

**Dear Shareholders,**

On behalf of the Management Board of Izostal S.A. and myself I would like to present the Annual Report for 2010.

I have the honor to inform you that from the business point of view, year 2010 was very good for Izostal S.A. The Company fully realized the forecast levels of income and profit. In 2010 the Company recorded sales revenues in the amount of PLN 138,329 thou. i.e. an increase of over 53% against the previous year. Analogically, net profit increased by 47% up to the amount of PLN 7,438 thou.

The previous year was a period of intense works aimed at following the development strategy set for the Company. We completed the construction of a modern Anticorrosion Coating Center equipped with the state-of-the-art technological lines for internal and external coating of steel pipes. Modern logistic facilities and a research and development center were built within the area of the production plant. Modern production infrastructure will make it possible to further improve efficiency and most of all to offer highest-quality products and services which will meet requirements of even most demanding customers. The innovativeness characteristic for Izostal S.A. brings considerable benefits for the Company itself and also for its shareholders.

The year 2010 was very important for the Company's history as it witnessed a landmark event. In mid 2010 we resumed preparations for the public offering of shares and a debut on Giełda Papierów Wartościowych w Warszawie S.A., which were interrupted in 2008 because of the financial crisis. The purpose of the public offering of shares was to obtain funds for working capital in order to increase sales and to construct the Research and Development Center for steel technologies and products. Those activities were completed on January 11, 2011 with a successful debut on Giełda Papierów Wartościowych w Warszawie S.A. The price of rights to shares of Izostal S.A. listed since that day was by 23.46% higher on the debut day as compared to the issue price. Such a successful debut on the stock exchange, being a proof of shareholders' trust and belief in the assumed strategic targets and further growth of the Company, is a big achievement but also a challenge for us.

Plans for 2011 assume further continuation of the adopted investment program. Izostal S.A. will build a modern Research and Development Center for steel products and technologies within the area of the Anticorrosion Coating Center. The investment will make it possible for the company to conduct research on the quality of steel products, improve its anticorrosion coatings and launch new types of coatings to be used in the widely-understood gas and petrochemical industries. We obtained over PLN 7 million under the Operational Program Innovative Economy 2007-2013, action 4.5, for the completion of the pending Research and Development Center for steel technologies and products. Support for investments of significant importance for the economy. It is another EU subsidy obtained by the Company. The previous subsidy amounted to PLN 21 million and was granted to Izostal in 2008 for the construction of the Anticorrosion Coating Center under the operation program 4.4. "Innovative Economy".

On behalf of the Management Board I would like to thank all Customers, Shareholders and Employers for contribution in the development of Izostal S.A. I believe that further consistent implementation of the adopted strategy will bring notable benefits.

Regards,

Marek Mazurek  
Management Board Chairman of Izostal S.A.