

Prochem S.A. Group

**Opinion of the Independent
Auditor
Financial Year ended
31 December 2010**

The opinion contains 3 pages
Opinion of the independent auditor
on the consolidated financial statements
for the financial year ended
31 December 2010

This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

OPINION OF THE INDEPENDENT AUDITOR

To the General Meeting Prochem S.A.

We have audited the accompanying consolidated financial statements of Prochem S.A. Group, seated in Warsaw, ul. Powązkowska 44C (“the Group”), which comprise the consolidated statement of financial position as at 31 December 2010, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, comprising of a summary of significant accounting policies and other explanatory information.

Management’s and Supervisory Board’s Responsibility for the Consolidated Financial Statements

Management of the Parent Entity is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by European Union and with other applicable regulations and preparation of the Report on the Group’s activities. Management of the Parent Entity is also responsible for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

According to the Accounting Act dated 29 September 1994 (Official Journal from 2009, No. 152, item 1223 with amendments) (“the Accounting Act”), Management of the Parent Entity and members of the Supervisory Board are required to ensure that the consolidated financial statements and the Report on the Group’s activities are in compliance with the requirements set forth in the Accounting Act.

Auditor’s Responsibility

Our responsibility, based on our audit, is to express an opinion on these consolidated financial statements. We conducted our audit in accordance with section 7 of the Accounting Act, national standards on auditing issued by Polish National Council of Certified Auditors and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the accompanying consolidated financial statements of Prochem S.A. Group have been prepared and present fairly, in all material respects, the financial position of the Group as at 31 December 2010 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, and are in compliance with the respective regulations that apply to the consolidated financial statements, applicable to the Group.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the fact that:

As described in notes no. 8 and 40 to the attached consolidated financial statement, the parent company Prochem S.A. has recognised receivables with respect to guarantee deposits from PERN S.A. with a carrying value of PLN 17,364 thousand that, according to the decision of the Regional Court in Warsaw dated 12 August 2010, will be a subject to final settlement of the "Rurociąg w relacji ST-1 Adamowo-Baza Surowcowa Plebanka" construction contract as determined by a court appointed on 7 January 2011 expert. The final result of the settlement is not yet known.

Other Matters

As required under the Accounting Act, we also report that the Report on the Prochem S.A. Group's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009, No 33, item 259 with amendments) and the information is consistent with the consolidated financial statements. The corresponding figures presented are based on the consolidated financial statements of the Group as of and for the year ended 31 December 2009 which were audited by another auditor who expressed a qualified opinion on those consolidated financial statements on 26 April 2010:

- “ 1. The parent Company in assets of the statement of financial position prepared as at balance sheet date has presented guarantee deposit from PERN “Przyjaźń” SA in the amount of PLN 17,363,900, of which the repayment date has passed on 13 February 2009. According to the Management position presented in the note no 6.13 to the Directors Report on the Company's Activities, the allowance for these receivables should not be created. Above mentioned receivables are overdue and unconfirmed and according to our view should not be presented in the Company's assets.
2. IRYDION Sp. z o.o. – the entity controlled by the parent Company, according to its accounting policy, presents investment property at fair value. As at 31 December 2009 independent valuer has set the value of the land for PLN 26,350 thousand. The Board of Directors has accounted for 90% of the valuation of the land, and presented in the statement of financial position the value of investment property in the amount of PLN 25,348.2 thousand.”

On behalf of KPMG Audyt Sp. z o.o. registration number 458
ul. Chłodna 51, 00-867 Warsaw

Signed on the Polish original

Signed on the Polish original

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Certified Auditor No. 12044
Alicja Opara

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Certified Auditor No. 10268
Director
Monika Bartoszewicz

29 April 2011
Warsaw