MID-YEAR REPORT ON KRAKCHEMIA S.A. ACTIVITY
for the first half of 2012

- Kraków, August 14, 2012 –
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Factors and events, of anomalous nature in particular, considerably affecting the financial results achieved.

Indication of factors, which – in the issuer’s assessment – may influence the results achieved within at least the oncoming quarter of the year.

Changes in the conditions of carrying on the activity and the economic situation, which may have considerable influence upon the fair value of financial assets and Company financial liabilities, irrespective of the fact if the assets and liabilities are expressed in the fair value or in the amortized cost.

Any other information, which in the Company’s opinion, is significant in the assessment of the financial result as well as the staff, capital and financial situation. Their changes and information that is significant in the assessment of the issuer’s liabilities coverage capability.

Concise description of considerable achievements and failures of the Company in the first half year of 2012, accompanied by listing the major events related to them.

Information on the procedures in court, arbitrage-specific organs or state administrative body.

Events occurring after the date of the abridged, mid-year financial report compilation, which were not presented in this report and which could affect the Company financial results in future.

THE BOARD STATEMENT referring to the compilation of the mid-year abridged financial report and KRAKCHEMIA S.A activity report.

THE BOARD’S STATEMENT concerning the entity entitled to examine the financial reports and the certified auditors.
1. Rules assumed for the compilation of the mid-year report.


The mid-year report is compiled and published on the basis of the regulations of the Minister of Finance regulation of February 19, 2009 on the current and periodical information published by the securities issuers as well as the conditions for the recognition as equivalent of the information required by the legal regulations of countries that are not member states (Dz.U. nr 33 poz. 259 Journal of Laws No. 333 item 259).

The following compose the mid-year report:
1. Selected financial data.
2. Mid-year financial report.
3. Mid-year report on the Company`s activity.
4. Statements of the Board, signed by all its members, referring to the following:
   - compilation of the mid-year financial report and the mid-year report on the Company`s activity,
   - the entity authorized to examine the financial reports and the chartered auditors.
5. Report, issued by the entity authorized to examine the financial reports, on the mid-year report examination.

The Company shall not publish the periodical report for the second quarter of 2012.

2. Rules assumed for the compilation of abridged mid-year financial report and the report on the company activity.

2.1. Rules assumed for the compilation of abridged mid-year financial statement.

The abridged mid-year financial report encompasses the period of first six months of the accounting year. KRAKCHEMIA S.A. compiles its financial reports in accordance with the International Financial Reporting Standards (IFRS).

The mid-year financial report comprises:
- The total income statement and other total revenues,
- The report on the financial situation,
- The report on the changes in equity capital,
- The report on the financial flow account,
- Explanatory notes for the abridged mid-year financial report.

All the data in the abridged mid-year financial report are accompanied by the corresponding data for the first half of the previous accounting year, and in the case of the balance sheet and the report on changes in the equity capital, additionally, for the previous accounting year. The data is compiled in the manner guaranteeing comparability of the data presented in the report for the periods of the previous accounting year with the data for the first half of the current accounting year.

The scope of disclosed data and the comparable financial data is in accordance with the International Financial Reporting Standards (IFRS).

The mid-year financial report is presented in Polish zloty currency (PLN), which is because of the fact, that the Polish zloty is the basic currency in which the Company`s transactions (economic operations) are denominated. The Company Board is responsible for the mid-year financial report compilation. The report is compiled for June 30 of the given year.

The rules adopted in compilation of the abridged mid-year financial report for the first half of 2012 are described in the explanatory notes for this report.

The mid-year financial report is subject to examination by the chartered auditor, with the aim of presenting his or her written opinion on the examination of the abridged mid-year financial report.

KRAKCHEMIA S.A. Supervisory Board is the body entitled to choose the chartered auditor, whose task is to examine KRAKCHEMIA S.A. abridged mid-year financial report and to examine KRAKCHEMIA S.A. yearly financial report.
2.2. Rules assumed for the compilation of the report on the company activity.
The form of presenting the report on the company activity is in accordance with the requirements of the Minister of Finance Regulation of February 19, 2009 concerning the current and periodical information submitted by the securities issuers and on the conditions for the recognition as equivalent of the information required by the legal regulations of countries that are not member states – Journal of Laws No.33. item 259 (Dz.U. nr 33 poz. 259).

3. Basic data about the company.

KRAKCHEMIA S.A., based in Kraków, 10 Dąbka St., was formed as the result of conversion of KrakChemia-Hurt Ltd. into a joint stock company on the basis of a resolution to convert, adopted on September 2, 2004 by the Extraordinary Meeting of KrakChemia-Hurt Limited Partners.

The company was registered with the National Court Registry – the Entrepreneurs Register on October 1, 2004 under 0000217348 number KrakChemia-Hurt S.A. entry. By means of a resolution of the Supervisory Board of November 5, 2004, the company’s name was changed into KRAKCHEMIA S.A. On November 16, 2004 the entry of the changes into KRS (the National Court Registry) was made.

The company continues its economic activity of the entity registered in the Regional Court in Kraków Śródmieście under the number RH/B 9660 of August 24, 2000 on the basis of a Notarial act compiled on July 18, 2000 – Rep. A No. 5393/2000. On September 19, 2001 KrakChemia-Hurt Limited was entered into National Court Registry, No. 0000045313 and removed from KRS (National Court Registry) on September 30, 2004 in the light of the company’s conversion into a joint stock company. On October 8, 2007, with a resolution of the Warsaw Stock Exchange’s Board (GPW’s Board) the A and B series ordinary a vista shares were introduced into the circulation at the GPW in Warsaw.

**The Company name:** KRAKCHEMIA Spółka Akcyjna  
**Seat:** Kraków  
**Address:** 30-832 Kraków, ul. Plk. Dąbka 10  
**Telephone:** +48(12) 652 20 00  
**Fax:** +48(12) 652 20 01

**CRO certificate (REGON):** 357220430  
**Tax Identification Number (NIP):** 945-192-35-62  
**National Court Register (KRS):** 0000217348  
**Shareholders:** 50% of the company’s shares is in the possession of ALMA MARKET S.A.  
**Initial capital entirely covered:** 10 000 000,00 PLN  
**Predominating company activity:** wholesale trade  
**2012 Auditor:** Certified Auditors Chamber „KONTO” Sp. z o.o..

**Company authorities**

**Supervisory Board:**

Ordinary Shareholders Meeting called Members of the Supervisory Board for a new term on May 17, 2010. The Supervisory Board at its first seating on June 2, 2010 elected the Chairman, Deputy Chairman and the Secretary of the Supervisory Board. The term of Supervisory Board lasts three years. After the changes in the Supervisory Board in January 2011, the currency Supervisory Board looks as follows:

- Supervisory Board Chairman - Jerzy Mazgaj  
- Supervisory Board Deputy Chairman - Barbara Mazgaj  
- Supervisory Board Secretary - Ilona Malik  
- Member of the Supervisory Board - Marek Kluciński  
- Member of the Supervisory Board - Mariusz Wojdon  
- Member of the Supervisory Board - Elżbieta Wyrobiec
The Board:

The Board of the new term was appointed by the Supervisory Board resolution on April 26, 2010. After the change on June 2, 2010 the current Board composition looks in the following way:

The Board’s Chairman - Andrzej Zdebski
The Board’s Deputy Chairman - Włodzimierz Oprzędek

Its term lasts 3 years.

Authorised clerks:
Head accountant - Dorota Widz-Szwarc
Sales Director - Barbara Waga

4. The description of Capital Group and indication of entities subject to consolidation.

KRAKCHEMIA S.A. belongs to ALMA MARKET S.A. capital group and is its dependent company.

Dominating company:
ALMA MARKET S.A.
Seat: Kraków
Address: 30-964 Kraków, ul. Pilotów 6
Dominating segment of the Company activity: retail trade.

The Structure of ALMA MARKET S.A. capital group is presented in ALMA MARKET S.A. periodical reports

ALMA MARKET S.A. capital group companies are subject to consolidation.

5. Indication of the results of the changes in the Company structure, including the results of economic mergers, takeovers or sale of the Capital Group entities, long-term investments, divisions, restructuring or renouncing activity.

In the presented period there were no changes in the Company structure, which would influence the Company’s activity.

6. Shareholders, directly or indirectly – via the dependent entities - possessing at least 5 per cent of the general number of votes at the KRAKCHEMIA S.A. General Meeting as on the day of the mid-year report compilation. Changes in KRAKCHEMIA S.A. considerable share packets ownership structure in the period since the previous quarterly report in accordance with the information in possession of KRAKCHEMIA S.A.

<table>
<thead>
<tr>
<th>Shareholders</th>
<th>Number of shares and votes at GSM (General Shareholders Meeting)</th>
<th>The structure of the shares in possession %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Status on May 11, 2012</td>
<td>Change in %</td>
</tr>
<tr>
<td></td>
<td>Status on August 24, 2012</td>
<td></td>
</tr>
<tr>
<td>ALMA MARKET S.A.</td>
<td>5 000 000</td>
<td>5 000 000</td>
</tr>
<tr>
<td>QUERCUS TFI S.A. **</td>
<td>958 909</td>
<td>958 909</td>
</tr>
<tr>
<td>OFE PZU Złota Jesień</td>
<td>997 000</td>
<td>997 000</td>
</tr>
<tr>
<td>Others, possessing less than 5 % of the overall number of votes</td>
<td>3 044 091</td>
<td>3 044 091</td>
</tr>
<tr>
<td>Overall number of company shares and the votes connected therewith</td>
<td>10 000 000</td>
<td>10 000 000</td>
</tr>
</tbody>
</table>

* Percentage share in the initial capital and in the overall number of votes at the GSM
**Funds total possession - QUERCUS Parasolowy SFIO, QUERCUS Absolute Return FIZ and QUERCUS Absolutnego Zwrotu FIZ, managed by QUERCUS TFI S.A.
7. Listing KRAKCHEMIA S.A share possession or the rights to them (options) by the people holding the managing or supervising positions in KRAKCHEMIA S.A. on the day of the mid-year report publishing, together with indication of changes in the possession status, in the period spanning from the previous quarterly report in accordance with information in possession of KRAKCHEMIA S.A.

<table>
<thead>
<tr>
<th>Shareholders managing and supervising people</th>
<th>Number of shares and votes at GSM (General Shareholders Meeting)</th>
<th>The structure of the shares in possession % *</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Status on May 11, 2012</td>
<td>Change in %</td>
</tr>
<tr>
<td>The Board</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Andrzej Zdebcki</td>
<td>11 300</td>
<td>—</td>
</tr>
</tbody>
</table>

* Percentage share in the initial capital and in the overall number of votes at the GSM

8. Information on issuing, buying our or paying off the non-equity and capital securities.

On October 8, 2007, with a resolutions of the Warsaw Stock Exchange`s Board (GPW`s Board) the following KRAKCHEMIA S.A. ordinary a vista shares of nominal value (face value) of 1,00 PLN each, were introduced into the primary market circulation at the GPW in Warsaw:

a) 5 000 000 (five million) A series ordinary a vista shares,
b) 5 000 000 (five million B series ordinary a vista shares.

marked by the National Depository for Securities (Krajowy Depozyt Papierów Wartościowych) with a code „PLKRKCH00019”.

In accordance with the decision of the Warsaw Stock Exchange Board, the quotation of KRAKCHEMIA S.A. a vista ordinary shares of A and B series marked with the abovementioned code, is going to be held on the continuous quotation basis under the abbreviated name of „KRAKCHEM” and the marking of „KCH”.

Apart from the ones mentioned on the day of this information compilation, the Company did not issue nor does it possess any debt securities issued, which are liable to purchase or paying off.

9. Information on the paid-out (or declared) dividend, overall and per share, with the breakdown into ordinary and privileged shares.

With a resolution No 19, on April 10, 2012 KRAKCHEMIA S.A. Ordinary General Shareholders Meeting stipulated to:

1. Divide the Company net profit for 2011, in the amount of 7,004,343,86 PLN, in the following manner:
   1.1. Part of the Company net profit for 2011, amounting to 3,500,000,00 PLN was resolved to be distributed among the shareholders through paying out the dividend in accordance with item 2 as follows.
   1.2. The remaining part of the Company net profit for the trading year 2011, in the amount of 3,504,343,86 PLN, was destined for the Company reserve equity.

2. The dividend, mentioned in item 1 above, in the total amount of 3,500,000,00 PLN was paid out to shareholders in the following manner:
   2.1. The dividend covered all shares issued by the Company i.e. 10,000,000 shares.
   2.2. The dividend amounted to 0,35 PLN per share.
   2.3. The list of shareholders entitled to the dividend was established on June 29, 2012 (the dividend day).
   2.4. The dividend paying out date was July 13, 2012.
10. Description of basic risk and threat factors.

Krakchemia SA being particularly active on the plastic raw materials distributory market is exposed to the variable risks characteristic for the market and price fluctuations in particular as well as the risks and threats of goods trading and its financing.

While analyzing the information incorporated in this report, each time one has to take into consideration the risk factors an any other risks which are not mentioned in this risk description, and which are related to the Company activity, its shareholders, managing and supervising people, securities market as well as additional ones, of more haphazard nature which is independent of the Company.

Each instance of the abovementioned risks coming true as well as any other undefined risk may potentially affect the activity of KRAKCHEMIA S.A. as well as its financial results or the market share quotation in the oncoming months of the financial year.

10.1. Risk and threat factors related to the Company activity.

a) Risk connected with dependence on the major suppliers and recipients.

Plastic raw materials distribution market is dominated by the only Polish producer of polyolefin plastic raw materials producer BASELL ORLEN POLYOLEFINES Ltd. (BOP) with the seat in Płock. One of the crucial elements of the market is the fact, that the majority of plastic raw materials processing companies bases its technology on BOP products. On March 27, 2012 KRAKCHEMIA S.A. signed another three-party distribution contract with Basell S.A & Marketing Company B.V. with a seat in Holland (BSM) and Basell Orlen Polylefins Sprzędaż Sp. z o.o. (BOPS) with a seat in Płock. The subject of the contract is a close co-operation regarding sale and distribution of plastic raw materials. The contract is concluded for the fixed period ending on December 31, 2013. The aforementioned contracts are a continuation of cooperation that has been a fact since 2004 between the Company and Basell Polylefins BV.BA as well as Basell Orlen Polylefins Sprzędaż Sp. z o.o. on the basis of contracts concluded in 2004, 2006 and 2007 and 2010. The terms stipulated in the contract make the Company dependent on BOPS distribution policy and on BOP products availability. On the other hand, the company has strengthened its position on the virtue of the contract on the plastic raw materials distribution market. The sale of BOP products considerably exceeds 10 % of the Company revenues from sale. Within the packaging film distribution, the Company possesses diversified sources of supply co-operating with domestic and foreign packaging film producers based on the ongoing trade co-operation and perennial trade contracts. In the first half of 2012, the Company had two major contracts concluded within the polypropylene packaging film supply:

- with BIAXPLEN LLC with a seat in Moscow – Russian Federation - one of the major polypropylene film producers on the Russian market, with which the Company signed a distribution contract on July 13, 2009.

- PLASTCHIM-T AD with a seat in Tervel – Bulgaria, with which the Company signed a polypropylene film sale and distribution contract on June 1, 2010. By virtue of the abovementioned contract, the Company will distribute PLASTCHIM-T AD products on the territory of Poland as their sole distributor. The contract was prolonged with an annex to the contract on June 29, 2011 until December 31, 2016. Furthermore, the minimum guaranteed quantity volume of supply was determined. The value of the transactions concluded on the basis of the agreement may exceed 10 % of the revenues from sale and qualifies the contract as considerable.

KRAKCHEMIA S.A. carries out its distributory activity of plastic raw materials and packaging films on the territory of entire Poland and all other chemical products on the territory of south-east Poland. In its database, the Company has approximately 1 500 active recipients registered. For each of the recipients, the individual sale volume within a year does not exceed 10 per cent of the Company revenues from sale. The risk of dependence on major suppliers might be assessed as medium.

b) Risk connected with the supply of plastic raw materials, their accessibility and price variations on the world markets.

The sale of plastic raw materials for the first half of 2012 constitutes approximately 90 % of the Company Revenues from sale. The basic components for the plastic raw materials production are based on oil and are subject to the world stock exchange quotations. The quotations shape the world price market of the plastic raw materials, including the European and Polish ones. The plastic raw materials price level – assuming a stable quantitative sale resulting from the demand on the processing and production markets – has a considerable impact on the Company’s revenues and the sale result executed. The fluctuating price of plastic raw materials
has also its influence upon the financial result of the Company through the sale of packaging film, the production of which uses plastic raw materials as a staple.

The company, being one of the two major plastic raw materials distributors on the Polish market, may experience in a considerable manner the decrease of plastic raw materials supply, which results in the sale decrease. In the event of planned technological stoppage within the trade co-operation with a produced, the Company safeguards itself by a periodical increase of reserves guaranteeing the continuity of sale. In the event of the producer’s installation breakdown, the Company possesses an alternative of supplying from other producers.

c) Market forces risk.

The demand on the plastic raw materials, packaging films and other chemical products is dependent on many factors that the Company has no influence upon. The prices for the products are dependent on the supply and demand as well as the producers pricing policy.

Perennial development forecasts for the plastic raw materials and packaging film markets in Poland assume their increase. However, any of the economic situation perturbation and those of the production and consumption area may directly translate into the demand for packaging materials and plastic raw materials products. The drop in the demand on the market generates a proportional drop in the plastic raw materials and packaging film distribution market, which may directly affect the Company financial result.

In the event of supply decrease, there exists a risk of the recipients’ confidence loss in case of late deliveries, assortment deficiencies or sale price changes. Many of the factors shaping the recipients’ confidence is independent on the Company and results from market and price policy of the producers who are the suppliers. The result of this confidence loss may be the decreased revenue from sale and, as a result, the decreased Company’s financial result.

Of crucial importance are also the risk factors connected with a competitive influence of the market. The pricing policy of the competitors consisting in offering products comparable to those offered by our company at a lower price or by offering more convenient trading conditions or more attractive buyer credit limits. The above mentioned actions may force the Company to offer products on competitive conditions, which may, in effect, negatively affect the financial result.

The competing companies might also offer substitution products of other producers. The products might decrease the demand on the products offered by the Company. The competitors might necessitate incurring the costs of trade, technical and organizational competence improvement.

The Company undertakes activities having an aim to maintain and improve its market position. Therefore, the Company employs the trade staff of high qualifications and profound technological expertise. The staff is attending special trainings organized by the producers in the area of technological expertise in the products offered. A countrywide distribution network is developed. This network is supported by mobile trade representatives and technical consultants.

The pricing policy of the competitors necessitates manifold price adjustments to the lower level. Nevertheless, the superior rule of the Company is to execute transactions on the level of profitability guaranteeing the proper Company functions and optimal profits execution. In its rich trade offer, the Company tries to place marketable products of the proper quality. Its trade activity is based mainly on the long-term co-operation with the Company’s contractors who have determined trade conditions and defined credit limits. However, the principles do not eliminate the possibility of risk appearance and its influence on the financial result or the Company’s operations.

The risk connected with the supply and demand decrease connected with the economic crisis, in turn, is practically unpredictable and constitutes a considerable threat for the Company’s operating activity and the financial result execution.

d) Risk of key staff loss.

Because of specific qualifications requirements concerning the staff responsible for distribution, which is connected among others with the market characteristics knowledge as well as technological knowledge, there exists a risk of key staff loss. It is frequently connected with the phenomenon of emigration or taking over by the competitors. This phenomenon may cause a direct sale decrease, loss of recipients in favour of the competition,
loss of technological and organizational competence, and – as a result – revenue decrease as well as the influence on the financial result or the deterioration of technical and consulting service quality.

In order to prevent the loss of key staff, the Company is undertaking a series of actions, comprising the rewards system, staff trainings or working conditions improvements.

10.2. Financial risk factors

a) Receivables collection risk.

Because of low profitability and high demand on capital characterizing the plastic raw materials distribution market, the appropriate policy of granting the delayed payment dates and close control of receivables collection seem to be the key element of the financial policy of the Company. Overdue receivables collection might affect liquidity deterioration and the necessity of external trade financing; in extreme cases, the loss of liquidity might ensue. The Company is in cooperation with three banks on the basis of signed credit contracts for trading credits in the current account guaranteeing financing the commercial trading. Moreover, the company has implemented the procedures of monitoring the due collection of receivables, of analyzing and forecasting the flows as well as granting the trade credit limits. The deterioration of receivables collection might cause not only the Company’s liquidity deterioration, but is also connected with incurring higher financial costs related to the current trade financing as well as, updating deductions, which decrease the Company’s financial result. In order to constrain the risk, the Company has taken out insurance with the aim of safeguarding the receivables resulting from trading.

b) Risk connected with financing the trade from external sources.

In the case of delayed payment dates of receivables, the financing is from the Company’s own sources and the bank trading credits in the current account. In such case, the risk of financing from the external sources in the form of bank credits is related with limiting the turnover resulting from the diminished possibilities of progressive safeguarding of the credits by the Company. The Company possesses in its stock reserves an established collateral in the form of unregistered pledge, and the cession of receivables from selected contractors in favour of the financing banks, with the aim of safeguarding the payment of any possible credit liabilities. The capital elements’ burden does not affect the operational activity conducted by the Company.

c) Currency exchange rate risk.

In connection with the lack of stability on the currency market, the Company safeguards against the appreciation of EUR and USD the liabilities by virtue of inner-European and import transactions, by buying the currency to cover the currency liability by concluding the forward transactions of currency delivery. The transactions are concluded at the moment of liability occurrence connected with the product purchase. The company co-operates with several banks within the area of forward contracts conclusion, which allows for negotiation of currency exchange rates valid on the day of payment for product. The currency purchased and delivered in the forward transactions is entirely destined for payment for products in the inner-European and import transactions, which permits the assumed sales result execution. The company has not concluded and neither is it concluding any other currency transactions, which would expose the Company to the risk of currency exchange rates variations. The Company shall continue applying the abovementioned system of safeguarding the currency liabilities eliminating the influence of appreciation on the trading transactions executed. The information concerning the exposition to the currency risk is presented in the note 15.5 of the financial report.

10.3. Risk and threats factors related to the environment.

a) Macroeconomic situation risk.

The Company’s financial situation is dependent on the macroeconomic situation of Poland. The direct and indirect influence upon the financial results of the Company is exerted among others by – the dynamics of GDP developments, inflation, monetary and fiscal policy of the state, the level of corporate investment, the level of household revenues and the height of consumption demand.
Both, the abovementioned factors and the development or level of their changes exerts influence upon the execution of the Company goals through the links between the distributions market and the processing, producers and service markets. In the event of economic slowdown or implementation of the instruments of shaping the economic policy by the Polish state, the result of which may be the downfall of demand and/or supply, one needs to take into account a real negative influence of the factors upon the financial result of the Company.

b) Legal framework risk.

Legal framework in Poland is not stable and is subject to frequent changes. The legal regulations that can have influence upon the entrepreneurship in Poland have undergone frequent changes in recent, which is among others, tax law, public offers law, construction law, labour and social security law, commercial law and the law concerning the public security trading. Each such change can lead to the increased costs for the Company and, as a result, influence the financial result. Such a state of affairs does not favour a precise assessment of future events. One of the key factors, which can have influence upon the activity of the Company, is the change in the fiscal system and the change in the tax and custom law. In case of import export transactions, from and out of the European Zone, the changes in customs fees may play equally important role as importing and exporting restrictions. The vagueness of customs laws interpretation and the necessity for additional explanations may lead to other losses by virtue of the stoppage of supply at the borders. The company is undertaking all activities aiming at the minimization of the abovementioned risks. The accounting staff takes part in trainings related to the changes in the fiscal system as well as the fiscal and customs regulations that are being implemented. In doubtful cases that refer to the interpretation of the fiscal and customs regulations, the Company refers to the proper administrative body with a request for interpretation. The Company has a valid contract with a Legal Counsellor on the constant legal service provision encompassing among others the legal counselling and preparation of opinions. Such kinds of contracts have been signed by the Company since the establishment of the company, which ensures a constant legal care over the Company.

c) Environment protection risk.

The impact of the Company activity on the natural environment is assessed as negligible. Apart from communal waste, there appears the problem of packaging waste usage and the waste deriving from cutting the packaging film. The company has signed suitable agreements signed with the companies specializing in the collection and transporting the communal waste as well as plastics, wood and paper scraps. Moreover, by virtue of importing products, and what is connected with it – introducing to the market the packaging connected with the imported products – the Company is obliged to recycling the packaging waste and the waste after usage in the interpretation of the bill concerning packaging and packaging waste of May 11, 2001. On the basis of the signed agreement, the obligations have been taken over by BIOSYSTEM S.A., the organization of recycling, with a seat in Kraków.

10.4. Risk and threats factors related to the capital market and share trading.

a) Shareholders structure risk

Currently, the Company has three major shareholders: Alma Market S.A. with 50% of the shares, QUERCUS TFI S.A. with 9,59% of the shares and OFE PZU „Złota Jesień” with 9,97 % of the shares. Alma Market S.A. exercises a direct control over the Company through its direct participation in the supervising organs of the people managing Alma Market S.A at the same time. All Company’s shares are sellable and the shareholders’ rights are by no means restricted. The Company’s corporate documents, as well as the regulations of the Polish law, do not contain any regulations considerably limiting the control changes vis a vis the Company as a result of the purchase by the third parties of considerable number of the Company’s shares. Thus, in case of purchase of the own shares, the changes in the structure of shareholders and control packets may occur.

b) Risk connected with investing in KRAKCHEMIA S.A. shares.

In case of KRAKCHEMIA S.A. share purchase, one should be aware, that the risk of a direct investment in
shares on the capital market is incomparably higher than the risk in Treasury bonds, or the participation units in the investment funds, because of the difficulty of prediction of share quotation variations in the short and long term.

c) Risk of future KRAKCHEMIA S.A. share quotation levels at the stock exchange trading and the trading liquidity.

There is no certainty as regards the future price variation of the Company shares. Furthermore, the Company market share price can be subject to fluctuations as a result of many factors, which are not dependent on the Company. One cannot, therefore, ensure that the investor purchasing the shares will be able to sell them at any convenient time at any satisfying price.

The Company has joined the Liquidity Support Program, in accordance with the resolution § 3.1 No. 502/2008 of the Stock Exchange Board. On October 2, 2008 the Company concluded an agreement with Beskidzki Dom Maklerski S.A. as the issuer’s animator.

d) Risk connected with issuing a decision to suspend or exclude the Company’s shares from trading on the regulated market.

In the situation where the public companies do not meet the obligations stipulated in the articles 157 and 158 of the Bill on the financial instruments trading, the Polish Financial Supervision Authority is liable to impose on the entity that did not meet the obligations, a fine of one million zlotys or to pronounce a decision on the exclusion of Shares from the regulated trading, or to apply both penalties together.

Furthermore, the article 20 of the Bill on the financial instruments circulation, it is stipulated:
- in case, where the security of trading is required or in case of investor’s interests infringement, The Stock Exchange may – on the basis of the Polish Financial Supervision Authority (Commission) ’s demand – suspend admission to circulation on the market or commencement of quotation of the securities appointed by the Commission for the period no longer than 10 days.
- in case, where the trading in particular securities is executed in the circumstances indicating at the possibility of threatening the correct function of the regulated market or the security of trading in the market, or in case of investor’s interests infringement, The Stock Exchange may – on the basis of the Polish Financial Supervision Authority’s demand – suspend the trading in those securities for the period no longer than a month
- on the Supervision’s Authority demand, the GPW (Warsaw SE) may exclude from trading the securities appointed by the Financial Supervision Authority in the case where they significantly jeopardize the correct function of the regulated market and the security of trading in the market, or if it infringes the investors’ interests.
- GPW, upon the issuer’s request, may suspend the trading in given securities or the derivatives connected therewith with the aim of ensuring the investors with the general and equal access for information.
- GPW may undertake a motion upon suspension or exclusion of securities and financial instruments which are not securities from trading in case where the instruments ceased to fulfil the terms valid on the market, under the condition that it will not considerably infringe the investors’ interests nor threatening the correct functioning of the market.

One may not exclude such occurrence in future with regard to the Company’s shares.

In accordance with the GPW Regulations, the Stock Exchange Board may suspend trading in securities for the period of three months upon the request of a Company. Moreover, it may happen in case when the Board reckons that the interest and security of trading participants requires such action, or if the Company infringes the regulations at the Stock Exchange. Furthermore, in the situations stipulated in the Stock Exchange Regulations, the Stock Exchange Board may exclude securities from the SE trading. In addition, in accordance with § 31 of the SE Regulations, the Stock Exchange Board excludes securities from trading:
- If their disposal is limited,
- On the Polish Financial Supervision Authority’s request that is submitted in accordance with the Bill on the financial instruments trading,
- In case of their dematerialization abolition,
- In the event of their exclusion from trading on the regulated market by the proper supervision body.

Apart from the abovementioned cases of exclusion, the GPW Regulations foresees the following cases, the Stock Exchange Board may decide upon the exclusion of the securities from the Stock Exchange trading:
- If conditions of admission to stock exchange trading , other than those which are the basis for the obligatory exclusion of the securities from the SE trading, ceased to exist,
- If the Company consistently infringes the regulations that are valid at the Stock Exchange,
- Upon the Company’s request,
Following the announcement of bankruptcy or in case of the court’s dismissal of an application for the announcement of bankruptcy due to the lack of resources in the Company’s capital, destined to cover the procedural expenses,
– If the GPW Board decides, the interest and security of the trading participants requires this,
– Following undertaking the decision of merging the Company with another entity, of its division or conversion,
– If in the course of the latest 3 months, there has not been any stock transactions on a particular security,
– Following the Company’s undertaking an illegal action in the light of the law in force,
– Following the opening the Issuer’s liquidation procedure.
There is no certainty that the abovementioned situations shall not occur in the future, as regards the Company’s shares.

e) The risk of withdrawing the decision of admission to public trading or penalty imposition by the Financial Supervision Commission

In case when a public company does not meet the obligations stipulated by law, and in particular the information flow obligations stipulated in respective bills, or if it applies them not up to the standard, KNF (Financial Supervisory Authority) may pronounce a decision on exclusion from public trading, imposition of fine or application of both sanctions together.

KRAKCHEMIA S.A. does not exclude the existence of other risks and threats, apart from the abovementioned, that might considerably influence the Company’s activity, its financial result, or the share price variations in the public trading.

11. Selected financial data containing the basis items of the shortened version of the financial statement (also converted into EURO).

<table>
<thead>
<tr>
<th>SELECTED FINANCIAL DATA</th>
<th>Period from January 1 to June 31</th>
<th>Period from January 1 to June 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>In thousand. PLN</td>
<td>In thousand. EUR</td>
</tr>
<tr>
<td>TOTAL INCOME STATEMENT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Revenue from sales, ongoing activity</td>
<td>270 630</td>
<td>241 544</td>
</tr>
<tr>
<td>2 Operational profit, ongoing activity</td>
<td>5 627</td>
<td>4 577</td>
</tr>
<tr>
<td>3 Profit before tax, ongoing activity</td>
<td>4 723</td>
<td>3 754</td>
</tr>
<tr>
<td>4 Net profit, ongoing activity</td>
<td>3 786</td>
<td>3 021</td>
</tr>
<tr>
<td>MONETARY FLOW REPORT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Net monetary flow, operational activity</td>
<td>5 018</td>
<td>6 199</td>
</tr>
<tr>
<td>6 Net monetary flow, investment activity</td>
<td>-86</td>
<td>-336</td>
</tr>
<tr>
<td>7 Net monetary flow, financial activity</td>
<td>-3 762</td>
<td>-3 013</td>
</tr>
<tr>
<td>8 Net change of monetary means and credit in the current account in the period</td>
<td>1 170</td>
<td>2 850</td>
</tr>
<tr>
<td>9 Weighted mean of shares number in given period (in items)</td>
<td>10 000 000</td>
<td>10 000 000</td>
</tr>
<tr>
<td>10 Profit from ongoing activity in given period per share (PLN/ EUR)</td>
<td>0,38</td>
<td>0,30</td>
</tr>
</tbody>
</table>

The entries 1-8 (in the profit and loss statement and the flows) are calculated on the basis of the exchange rate being the arithmetic mean of the exchange rates announced by the National Bank of Poland (NBP), in force on the last day of each month, which (for the first half of 2012) amounted to: 1 EUR=4,2246 PLN, and for the first half of 2011 amounted to: 1 EUR=3,9673 PLN.

Profit from ongoing activity in the given period per 1 share = net profit from ongoing activity in the period/weighted mean of the share number in the given period.

SELECTED FINANCIAL DATA

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>11 Total Assets</td>
<td>165 918</td>
<td>153 683</td>
<td>146 348</td>
<td>38 936</td>
<td>34 795</td>
<td>36 710</td>
</tr>
<tr>
<td>12 Long-term liabilities</td>
<td>15 259</td>
<td>16 951</td>
<td>16 447</td>
<td>3 581</td>
<td>3 838</td>
<td>4 126</td>
</tr>
<tr>
<td>13 Short-term liabilities</td>
<td>87 498</td>
<td>73 829</td>
<td>70 936</td>
<td>20 533</td>
<td>16 715</td>
<td>17 794</td>
</tr>
<tr>
<td>14 Equity capital</td>
<td>63 161</td>
<td>62 903</td>
<td>58 965</td>
<td>14 822</td>
<td>14 242</td>
<td>14 791</td>
</tr>
<tr>
<td>15 Initial capital</td>
<td>10 000</td>
<td>10 000</td>
<td>10 000</td>
<td>2 347</td>
<td>2 264</td>
<td>2 508</td>
</tr>
<tr>
<td>16 Weighted mean of shares number in given period (in items)</td>
<td>10 000 000</td>
<td>10 000 000</td>
<td>10 000 000</td>
<td>10 000 000</td>
<td>10 000 000</td>
<td>10 000 000</td>
</tr>
<tr>
<td>17 Accounting value per share (in PLN/EUR)</td>
<td>6,32</td>
<td>6,29</td>
<td>5,90</td>
<td>1,48</td>
<td>1,42</td>
<td>1,48</td>
</tr>
</tbody>
</table>

The entries 11 to 15 (balance entries) are calculated on the basis of the exchange rate announced by the NBP, in force on 30.06.2012, which amounted to: 1 EUR= 4,2613 PLN, on 31.12. 2011 when it amounted to: 1 EUR= 4,4168 PLN and on 30.06. 2011 when it amounted to: 1 EUR= 3,9866 PLN.

Accounting value per 1 share = equity capital/ weighted mean number of shares in the given period.

12. The Board’s statement regarding a possibility of execution of previously published result forecasts for the given year in the light of results presented in the mid-year report.

Net profit in the period from January 1 to June 30, 2012 was executed at the level of 3 786 thousand PLN. The company did not publish forecasts for 2012.

13. Information on any or many transactions with liaised companies – either by the issuer or its dependent company – if one or overall are considerable and are based on the terms other than market ones.

In the first half of 2012, KRAKCHEMIA S.A. did not conclude one or many transactions with liaised entities, which unitary or in all, would be considerable or would not be typical or routine transactions concluded on market terms between the liaised entities, and their character and terms would not result from the current operational activity of the Company.

The transactions with liaised companies are presented in the note 20 of the financial report.

14. Information on granting by the Company, or its dependent company, credit or loan warranties or granting guarantees – in overall to one entity or its dependent entity, if the overall amount of the existing warranties and guarantees constitutes the equivalent of at least 10 per cent of the own capital of the issuer.

In the presented period, KRAKCHEMIA S.A. did not grant the credit or loan collaterals, nor did it grant guarantees – conjointly to one entity or unit dependent on the entity, the overall value of which would be the equivalent of at least 10% of KRAKCHEMIA S.A. equity capital.

Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna with a seat in Warsaw, Regionalny Oddział Korporacyjny w Krakowie (Regional Department in Kraków), acting upon the Company’s commission, granted a new irrevocable and unconditional guarantee of payment execution up to the amount of 22 000 thousand PLN (verbatim: twenty two million PLN) in favour of Basell Orlen Pololefins Sprzedaż Sp. z o.o with a seat in Płock (Guarantee Beneficiary) by virtue of trade liabilities resulting from the Contract of non-exclusive distribution among Basell Sales & Marketing Company B.V., Basell Orlen Pololefins Sprzedaż Sp. z o.o. and KRAKCHEMIA S.A. The guarantee is a continuation of previously granted guarantees which were issued for the following periods of validity: from December 18, 2011 to February 29, 2012 – from March 1 to May 22, 2012 – as well as from May 23 2012 to May 22, 2013.
By virtue of the abovementioned trade liabilities, the Company issued on January 21, 2008 and presented at the disposal of BOPS, the blank own bill, with the aim of safeguarding any claims of BOPS against KRAKCHEMIA S.A. by the virtue of the sale executed by BOPS in favour of KRAKCHEMIA S.A. KRAKCHEMIA S.A. authorized BOPS to complete the bill at any time up to the amount equivalent to the debt in favour of BOPS resulting from the sale executed by BOPS in favour of KRAKCHEMIA S.A. The amount as well as the value of granted safeguards exceed 10 % of KRAKCHEMIA S.A equity capital.

15. Non-payment of credit or loan or infringement of any crucial stipulation of credit or loan agreement with reference to which no remedial steps were undertaken until the end of reporting period.

No such infringement in the credit agreements concluded by the company took place. Its liabilities by virtue of the abovementioned contracts are duly paid by the Company.

16. Information concerning changes in the contingent liabilities or contingent assets, which occurred by the end of the previous accounting year.

Information concerning the contingent liabilities has been placed in the note No. 21 of the financial report.

17. Explanations concerning seasonal sales variations and the cyclic nature of activity in the given period.

The company is subject to typical business cycle fluctuations within the year, exactly the same that other entities connected with plastic raw materials and packaging film distribution face. The sale volume of plastic raw materials is characterized by inconsiderable fluctuations over the calendar year. A possible seasonal variation may result mainly from the price change of plastic raw materials and market conditions of supply and demand, but it has no characteristics of seasonal repetition. It is worth noting, that the price levels and sale volume on the plastic raw materials market have considerable influence upon the financial results within the scope of revenues executed by the Company from the sale of goods as well as upon the margin executed, which directly translates into net profit executed. The film packaging sale, carried out by KRAKCHEMIA S.A. does not show distinct seasonal characteristics in the spring and summer season. The season variation of film sale is made more difficult by the fact of the plastic raw materials prices influence on the sale of plastics constituting the staple for its production. The assessment of seasonal variations with regard to the Polish processing and consumer market is even more difficult taking into account the natural growth of the market resulting from the lower use of plastic raw materials in Poland in comparison to the Western Europe. The sale of other chemical reagents and raw materials does not show any seasonal variation, although there is a noticeable fall of sale in the winter season.

18. Factors and events, of anomalous nature in particular, considerably affecting the financial results achieved.

To the unusual factors that are difficult to anticipate, which affect the financial result belong the price alterations of the plastic raw materials on the plastic raw materials world markets and the pricing policy resulting wherefrom, which is implemented on the Polish plastic raw materials market by its producers. The price fluctuations directly affect the result executed from the sale of goods as well as the value margin executed by the Company. Another significant factors is the supply of the plastic raw materials dependent on the production capacity of the major producers of the plastic raw materials and on their market policy, technological line defaults or stoppage. Increasing share of the Company on the domestic packaging film distribution market increases the Company’s dependence on the supply-demand market pressures and upon the price fluctuations in this group of products. A close relation of packaging film production with the plastic raw materials market (a staple for its production) is worth noting, however. Any fluctuations in price – supply on the plastic raw materials market translate into the financial results executed by virtue of packaging film distribution. The increasing involvement of the Company in sale transactions and inner-European purchases as well as import-export ones makes the financial results executed on those transactions dependent on the transactional currency rates. The factors are independent on the market activities undertaken by the Company and are unforeseeable in the prospective assessment.
19. Indication of factors, which – in the issuer’s assessment – may influence the results achieved within – at least – the oncoming quarter of the year.

In the first quarter of 2012, the Company registered good results from plastic raw materials and packaging film sale. The growth of plastic raw materials prices continued in the period, which created convenient sale conditions regarding the sale result execution, as well as high demand. The second quarter of 2012 witnessed slowing down of the price evolution trend and decreasing price development trends were registered, continuing until the beginning of the 3rd quarter. In the third quarter, one should take into account the possibility of further strong fluctuating tendencies regarding both the price formation at the distributory market as well as the supply (availability) of plastic raw materials. The effect of the tendencies should be the stabilization of the price-supply situation on the distribution market within the 3rd and 4th quarter. The first half of 2012 closed with a high packaging film sale volume. In the course of recent two years, the Company has carried out an investment into two longitudinal film cutting plants, which allows to increase the film sale volume in accordance with recipients’ orders. Another plant was implemented at the end of the second quarter of this year and one may expect another increase in film sale in the following quarters. In the following quarters of 2012, the Company shall continue the activities aiming at the development of domestic market of packaging film distribution. In all its consideration regarding packaging film distribution market, one needs to take into account the fact of its close connection with the price-supply situation on the plastic raw materials market that constitutes a staple for its production. The price fluctuations connected with stabilization or price changes on the plastic raw materials and packaging film markets that might occur at the end of third quarter and fourth quarter of 2012 may have a considerable influence upon the purchasing policy executed by plastics producers and packaging film recipients, which has a direct impact on the financial result of the Company through the sale volume, margin executed and inventory situation. The fact of currency exchange rate fluctuations while executing foreign transactions is not negligible.

20. Changes in the conditions of carrying on the activity and the economic situation, which may have considerable influence upon the fair value of financial assets and Company financial liabilities, irrespective of the fact if the assets and liabilities are expressed in the fair value or in the amortized cost.

There has been no change in the conditions of carrying on activity and economic situation, which may have considerable influence upon the fair value of financial assets and liabilities of the Company, irrespective of the fact if the assets and liabilities are expressed in their fair value or in the amortized cost. The manners of asset fair value assessment are presented in the explanatory notes of the financial report.

21. Any other information, which in the Company’s opinion, is significant in the assessment of the financial result as well as the staff, capital and financial situation. Their changes and information that is significant in the assessment of the issuer’s liabilities coverage capability.

The Company leads an expansionary policy of developing its own domestic distribution market selling to nearly 1500 recipients, in connection therewith, the Company strongly emphasizes a thorough monitoring of receivables inflow and their collection. The Company also insures its receivables by virtue of trade activities. An expanded network of own distribution channels is particularly supervised from the perspective of their efficiency and sale dynamics evaluation. Currently, proper control of receivables inflow, stable support of trading through external financing with trading credits in several banks guarantees due execution of the Company’s current liabilities. In order to safeguard its financial liquidity, the Company possesses trading credits in the current account – both in short-term and long-term payment period – the information is presented in note 17.1 of the financial report. The policy of managing the circulating equity on the current basis is adapted to the changing market situation, which has a decisive influence upon sustaining the financial liquidity, and in direct manner – upon financial results shape. The Company executes the product purchases in import as well as in the inner-European transactions purported for the current trade circulation. The transactions are exposed to the currency exchange rate risk. For the liabilities in the foreign currencies, resulting from the sale importing and inner-European purchases of the products purported for the current trade circulation, the Company executes the policy of currency purchases through forward transaction with currency delivery, with the aim of payment for the product. All in all (for this purpose exclusively) in five banks, the Company concluded forward transactions in the first half of 2012 in the amount equivalent to 59 051 thousand PLN. At the end of the reporting periods, in accordance with the existing
On June 30, 2012 the Company possessed jointly in the four banks, open forward transaction in the amount of 12,461 thousand PLN. As a result of the assessment of the transactions’ fair value for the day of June 30, 2012 the Company reported a profit of 136,000 thousand PLN.

Closing the forward transactions and settlement of loss or profit resulting from the assessment of the fair value of the transaction is executed at the exchange rate determined on the day of the currency purchase and with the simultaneous payment for the purchased goods. The Company does not destine the currency obtained through forward transactions to further sale.

The forward transactions and the result of fair value assessment are included in the note No. 15.5 of the financial report.

22. Concise description of considerable achievements and failures of the Company in the first half year of 2012, accompanied by listing the major events related to them.

- on January 20, 2012 an annex to the credit agreement was signed between Kredyt Bank Spółka Akcyjna with a seat in Warszawa, prolonging the paying-off the credit amounting to 10,000 thousand PLN until January 23, 2013.

- on January 27, 2012 a three-party distribution annex to a contract was signed on January 20, 2010 by Krakchemia S.A., Basell Sales & Marketing Company B.V. (BSM) with headquarters in Rotterdam, Holland as well as Basell Orlen Polyolefins Sprzedaż Sp. Z o. o. (BOPS) with headquarters in Płock. The subject of the annex is its prolongation until March 31, 2012. On March 27, 2012 the parties concluded a new distribution agreement which is valid until December 31, 2013.

- on April 10, 2012 KRAKCHEMIA S.A Ordinary General Shareholders Meeting took place. The Meeting passed resolutions in which it decided among others to approve yearly reports for the accounting year 2011, to grant the vote of approval to the members of the Supervisory Board and the Company Board as well as to decide on the use of net profit for the year 2011.

- on June 22, 2012 a rental agreement was concluded between KRAKCHEMIA S.A. and UBM Riwiera Sp. Z o.o. with a seat in Warszawa (further on referred to as UBM Riviera). The subject of the contract is rental of office area, which UBM Rivera is obliged to create with a deadline of March 31, 2014, on the land property located in Kraków. The contract was concluded with a suspension clause, which means conclusion by UBM Rivera of an ultimate contract for the sale of land property mentioned above not later than by September 24, 2012. The rental contract was concluded for the period of 10 years and the rental period is calculated as starting not later than May 31, 2014. The assessed value of the contract is 8,800 thousand PLN.

- in the first and second quarter of 2012, acting upon the Company’s commission, Powszechna Kasa Oszczędności Bank Polski S.A. bank with a seat in Warszawa, Regionalny Oddział Korporacyjny w Krakowie (Regional Corporate Office in Kraków), granted two irrevocable unconditional guarantees – as a continuation of two previously granted guarantees – of payment execution up to the amount of 22,000 thousand PLN, on behalf of Basell Orlen Polyolefins Sprzedaż Sp. z o.o. with a seat in Płock (Beneficiary of the Guarantee), by virtue of trade obligations resulting from the Contracts on non-exclusive distribution concluded among Basell Sales & Marketing Company B.V., Basell Orlen Polyolefins Sprzedaż Sp. z o.o. and KRAKCHEMIA S.A. The guarantee was issued for the following periods of validity – March 1 till May 22, 2012 and from May 23, 2012 till May 22, 2013.

- on July 18, 2012 the Supervisory Board appointed Kancelaria Biegłych Rewidentów “Konto” Sp. z o.o.. as the entity authorised to execute the review of financial reports. The contract to be signed encompasses the review of the Company mid-year financial report review for the first half of 2012 as well as the financial report review for the accounting year 2012. Kancelaria Biegłych Rewidentów „Konto” Sp. z o.o. with a seat in Kraków, ul. Syrokomli 17 is inscribed in the registrar of entities authorized to survey the financial reports under the entry 327.

KRAKCHEMIA S.A has already taken advantage of Kancelaria Biegłych Rewidentów “Konto” Sp. z o.o. services within the scope of yearly financial reports review as well as mid-year reports reviews, which took place in years 2007-2011. The Supervisory Board made the choice of the entity authorized to examine its financial statements in accordance with legal regulations in force and according to Company’s Statute.

- in the first quarter of 2012, KRAKCHEMIA S.A. became once again one of the laureates of Forbes Monthly 2012 Diamonds prize (for the first time in 2010).
- in the days, May 29 through June 1, 2012 KRAKCHEMIA SA participated again in the PLASTPOL International Fair Trades of Plastic Raw Materials and Rubber Processing in Kielce

23. Information on the procedures in court, arbitrage-specific organs or state administrative body.

a) KRAKCHEMIA S.A. does not face any legal action concerning liabilities nor receivables, the amount of which would constitute at least 10% of KRAKCHEMIA S.A equity capital.

b) KRAKCHEMIA S.A. does not face two or more legal actions concerning liabilities nor receivables, the respective amount of which would constitute at least 10% of KRAKCHEMIA S.A equity capital.

24. Events occurring after the date of the abridged, mid-year financial report compilation, which were not presented in this report and which could affect the Company financial results in future

After the date of the financial report compilation and this additional information, there have not occurred any events that might considerably affect the financial result of the Company.

Kraków, August 14, 2012
KRAKCHEMIA S.A. Board.

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Włodzimierz Oprzędek
Deputy Chairman of the Board

Andrzej Zdebski
Chairman of the Board
THE BOARD STATEMENT referring to the compilation of the mid-year abridged financial report and KRAKCHEMIA S.A activity report.

KRAKCHEMIA S.A. Board announces that to the best of its knowledge:

- mid-year abridged financial report and comparable data were compiled in accordance with the existing accounting principles and that they reflect – in a truthful, reliable and clear manner – the financial and property situation of KRAKCHEMIA S.A. as well as their financial result,

- the mid-year report on KRAKCHEMIA S.A. activity contains a truthful picture of the development and achievements as well as KRAKCHEMIA S.A. situation, including the description of the basic threats and risks.

Kraków, August 14, 2012

KRAKCHEMIA S.A. Board.

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Włodzimierz Oprzędek
Deputy Chairman of the Board

Andrzej Zdebski
Chairman of the Board
THE BOARD’S STATEMENT concerning the entity entitled to examine the financial reports and the certified auditors.

KRAKCHEMIA S.A. Board announces that to the best of its knowledge the entity entitled to review the financial reports and the mid-year abridged financial report was selected in accordance with the existing laws and that the entity and chartered accountants executing the review fulfilled the conditions to issue an objective and independent report on the review in accordance with the existing laws and professional standards.

Kraków, August 14, 2012

KRAKCHEMIA S.A. Board

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Włodzimierz Oprzędek
Deputy Chairman of the Board

Andrzej Zdebski
Chairman of the Board