluded with O.G.P. Gaz-System S.A. As on December 31, 2011 the Company utilized the amount of EUR 1.347 thousand.

Furthermore, as on December 31, 2011, the Company had investment credits for the construction of the Anticorrosion Insulation Center, and Research and Development Center for Steel Technologies and Products for the total amount of PLN 29.297,5 thousand

The Company insures its tangible assets against the risks they are exposed to. Izostal S.A. also has third party liability insurance for its business. The risks related to customer's insolvency the Company insures its receivables with KUKE.

Since the value of imports in the Company's purchases increased, the Company has a treasury limit for forward transactions with BRE Bank S.A., BNP Paribas Bank Polska S.A.

and PKO BP S.A. As on December 31, 2011, the Company concluded forward transactions for the purchase of currency for the total amount of EUR 11,265 thousand to be realized in 2012. Those transactions are partly secured with PUT options protecting the Company if PLN gets stronger.

19. Factors that according to the issuer will influence their results in the time horizon of at least one coming quarter.

As in the previous periods, the most important factor having influence on the results is the situation in the gas networks market, which is shaped by:

- projects for the extension of gas transmission, storage and mining infrastructure arising from the strategy adopted by the government of Poland aimed at diversification of gas supply sources,
- necessity to increase gas share in the production of energy arising from CO2 emissions limitations imposed on Poland,
- projects assuming the revamping of the existing transmission networks.

Year 2011 witnessed a significant increase of expenditure on the development of gas infrastructure in Poland which has been reflected in the Company's results.

Such business conditions will continue in the coming years, as confirmed by O.G.P. Gaz-System S.A. and PGNiG S.A. Plans of O.G.P. Gaz-System S.A. assume that in 2012 capital expenditure will reach PLN 2.7 billion, with construction of gas networks being the main item. By the end of 2014 the Company will have spent PLN 8 billion. The most important networks will be constructed (or are already constructed) in the north-west and center of Poland. These will be among others Szczecin-Lwówek (construction permit has already been granted - the investment is planned to be completed by February 2014), Świnoujście - Szczecin, Szczecin - Gdańsk, Rembelszczyzna - Gustorzyn, Gustorzyn - Odolanów pipelines. According to the plans of O.G.P. Gaz - System S.A. the extension of the pipelines in Poland may be an important element of the North-South gas corridor connecting LNG terminal in Świnoujście with the planned Adria LNG terminal in Croatia through the internal transmission infrastructure of Central European countries. Construction of Poland - Lithuania gas pipeline is also being considered - decision to be made in 2013.

Strategic investments in the gas sector will require construction of lower-pressure gas distribution pipelines which also generate demand for the Company's products.

Demand for gas and consequent necessity to extend gas distribution infrastructure are also determined by the plans to construct power and heat and power plants which are rather a clean source of energy that can respond to the foreseen electricity deficit in 2015 - 2016.

Izostal S.A. will participate in all tenders for its products and will compete against domestic and foreign companies. The Company's advantage arises from access to state-of-art pipe coating technologies (the Company is the only domestic producer of LAYTEC[®] internal coating), high-quality products offered, flexibility in purchasing steel pipes, developed warehouse facilities for pipes storage.

As Poland has slate gas deposits, and thus it is necessary to drill gas wells, the Company decided to become a supplier of drill pipes used for gas well drilling operations.

Investments in the sector may be affected by EU economic situation. Poland has managed to get through the global crisis so far, yet it is difficult to predict what will happen next. Macroeconomic situation leads to the significant depreciation of PLN which is not favorable for the Company that imports steel pipes and settles its payments in EUR. In the period of PLN exchange rate fluctuations, the Company hedges its currency risk with derivatives.

The almost-completed Research and Development Center for steel technologies and products will influence the Company's current activity through optimization of R&D processes and production diversification. Company potential will be extended by a possibility to carry out analyses and tests of input materials for production, develop new structural and technological solutions and introduce new products and services not yet offered by the Company (DFBE coating among others). Profits from the operation of the Center will be obtained as early as 2012.

Izostal S.A.
ul. Polna 3,
47-120 Zawadzkie

tel.: +48 77 40 56 500
fax: +48 77 40 56 501
gielda@izostal.com.pl
www.izostal.com.pl

VAT no. 756-00-10-641
SHARE CAPITAL 65.488.000 PLN
KRS 0000008917 – District Court in Opole, 8th Business Division of the National Court Register

