

**KRAKCHEMIA S.A. Supervisory Board Report  
on the evaluation of the financial report and the Company Board  
report on the activity of KRAKCHEMIA S.A., with the seat in  
Kraków, for the year 2008 as well as the company`s Board motion  
concerning the usage of the profit for the accounting year 2008.**

Ordinary General Shareholders Meeting with the resolutions of April 17, 2007 and the Supervisory Board with its resolution of April 23, 2007 appointed and formed the Supervisory Board in the following composition :

Chairman of the Supervisory Board	- Jerzy Mazgaj
Deputy Chairman of the Supervisory Board	- Grzegorz Pilch
Member of the Supervisory Board	- Zbigniew Cwiąkalski
Member of the Supervisory Board	- Konrad Hernik
Member of the Supervisory Board	- Mariusz Wojdon

The Term of the Supervisory Board lasts three years.

On November 20, 2007 Mr. Zbigniew Cwiąkalski submitted a statement on the resignation from the post of Member of the Supervisory Board

On February 07, 2008 The Extraordinary General Shareholders Meeting appointed Mr. Grzegorz Hajdarowicz a Member of the Supervisory Board

On March 3, 2009 Mr. Grzegorz Hajdarowicz submitted a statement on the resignation from the post of Member of the Supervisory Board .

On March 3, 2009 The Extraordinary General Shareholders Meeting appointed Ms. Ilona Malik to its panel.

The current composition of the Supervisory Board:

Chairman of the Supervisory Board	- Jerzy Mazgaj
Deputy Chairman of the Supervisory Board	- Grzegorz Pilch
Member of the Supervisory Board	- Ilona Malik
Member of the Supervisory Board	- Konrad Hernik
Member of the Supervisory Board	- Mariusz Wojdon

Taking into consideration the fact that the Supervisory Board functions in the composition consisting of a minimal required by law number of the members, the audit committee poses the Company body in its full composition. It is in compliance with the stipulations of the paragraph III, subparagraph 7 of „The Good Practices of the Companies Quoted at the Warsaw Stock Exchange”

KRAKCHEMIA S.A. Supervisory Board executed the evaluation of the Board`s report on the Company activity for the accounting year 2008 and the Company Board`s motion concerning the usage of the net profit for the accounting year 2008. The Supervisory Board also executed the evaluation of the financial report of the Company for the period from January 1, to December 31, 2008.

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The examined financial report comprises:

1. The balance compiled for the day of 31.12.2008., which on the asset side and the equity capital as well as the liabilities amounts to 104 164 thousand PLN,
2. The Profit and Loss Account for the period from 01.01.2008 to 31.12.2008 presenting the net profit amounting to 2 504 thousand PLN,
3. The Changes in the Equity Capital for the period from 01.01.2008 to 31.12.2008 presenting an increase in equity capital amounting to 2 504 thousand PLN,
4. The Financial Flow Account for the period from 01.01.2008 to 31.12.2008 presenting an increase of financial means and the credits in the current account amounting to 1 045 thousand PLN,
5. additional information and explanation.

The Members of the Supervisory Board got acquainted with the information received from the Board and the employees in the course of the accounting year, regarding the Company activity and the risk connected with the activity and the risk management mode.

The safeguarding measures implemented by the company to secure the currency transactions in the European market and the importing purchases consist in the forward type transactions with the currency delivery purported solely for the payment of the liabilities by the virtue thereof. The products purchased in the transactions are destined for the current trade circulation. The Company presents in the yearly report complete information regarding the forward type currency transactions together with the fair value assessment of the abovementioned transactions. The company does not make use of any other currency financial instruments.

According to the Supervisory Board evaluation, the Company has implemented the right instruments of inherent control, which function well and enable the control of the process of the financial reports compilation.

The Supervisory Board has been surveying the selected documents of the company on a regular basis and got acquainted with the Board's explanations regarding the financial situation, as well as it got acquainted with the protocols of the Company Board meetings and the resolutions passed by the Board. The Board has been informing the Supervisory Board on a regular basis on the Company's financial results.

In the period from January 1 to December 31, 2008 there were three sittings of the Supervisory Board. In the sittings, the Supervisory Board passed the resolutions concerning the Company's activity as well as the resolutions in the mode of §5 paragraph. 2.9 of the Articles. Within its statutory framework, and within the delegated powers stipulated by the Supervisory Board regulations, the Supervisory Board executed the ongoing supervision over the Company's activity, undertook the decisions proper to its powers, executed the evaluation of the Company's financial results as well as assessed the market situation with a regard to the activities undertaken by the Company's Board.

The Supervisory Board got acquainted with the opinion of the Chartered Accountant, Krystyna Olesińska, of the registry number 9533/7185 of March 30, 2009 acting on behalf of the Chartered Accountants Chamber - Kancelaria Biegłych Rewidentów „KONTO” Sp. z o.o. with the seat in Kraków, who executed the evaluation, and with the complementary report to

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the opinion of the Company financial result survey for the accounting year from January 1, to December 31, 2008 in connection with the ending of the reporting period of a joint stock company.

The opinions expressed by the Chartered Accountant are the opinions without any reservation regarding their correctness and the reliability of the surveyed financial reports.

It confirms the positive opinion of the Supervisory Board on the evaluation of the surveyed documents of the Company and the activity the Company carried out in 2008.

In the light of the abovementioned, the Supervisory Board – upon getting acquainted with the Company Board's report the Supervisory Board on the Company activity as well as with the financial report for the period from January 1 to December 31, 2008, it recommends to the Ordinary General Shareholders Meeting to:

1. Accept the Company's Board motion concerning the use of the net profit for the year 2008 amounting to 2 503 895,59- PLN for the Company's reserve capital.
2. Approve the Company's report on the Company's activity as well as the Company's financial report for the period from January 1, to December 31, 2008.
3. Grant the vote of approval to the members of the Board for the proper execution of their duties in the accounting year 2008.

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