EXPERT AUDITOR REPORT

ON THE FINANCIAL STATEMENT REVIEW

for the period
from January 1st, 2012 to June 30th, 2012

FOR KRAKCHEMIA S.A. GENERAL SHAREHOLDERS MEETING AND THE SUPERVISORY COUNCIL

We conducted a review of the enclosed KRAKCHEMIA Joint Stock Company financial report for the first half of 2012 (the seat in Kraków, ul. Pułkownika Dąbka 10) which comprises:

1) Report on the financial situation compiled on June 30, 2012, which on the asset side and on the equity and liability side shows the amount of 165,918 thousand PLN

2) Report on total income for the period from January 1, 2012 to June 30, 2012 presenting the net profit amounting to 3,786 thousand PLN

3) Own equity changes presenting increase of own equity in the period from January 1, 2012 to June 30, 2012 by the amount of 258 thousand PLN

4) Financial flow account presenting in the period from January 1, 2012 to June 30, 2012 an increase of currency and credit in the current account by the amount of 1,170 thousand PLN

5) Additional information on the accounting principles adopted and other explanatory information

KRAKCHEMIA S.A. Company Board is responsible for compiling the enclosed mid-year financial report in accordance with requirements of International Accounting Standard 34 “Mid-year Financial Reporting”, which was approved by the European Commission and in accordance with valid regulations concerning financial reports. Our task was to conduct a review of the report.

The review was conducted in compliance with the stipulations of Polish legal regulations and with the stipulations of domestic standards of financial review, issued by Krajowa Rada Biegłych Rewidentów (National Council of Expert Auditors). The standards impose on us the obligation of planning and conducting the review in the manner ensuring moderate conviction that the financial review does not contain considerable irregularities.
The review was conducted mainly through analysing the financial report data, insight into accounting books and also by means of using the information solicited from the Company Board and people responsible for the finance and accounting of KRAKCHEMIA S.A. Company.

The scope and method of reviewing the financial report differs from the methods underpinning the issue of opinion on the compatibility with required accounting principles (policy) of yearly financial report as well as its credibility and clarity, therefore, we may not issue such an opinion on the report enclosed.

Following the review conducted, we have not identified any instances that could impede our statement that the financial report is compatible in all its considerable aspects with the requirements of International Accounting Standard 34 “Mid-year Financial Reporting”, which was approved by the European Union, as well as with requirements stipulated in the bill of July 29, 2005 on public offering and the conditions of introduction of financial instruments into an organised trading system and on public companies (Journal of Laws of 2009, No 185, item 1439) as well as the Minister of Finance regulation of February 19, 2009 on current and periodical information published by securities issuers and on conditions of regarding as equal of information required by non-member states (Journal of Laws No 33. Item 259 with further amendments).

Alicja Oprych

KRBR Registry Number 10671

Key expert auditor conducting the review on behalf of Kancelaria Biegłych Rewidentów „KONTO” Sp. z o.o.

KRBR Number 327

30-102 Kraków, ul. Syrokomli 17

Kraków, August 22, 2012
I. General information about the Company.

KRAKCHEMIA S.A. was entered into:
- company register under the entry KRS 0000217348
- tax register under the entry NIP 945-192-35-62
- statistical register under the entry REGON 357220430

The Company basic equity amounts to 10,000,000 PLN and is divided into:
- 5,000,000 (five million) A series ordinary bearer shares of face value of 1 PLN each,
- 5,000,000 (five million) B series ordinary bearer shares of face value of 1 PLN each.
The shares are not privileged.

According to the state on June 30, 2012 the shareholders of the Company are as follows:

ALMA MARKET S.A. 50,00 % shares
QUERCUS TFI S.A. 9,59 % shares
OFE PZU Złota Jesień 9, 97 % shares

Other Shareholders possessing less than 5 % of shares – total to 30, 44 % shares.

KRAKCHEMIA S.A. shares are quoted on the Warsaw Stock Exchange.

In the period from January 1 to June 30, 2012 KRAKCHEMIA S.A. Board has had the following shape:

Chairman of the Board Andrzej Zdebski
Deputy Chairman of the Board Włodzimierz Oprzędek
On May 17, 2010 General Shareholders Meeting passed the resolution that the number of Supervisory Board members shall equal to 6 people. The Supervisory Board was elected for a new, three-year term. After the changes related to the resignations from the post of member of the Supervisory Board as on 26.01.2011, the current composition of KRAKCHEMIA S.A. Supervisory Board looks as follows:

Chairman of the Supervisory Board  
Jerzy Mazgaj

Deputy Chairman of the Supervisory Board  
Barbara Mazgaj

Secretary of the Supervisory Board  
Ilona Malik

Member of the Supervisory Board  
Mariusz Wojdon

Member of the Supervisory Board  
Elżbieta Wyrobiec

Member of the Supervisory Board  
Marek Kluciński

II. Review of the Board and the Supervisory Board resolutions

During the period of the review, the certified accountant has been presented the minutes of 7 sittings of the Board as well as the resolutions undertaken by the Supervisory Board. The review of the Board and the Supervisory Board resolutions executed as well as the insight into the ledger entries allow us to state the coherence of the data and the information included in the financial report of KRAKCHEMIA S.A as on June 30, 2012. The rudimentary theme of KRAKCHEMIA S.A. Board and Supervisory Board sittings in the first half of 2012 were the matters concerning the current activity of the Company.

III. Information on Shareholders Meetings


The Ordinary Shareholders Meeting :

- Approved the Board report on KRAKCHEMIA S.A. activity and the financial report of the abovementioned Company for the accounting year starting January 01, 2011 until December 31, 2011 and granted the Members of the Board the vote of approval on their fulfilling the obligations in 2011,
- Approved the Supervisory Board report and granted the Supervisory Board members the vote of approval on their fulfilling the obligations in 2011,
- Passed the resolution concerning the use of net profit.
IV. Information on the financial statement for 2011.

1. The reviewed financial statement comprising:
   - Financial situation statement on December 31, 2011 which on the assets and liabilities side amounts to 153,683 thousand PLN
   - Total income statement presenting the net profit amounting to 6,959 thousand PLN
   - Own equity changes, presenting the increase in equity capital by the amount of 6,959 thousand PLN
   - financial flow account, presenting the increase of financial resources by 1,940 thousand PLN
   - additional information on adopted accounting principles and other explanatory information was the subject of review by the auditor - Kancelaria Biegłych Rewidentów „Konto” Spółka z o.o. with seat in Kraków and received the opinion without any reservations.

2. On 10 April 2012, KRAKCHEMIA Ordinary General Shareholders Meeting (minutes – Notarial Act Rep. A No. 3093/2012) approved the above-mentioned financial report and passed a resolution concerning the use of net profit for the accounting year 2011 in the amount of 7,004,343,86 PLN in the following way:
   - Part of the Company net profit for 2011 amounting to 3,500,000,00 PLN was resolved to be shared out among the shareholders through dividend payment / the dividend amounted to 0.35 PLN per share, the list of shareholders entitled to dividend payment was established on 29.06.2012, the date of dividend payment was established as on 13.07.2012,
   - The remaining part of the Company net profit for 2011 amounting to 3,504,343,86 PLN was destined for the Company reserve capital.

In accordance with Art. 69 para 6. Of the Bill of September 29, 1994 on the Accountancy (with later changes) the financial report for 2011 was approved. The report comprises the report on the financial situation, total income statement, additional information, financial flow statement, the report on changes in own equity together with the chartered accountant’s opinion, listing of GSM resolutions approving the report and the resolution on the use of net profit together with the Board statement on the Company activity. Moreover, it was deposited in the Company registry documents in Sąd Rejonowy dla Krakowa Śródmieścia (the Regional Court for Kraków Przedmieście), in Małopolski Urzędzie Skarbowym (Małopolska Revenue Office) and was also sent for publication in Monitor Polski „B” / published on June 22, 2012 No. 1331 item. 7364 /.
V. Information on Company financial statement for the period from 01.01.2012 – to 30.06.2012

1. Total income statement

<table>
<thead>
<tr>
<th></th>
<th>I half 2012</th>
<th>I half 2011</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Thousand PLN</td>
<td>thousand PLN</td>
<td>%</td>
</tr>
<tr>
<td>Revenue from sale</td>
<td>270 630</td>
<td>241 544</td>
<td>12,04</td>
</tr>
<tr>
<td>Commodity, merchandise and materials sale cost</td>
<td>(256 008)</td>
<td>(228 118)</td>
<td>12,22</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td><strong>14 622</strong></td>
<td><strong>13 426</strong></td>
<td><strong>8,91</strong></td>
</tr>
<tr>
<td>Marketing and sale cost</td>
<td>(7 345)</td>
<td>(6 862)</td>
<td>7,04</td>
</tr>
<tr>
<td>General administration cost</td>
<td>(2 342)</td>
<td>(2 179)</td>
<td>7,48</td>
</tr>
<tr>
<td>Investment Revenue / cost</td>
<td>(26)</td>
<td>(4)</td>
<td>550,00</td>
</tr>
<tr>
<td>Other revenues / operating cost</td>
<td>718</td>
<td>196</td>
<td>266,33</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td><strong>5 627</strong></td>
<td><strong>4 577</strong></td>
<td><strong>22,94</strong></td>
</tr>
<tr>
<td>Financial cost</td>
<td>(904)</td>
<td>(823)</td>
<td>9,84</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td><strong>4 723</strong></td>
<td><strong>3 754</strong></td>
<td><strong>25,81</strong></td>
</tr>
<tr>
<td>Income tax</td>
<td>(937)</td>
<td>(733)</td>
<td>27,83</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td><strong>3 786</strong></td>
<td><strong>3 021</strong></td>
<td><strong>25,32</strong></td>
</tr>
<tr>
<td>Number of shares</td>
<td>10 000 000</td>
<td>10 000 000</td>
<td>0,00</td>
</tr>
<tr>
<td>Net profit per 1 share in PLN</td>
<td>0,3786</td>
<td>0,3021</td>
<td>25,32</td>
</tr>
</tbody>
</table>

The decrease of gross profitability / from 5.56 in the first half of 2011 to 5.40 in the first half of 2012 / is connected with faster increase of commodity, merchandise and materials sale cost in relation to the growth of revenues from sale.

The increase of net profitability/ from 1.25 in the first half of 2011 to 1.40 in the first half of 2012/ is connected with increase in other operating revenues.

The increase by 25.32 % of profit attributable per 1 share in the first half of 2012 in comparison to the analogical period of 2011 is connected the increase in profit level.
2. Information concerning the selected indices presenting the financial and capital situation of the Company.

Financial liquidity index (which is the relation of circulating assets to the short-term liabilities) which shows the Company ability to service its short-term liabilities in the period of 1st half of 2012 amounted to 1.66. For the period of the first half of 2011, it amounted to 1.79. The drop of the index is connected with the increase by 23.35% of the short-term liabilities, while the circulating assets in the same period rose by 14.46%.

In comparison to the respective period in 2011, in the period from 01.01.2012 to 30.06.2012 the total asset value rose by 13.37%, and the fastest growth regards:
- The fixed assets – property, plant and equipment – growth by 66.60%.
- Financial assets – growth by 8.21%, including inventories by 41.46% and trade receivables by 8.75%.

The increase of short-term liabilities was brought about by the changes in trade liabilities and other liabilities – increase by 27.37%.

The following changes are reflected in the elongation of inventory rotation and shortening of the receivables pay-off.

<table>
<thead>
<tr>
<th>Index</th>
<th>1st half of 2012</th>
<th>1st half of 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receivables paying off period</td>
<td>69</td>
<td>70</td>
</tr>
<tr>
<td>Inventories rotation period</td>
<td>22</td>
<td>20</td>
</tr>
</tbody>
</table>
3. The completeness and correctness of the data included in the report subject to publishing together with explanatory notes.

In the course of the review, it was established that while compiling the unitary financial statement the following regulations have been used:
- the principles resulting from the Bill of September 29, 1994 on Accountancy / uniform text of March 27, 2002 DZ.U. Nr 76 poz.694 / with later changes,
- the principles outlines in the International Standards of Financial Reporting approved by the European Union among others IAS No. 34 “Mid-year financial reporting”,
- Minister of Finance Regulation of February 19, 2009 on the current and periodical information published by securities issuers and the conditions of regarding as equivalent the information required by the non-members states / DZ. U.nr 33, poz. 259 /

4. Report on changes in own equity

Report on changes in own equity presents the increase of own equity by 258 thousand PLN. The growth results from the net profit executed in the first half of 2012 / amounting to 3 786 thousand PLN/, changes in own equity from total income / decrease by 28 thousand PLN / and the division of net profit for 2011 among the shareholders / payment of the dividend amounting to 3 500 thousand PLN /.

5. Financial flow statement.

Financial flow statement for the 1st half of 2012 was compiled on the basis of correct data from the financial situation, data from the total income statement and the entries in the accounting books. In the financial flow statement, the Company determined that the increase in the cash and credit in the current account was influenced by ( in thousand PLN):
- Net financial flow from operational activity 5 018
- Net financial flow from investment activity (86 )
- Net financial flow from financial activity (3 762)
IV. Final conclusions

In the course of the documentation and registry review no circumstances have been detected which could indicate the distortion of the property of financial situation, neither of the financial result of the profitability indicated in the mid-year financial statement in the light of the International Financial Reporting Standards or other regulations concerning the mid-year statements subject to the review. The review conclusions placed in this information allow to compile the report on the review without any reservations.

The report on the review constitutes a separate document.

The information complementary to the report consists of 7 pages, adequately numbered, where each page is marked with the chartered accountant’s signature.

*Key Certified auditor*

Alicja Oprych

Nr KRBR 10671

Kraków August 22, 2012
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