

Dear

Shareholders, Contractors, Cooperatives,

The previous year has brought steady development of Izostal S.A., of which an evidence for are the following figures:

- Sales income - 459.421 thousand zł
- EBITDA – 33.767 thousand zł
- Gross profit– 25.206 thousand zł
- Net profit– 20.306 thousand zł

The Company has met the challenges imposed by the difficult market. In each of the quarters, the results achieved by Izostal were satisfactory for the company itself, as well as for – I believe - the Shareholders. The ambitious goals stated by the Board of Directors have been achieved.

Year 2012 has begun with completing construction of the Research and Development Center for Steel Products and Technologies, where our engineers are carrying research and development works that would have been previously impossible to perform. An example for this may be development of a new type of coating - Dual Fusion Bonded Epoxy, developed for marine installations, speed core drills, exploratory boreholes, geometry, land pipelines or systems exposed to adverse meteorological conditions. Please also note that, for the construction of the R&D Center we have obtained an amount of 7,3 million zł from the Ministry of Economics, as part of the Innovative Economy 4.5.2 "Support for modern services sector investments" program. The subsidy has been fully settled.

Year 2012 was full of innovations in the field of infrastructural investments on the Polish gas market. The investments realized by O.G.P. Gaz-System S.A. are posing a big challenge on Poland. In the middle of 2014, the Świnoujście Gazoport is to be commissioned for use, after connecting the currently constructed transfer lines to it. Izostal has played a significant role in delivering coated pipes for O.G.P. Gaz-System S.A. Izostal has delivered and is still delivering 400 km of pipes for a total of 850 km schedule. This is the so called first stage of delivery. Another stage, to be commenced in 2014, will be a delivery of another 1000 km of insulated pipes.

The abovementioned program proves that the years to come will provide many new investments in the Polish gas industry. Izostal's intention is to remain an active part and beneficiary of these investments.

Izostal consequently executes its strategy of concentrating on basic business, yet not forgetting about general gas investments, such as searching for conventional gas and shale gas, where we deliver drill pipes and casing strings.

Year 2012 has also brought our company a number of distinctions. Among the most prestigious is the 10th place in the most innovative Polish companies ranking, as according to the "Rzeczpospolita" newspaper.

Izostal is making good use of the development in the field of Polish, as well as Middle Europe gas industry. The company's good performance is even more satisfying, when compared to other companies, which have evident problems with estimation of contracts. Our achievements in this field result from a well formulated strategy of operating on the difficult public order market.

Concluding, I would like to bring Your attention to what's the most important for our leading Shareholder Stalprofil and the Minority Shareholders, ie. good perspective of Izostal for its operations on the gas-petrochemical market, which should assure steady, yearly payment of due dividends and the increase of stock worth.

Therefore, Izostal would especially want to thank all the Shareholders who have put their trust in the company's business course and invested their funds in its development.

The successes would also not have been possible without the loyal and hard work of its personnel.

Yours sincerely,
Marek Mazurek
President, Izostal S.A.