

Report for the first half of PROCHEM S.A.

Contents:

- Interim condensed separate financial statements of PROCHEM S.A. as at and for the period of six months ended 30 June 2019

and

- Selected financial data

PROCHEM S.A.
Łopuszańska 95 Street
02-457 Warsaw

www.prochem.com.pl

Selected financial data

Revenues from sale and profit expressed in PLN and statement of cash flows were translated into EURO at the exchange rate set as the arithmetic mean of average exchange rates announced by the Chairman of the National Bank of Poland for the last day of each month and amount to:

- for 2019 - 4.2880 PLN/EURO
- for 2018 - 4.2395 PLN/EURO

Carrying amounts were translated at the average exchange rate announced by the Chairman of the National Bank of Poland as at the date of financial statement, which as at balance sheet date amounted to:

- 4.2520 PLN/EURO as at 30 June 2019
- 4.3000 PLN/EURO as at 31 December 2018

Selected financial data of Prochem S.A.

Description	Reporting period ended 30 June		Reporting period ended 30 June	
	2019	2018	2019	2018
	In PLN thousands		In EURO thousands	
<i>Separate statement of profit and loss</i>				
Revenues from sale	79 391	29 876	18 515	7 047
Gross profit on sales	4 806	1 222	1 121	288
Results from operating activities	1 331	-539	310	-127
Before tax profit	1 152	784	269	185
Profit for the period	825	785	192	185
Profit/diluted profit (in PLN/EURO) per one ordinary share	0.28	0.20	0.07	0.05
<i>Statement of cash flows</i>				
Net cash provided by (used in) operating activities	1 999	-2 423	466	-572
Net cash provided by (used in) investing activities	-302	875	-70	206
Net cash provided by (used in) financing activities	158	-16 530	37	-3 899
Total cash flows, net	1 855	-18 078	433	-4 264

Description	As at		As at	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	In PLN thousands		In EURO thousands	
<i>Statement of financial position</i>				
Total assets	121 693	91 053	28 620	21 175
Total non-current assets	65 783	55 234	15 471	12 845
Total current assets	55 910	35 819	13 149	8 330
Total equity	43 647	42 822	10 265	9 959
Total non-current liabilities	21 781	12 631	5 123	2 937
Total current liabilities	56 265	35 600	13 233	8 279
Book value per one ordinary share (in PLN/EURO)	14.87	14.59	3.50	3.39
Weighted average number of shares (units)	2 935 000	2 935 000	2 935 000	2 935 000

INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS OF PROCHEM S.A.

As at and for the period of 6 months ended 30 June 2019

Contents

Table of contents for the separate financial statements of the company Prochem S.A.

Separate financial statements of the company Prochem S.A.	Page No.
• Separate statement of financial position	4
• Separate statement of profit and loss	6
• Separate statement of comprehensive income	6
• Separate statement of changes in equity	7
• Separate statement of cash flows	8
• Explanatory notes to interim separate financial statements as at and for the period of 6 months ended 30 June 2019.	9

PROCHEM S.A.
Łopuszańska 95 Street
02-457 Warsaw

Separate financial statements of PROCHEM S.A. as at and for the period ended 30 June 2019

Separate statement of financial position as at 30 June 2019

(all amounts in PLN thousands if not stated otherwise)

	Note No.	30 June 2019 (upon review)	31 December 2018 upon audit
ASSETS			
Non-current assets			
Property, plant and equipment	1	1 021	923
Intangible assets		106	121
Assets due to rights of use	2	10 494	-
Shares in subsidiaries	3	8 478	8 478
Shares in equity accounted investees	4	4 502	4 502
Deferred tax assets	5	1 877	2 205
Non-current receivables under retained security deposits		147	63
Other financial assets	6	39 158	38 942
Total non-current assets		65 783	55 234
Current assets			
Inventories	7	24	717
Trade and other receivables	8	43 079	27 172
Amounts due from recipients under agreements	14	7 852	5 799
Other assets	9	567	795
Cash and cash equivalents		4 388	1 336
Total current assets		55 910	35 819
Total assets		121 693	91 053

Separate statement of financial position as at 30 June 2019 (cont.)

(all amounts in PLN thousands if not stated otherwise)

EQUITY AND LIABILITIES

	Note No.	30 June 2019 (upon review)	31 December 2018 (upon audit)
Equity			
Share capital		2 935	2 935
Revaluation reserve		-343	-343
Retained earnings	10	41 055	40 230
Total equity		43 647	42 822
Non-current liabilities			
Provision for retirement and similar benefits		604	612
Non-current liabilities under retained security deposits		4 761	3 569
Liabilities under lease		7 869	-
Non-current loans	11	8 547	8 450
Total non-current liabilities		21 781	12 631
Current liabilities			
Current bank loans	12	5 511	3 830
Trade payables	13	39 214	22 723
Amounts owed to customers under agreements	14	673	2 863
Liabilities under current income tax		-	-
Liabilities under lease		2 624	-
Other liabilities	15	8 243	6 107
Deferred income	16	-	77
Total current liabilities		56 265	35 600
Total liabilities		78 046	48 231
Total equity and liabilities		121 693	91 053

Separate statement of profit and loss from 1 January 2019 to 30 June 2019

(all amounts in PLN thousands if not stated otherwise)

	Note No.	Period ended 30 June 2019 (upon review)	Period ended 30 June 2018 (upon review)
Revenues from sale, including :		79 391	29 876
Revenues from sale of services	17	77 129	29 019
Revenues from sale of goods and materials	18	2 262	857
Cost of sales, including:		-74 585	-28 654
Cost of services sold	19	-72 478	-27 840
Cost of merchandise and raw materials		-2 107	-814
Gross profit on sales		4 806	1 222
General and administrative expenses	19	-3 576	-4 145
Other operating income	20	118	2 483
Other operating expenses	21	-17	-99
Result from operating activities		1 331	-539
Financial income	22	436	1 501
Financial expenses	23	-615	-178
Before tax profit		1 152	784
Income tax expense :	24	327	-1
- current tax		-	-
- deferred tax		327	-1
Profit for the period		825	785
Weighted average number of ordinary shares (units)		2 935 000	3 895 000
Profit/diluted profit per one ordinary share (in PLN per one share)		0.28	0.20

Separate statement of comprehensive income

	Period ended 30 June 2019 (upon review)	Period ended 30 June 2018 (upon review)
Profit for the period	825	785
Other comprehensive income net	-	-
Total comprehensive income	825	785
Weighted average number of ordinary shares (units)	2 935 000	3 895 000
Total comprehensive income per ordinary share (in PLN per one share)	0.28	0.20

Separate statement of changes in equity

(all amounts in PLN thousands if not stated otherwise)

	Share capital	Revaluation reserve	Retained earnings	Total equity
Reporting period from 1 January 2019 to 30 June 2019				
As at the beginning of the period (audited)	2 935	-343	40 230	42 822
Net profit (loss) of the given period			825	825
<i>Other comprehensive income (net)</i>			-	-
Total comprehensive income	-	-	825	825
Other decreases				
As at the end of the period (upon review)	2 935	-343	41 055	43 647

	Share capital	Own shares	Revaluation reserve	Retained earnings	Total equity
Reporting period from 1 January 2018 to 30 June 2018					
As at the beginning of the period (audited)	3 895	-	107	61 974	65 976
Net profit (loss) of the given period	-	-	-	785	785
Buyback of own shares for redemption	-	-960	-	-23 040	-24 000
Other comprehensive income (net)	-	-	-	-	0
Total comprehensive income	-	-960	-	-22 255	-23 215
As at the end of the period (upon review)	3 895	-960	107	39 719	42 761

Separate statement of cash flows For the period from 1 January 2019 to 30 June 2019

(all amounts in PLN thousands if not stated otherwise)

	Note No.	Period ended 30 June 2019 (upon review)	Period ended 30 June 2018 (upon review)
Cash flows – operating activities			
Before tax profit		1 152	784
Total adjustments		847	-3 207
Amortisation and depreciation	19	1560	261
Interest and profit sharing (dividends)		-112	-1 295
(Profit) loss on disposal of property, plant and equipment		-	-83
Change in provisions		-23	118
Change in inventories		693	-5
Change in receivable and other assets	8	-17 816	1 325
Change in current liabilities, except for loans and borrowings	13, 15	17 644	-1 854
Other adjustment (including deferred income)		-1 099	-1 674
Cash provided by (used in) operating activities		1 999	-2 423
Income tax paid		-	-
Net cash provided by (used in) operating activities		1 999	-2 423
Cash flows – investing activities			
Inflows		-	1 069
Disposal of intangible assets and property, plant and equipment		-	2
Inflows from financial assets in related entities, including:		-	1 067
- dividend received		-	1 067
Outflows		-302	-194
Acquisition of intangible assets and property, plant and equipment		-302	-194
Net cash provided by (used in) investing activities		-302	875
Cash flows – financing activities			
Bank loan		1 681	-
Borrowings		-	7 500
Acquisition of own shares		-	-24 000
Payments under financial lease		-1 394	-
Interest and commission paid (loan)		-129	-30
Net cash provided by (used in) financing activities		158	-16 530
Total cash flows, net		1 855	-18 078
Cash and cash equivalents at the beginning of the period	25	1 336	18 642
Cash and cash equivalents at the end of the period	25	3 191	564

Notes on adopted accounting principles (policy) and other explanatory notes to separate financial statement

• Establishment of the Company and its principal activity

Company Prochem S.A. (hereinafter called „Prochem”, „Company”, „Issuer”) seated in Warsaw, 95 Łopuszańska Street. The company is registered in the National Court Register (KRS) by the District Court for the Capital City Warsaw, XIII Commercial Department of the National Court Register under KRS number 0000019753. Principal activity according to Polish Business Classification (PKD) 2007 determines symbol 7112Z - engineering activities and related technical consulting. According to Warsaw Stock Exchange classification the company belongs to construction sector. Company Prochem S.A. is the Parent Company of the Capital Group and prepares separate consolidated financial statements. Prochem S.A. was established through transformation of a state-owned enterprise under the name of Przedsiębiorstwo Projektowania I Realizacji Inwestycji Przemysłu Chemicznego „Prochem”. The notarial deed and Company’s statute were signed in 1991. Duration of the Company is unlimited.

The Management Board and Supervisory authorities of the Issuer

As at the date of preparation hereby separate financial statements the Management Board of Prochem S.A. comprises of the following persons:

Jarosław Stępniewski - President of the Management Board
Marek Kiersznicki - Vice President of the Management Board
Krzysztof Marczak - Vice President of the Management Board

Composition of the Supervisory Board of Prochem S.A.

As at the date of preparation of hereby separate financial statements the Supervisory Board of Prochem S.A. comprises of the following persons:

- Marek Garliński Chairman of the Supervisory Board
- Karol Żbikowski Vice Chairman of the Supervisory Board
- Andrzej Karczykowski
- Krzysztof Obłój
- Marcin Pędziński

Employment

Average employment in the first half of 2019 was 196 FTEs, and in the first half of 2018 180 FTEs. Level of employment in persons as at 30 June 2019 was 208, and as at 31 December 2018 191.

Adopted accounting principles

Principles of presentation and statement of compliance

Interim condensed separate financial statements of PROCHEM S.A. for the first half of 2019 was prepared according to International Accounting Standards (IAS) 34 „Interim Reporting”, in the shape approved by the European Union and with Decree of the Minister of Finance of 19 February 2009 on current and periodic information provided by issuers of securities and with Decree of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and conditions for recognition as equivalent an information required by the law of a non-Member State (Official Journal of 2018 item 757) („Decree”). Hereby interim condensed separate financial statements do not contain the information and disclosures required for complete financial statements

and should be read together with separate financial statements for the financial year ended 31 December 2018.

The duration of individual Company's operations is not limited.

Financial year of the Company is calendar year.

Operational activity of the Company does not have seasonal character and is not subject to cyclic trends, except for the segment of the general contracting and rental of construction equipment, which are characterized by a seasonality, which in a large extent depends on weather conditions. Weather conditions have an impact on the volume of the revenues generated in these segments. Lower revenues are achieved during the winter season, when weather conditions do not allow for execution of some construction work.

Separate financial statements were prepared based on the principle of the historical cost.

Significant accounting policies and changes in IFRS

Changes in accounting estimates and in accounting policies

The preparation of financial statements under IFRS adopted by EU requires using certain accounting estimates and adoption of assumptions concerning future events. Items of the financial statements set on the basis of the estimates are subject to verification if circumstances being base of estimates are changing or as a result of obtaining new information, or of the progressive development of events or of acquiring greater experience. In preparing the hereby interim separate financial statements, were applied the same accounting principles and the same calculation methods which were applied in the separate financial statements of Prochem S.A. for the year ended 31 December 2018, with the exception of IFRS 16 *Leases*.

New standards, interpretations and changes in published IFRS, and selected accounting principles

Prochem S.A. retrospectively applied IFRS 16 with effect from 1 January 2019. Pursuant to the option allowed by the standard, the Company resigned from restating comparable data. Data as at 31 December 2018 and for the first half of 2018 were prepared based on IAS 17.

As of January 1, 2019, the Company applied the requirements of the new Standard regarding the recognition, measurement and presentation of lease agreements. The implementation of IFRS 16 was made using a modified retrospective approach, therefore the comparative data for 2018 has not been restated, and the combined effect of the first application of IFRS 16 has been recognized as an adjustment to the opening balance of retained earnings on the day of the first application.

Company recognized right- of- use assets in the amount of PLN 11 108 thousand on the basis of agreements classified previously as „operating leases” in accordance with principles of IAS 17. These liabilities have been measured at the present value of lease payments remaining to be paid at the date of commencement of application of IFRS 16. For the purposes of implementing IFRS 16 and disclosures regarding the impact of the implementation of IFRS 16, discounting was applied while using the marginal interest rate of the lessee as at January 1, 2019.

In order to calculate discount rates for IFRS 16, the Company applied the marginal interest rate reflecting the cost of financing that would be incurred to purchase the leased asset. In order to estimate the discount rate, the Company took into account the following parameters of the agreement: type, duration, currency and potential margin that it would have to pay to financial institutions in order to obtain financing.

The implementation of IFRS 16 required some estimates and calculations that have an impact on the valuation of lease liabilities:

- determination of contracts covered by IFRS 16,

- determination of the remaining duration of application of the leases in relation to contracts concluded before January 1, 2019.
- determination of marginal interest rates used to discount future cash flows,
- indication of utility periods and determination of amortization rates for use rights to assets recognized on January 1, 2019.

When applying IFRS 16 for the first time, the Company applied the following practical simplifications allowed by the standard:

- one discount rate was applied to the portfolio of lease agreements with similar features,
- an assessment has been made as to whether leases expense in accordance with IAS 37 at the time the standard is implemented, as an alternative to performing impairment tests for the asset leased,
- contracts under operating lease with the remaining lease period of less than 12 months as at January 1, 2019 has been treated as short-term lease,
- the time perspectives (using the knowledge gained after the fact) in determining the leasing period were used, if the contract included options for extending or terminating the lease agreement.

Initial recognition and valuation

As at the commencement date of the lease, the Company recognized *the right-of-use assets* and *lease liabilities*.

The cost of the right-of-use asset includes:

- the value of the initial measurement of the lease liability,
- any lease payments paid on the date of commencement of the lease or before this date less any incentives received,
- any costs incurred by the lessee, and
- an estimate of the costs to be borne by the lessee, e.g. dismantling, removal of the underlying assets, carrying out renovation of the assets to the condition required by the terms of the lease.

The lease fees included in the measurement of lease liabilities include:

- fixed lease payments,
- variable lease payments that depend on the index or rate,
- amounts expected to be paid after the end of leases,
- financial penalties for terminating the contract of lease, unless it can be assumed with certainty that the Company will not use the option to terminate.

After the lease commencement date, the right-of-use asset is measured through:

- an increase in the carrying amount to reflect interest on the lease liability,
- a decrease in the carrying amount to reflect lease payments paid, and
- updating the balance sheet valuation to include any reassessment or change in lease or to include updated fixed lease payments.

Depreciation

The right-of-use assets are depreciated on a straight-line basis over the shorter of two periods: the lease period or the useful life.

The useful life of right-of-use assets is determined in the same way as for property, plant and equipment.

The company has contracts on leases for using:

- Of buildings and constructions, including office space, which has been concluded for a limited period up to 30 years,
- Of vehicles, including passenger cars, depreciation period up to 5 years,
- Of tools, movable instruments and equipment, depreciation period up to 5 years.

In case of contracts on leases, being characterized by the maximum possible duration, including extension options up to 12 months, the Company applies simplifications. Leasing fees resulting from these contracts are accounted for as costs:

- with straight-line method over the period of the contract,
- with another systematic method if it better reflects the way in which the beneficiary benefits are distributed over time.

The Company does not apply general principles for recognition, measurement and presentation of leases contracts concluded, which subject is of low value.

As low value assets are considered such assets which, when new, have a value of not more than PLN 15,000.

The Company assesses whether the contract includes leasing and non-leasing components. Non-leasing components are abstracted from contracts which include lease and non-lease components, e.g. service of assets that are the subject of the contract.

Reconciliation of future minimum lease payments as at December 31, 2018 with lease liabilities recognized in the statement of financial position as at January 1, 2019

	In PLN thousands
Value of future minimum operating lease payments	11 108
Contractual liabilities under lease as at Dec. 31, 2018.	11 108
Discount	-802
Current value of lease liabilities as at Jan. 1, 2019.	10 306
Value of contractual liabilities under lease - impact of implementation of IFRS 16 as at Jan. 1, 2018	10 306

The Standards announced, but waiting to be endorsed by the European Union, the Company intends to apply all changes in accordance with their effective date.

The Company has not decided to early apply the following Standards and amendments to Standards that have been published and endorsed for use in the EU, but have not yet entered into force and will introduce them on the date of adoption.

Changes in estimates

In the applied accounting principles the greatest significance, apart from accounting estimates, has the professional judgment of the management, which has an impact on the amounts reported in the financial statements, including those in explanatory notes. Assumptions of such estimates are based on the Management Board best knowledge in relation to current and future events and actions in particular areas of activity. They concern the valuation of retirement benefits, the assessment of the degree of implementation and the profitability of long-term contracts (gross margin).

Functional currency and presentation currency of financial statements

Separate financial statements of Prochem S.A. is presented in Polish Zloty ('zloty' or 'PLN'), which is the reporting currency and the functional currency of the Company.

Explanatory Notes to separate financial statements as at 30 June 2019 and for the period of six months of 2019

Note No. 1 – Property, Plant and Equipment

	As at 30 June 2019	As at 31 December 2018
Property, plant and equipment, including:	1 021	923
- machinery and equipment	501	332
- other PPE	520	591
Total property, plant and equipment	1 021	923

PPE - ownership structure	As at 30 June 2019	As at 31 December 2018
a) own	1 021	923
Total carrying value of property, plant and equipment	1 021	923

	Change in PPE from 1 January 2019 to 30 June 2019	Change in PPE from 1 January 2018 to 31 December 2018
Gross value		
As at opening balance sheet	6 144	6 520
Increase (due to)	290	337
- acquisition	290	337
Decrease (due to)	-695	-713
- disposal	-	-165
- liquidation	-695	-548
Gross value as at closing balance sheet	5 739	6 144
Depreciation and impairment		
Accumulated depreciation – as at opening balance sheet	5 221	5 400
Depreciation for the period (due to)	-503	-179
- increase – depreciation for the period	192	378
- decrease due to disposal	-	-165
- decrease due to liquidation	-695	-394
- other decrease	-	2
Accumulated depreciation as at closing balance sheet	4 718	5 221
Impairment of non-current assets	-	-
PPE net value – as at closing balance sheet	1 021	923

Note No. 2 – The Right-of-Use-Assets

	Buildings and constructions	Machinery and equipment	Vehicles	Total
Book value gross	9 688	349	269	10 306
Write-downs	-	-	-	-
Total	9 688	349	269	10 306
increase (decrease) net:				
- increase in gross value - conclusion of new contracts	-	-	1 435	1 435
- decrease - accrued depreciation	- 1 076	-49	-122	-1 247
Total	-1 076	-49	1 313	-188
Book value net as at 30 June 2019				
Book value gross	9 688	349	1 704	11 741
Accumulated depreciation	-1 076	-49	-122	-1 247
Write-downs	-	-	-	-
Total net	8 612	300	1 582	10 494

Note No. 3 – shares in subsidiaries

Shares in subsidiaries	As at 30 June 2019	As at 31 December 2018
a) in subsidiaries	8 478	8 478
Shares, net value	8 478	8 478
Write-downs of financial non-current assets	1 523	1 523
Shares, gross value	10 001	10 001

Change in shares in subsidiaries and in other entities	As at 30 June 2019	As at 31 December 2018
a) as at the beginning of the period	8 478	8 478
- shares at cost	8 478	8 478
b) decrease (due to)	-	-
- write-down of shares	-	-
As at the end of the period	8 478	8 478

Change in write-downs of shares in subsidiaries	As at 30 June 2019	As at 31 December 2018
as at the beginning of the period	1 523	1 523
Write-downs of shares	-	-
As at the end of the period	1 523	1 523

As at June 30, 2019, the Company carried out an analysis that did not show any impairment for shares.

Note No. 4 – Shares in Jointly-Controlled Entities and in Associated Entities

Shares in jointly-controlled entities and in associated entities	As at 30 June 2019	As at 31 December 2018
-Shares – net value	4 502	4 502
- write-downs of shares	708	708
Shares, gross value	5 210	5 210

Change in shares in jointly controlled entities and in associated entities	As at 30 June 2019	As at 31 December 2018
a) as at the beginning of the period	4 502	4 502
- shares at cost	4 502	4 502
b) at the end of the period, net	4 502	4 502
c) write-down	708	708
d) at the end of the period, gross	5 210	5 210

Note No. 5 – Settlement of Deferred Income Tax

Changes in provisions, and deferred income tax for the first half of 2019 are presented in the table below.

Deferred tax assets	As at 30 June 2019	As at 31 December 2018
As at the beginning of the period	4 903	3 928
Increase	3 769	3 272
Decrease	-3 580	-2 297
As at the end of the period	5 092	4 903

Provision to deferred income tax	As at 30 June 2019	As at 31 December 2018
As at the beginning of the period	2 698	1 185
Increase	2 333	1 944
Decrease	-1 816	-431
As at the end of the period	3 215	2 698

Presentation in statement of financial position:

	As at 30 June 2019	As at 31 December 2018
Deferred tax assets	5 092	4 903
Provision under deferred income tax	-3 215	-2 698
Deferred tax assets	1 877	2 205

Note No. 6 – Other financial assets

Other financial assets	As at 30 June 2019	As at 31 December 2018
a) from subsidiaries indirectly and directly :	18 671	18 520
- non-current loans granted	18 671	18 520

b) from associated entities and jointly-controlled entities:	19 277	19 090
- non-current loans granted	19 277	19 090
c) security deposits securing the bank guarantee lines	1 210	1 332
Total other non-current financial assets	39 158	38 942

Loans granted – as at 30 June 2019

- Loans granted to jointly-controlled company Irydion Sp. z o. o. seated in Warsaw:
 - in the amount of PLN 12 412 thousand, including: amount of the loans PLN 11 000 thousand, accrued interest PLN 1 412 thousand. The interest rate is set annually according to WIBOR 6M rate, the repayment date of the loan with interest was set on 22 September 2031;
 - in the amount of PLN 6 865 thousand, including: amount of the loan PLN 6 000 thousand, accrued interest PLN 865 thousand. The interest rate is set annually at 3% per year, the repayment date of the loan with interest was set on 22 September 2031;
- Loans granted to subsidiary Prochem Inwestycje Sp. z o. o.:
 - in the amount of PLN 3 255 thousand, including: amount of the loan PLN 3 000 thousand, accrued interest PLN 255 thousand. The interest rate is set annually according to WIBOR 6M rate effective at the end of every calendar year, the repayment date of the loan with interest was set on 31 December 2020;
 - in the amount of PLN 15 416 thousand, including: amount of the loans PLN 14 000 thousand, accrued interest PLN 1 416 thousand. The interest rate is set annually according to WIBOR 6M rate effective at the end of every calendar year, the repayment date of the loan with interest was set on 31 December 2020.

Increase:

- Accrued interest on loans granted to the jointly-controlled company Irydion Sp. z o. o. in the amount of PLN 187 thousand,
- Accrued interest on loans granted to subsidiary Prochem Inwestycje Sp. z o. o. – PLN 151 thousand,

Loans granted - as at 31 December 2018

- Loans granted to jointly-controlled company Irydion Sp. z o. o. seated in Warsaw:
 - in the amount of PLN 12 314 thousand, including: amount of the loan PLN 11 000 thousand, accrued interest PLN 1 314 thousand. The interest rate is set annually according to WIBOR 6M rate, the repayment date of the loan with interest was set on 22 September 2031;
 - in the amount of PLN 6 776 thousand, including: amount of the loan PLN 6 000 thousand, accrued interest PLN 776 thousand. The interest rate is set annually at 3% per year, the repayment date of the loan with interest was set on 22 September 2031;
- Loans granted to subsidiary Prochem Inwestycje Sp. z o. o.:
 - in the amount of PLN 3 228 thousand, including: amount of the loan PLN 3 000 thousand, accrued interest PLN 228 thousand. The interest rate is set annually according to WIBOR 6M rate effective at the end of every calendar year, the repayment date of the loan with interest was set on 31 December 2020;
 - in the amount of PLN 15 292 thousand, including: amount of the loan PLN 14 000 thousand, accrued interest PLN 1 292 thousand. The interest rate is set annually according to WIBOR 6M rate effective at the end of every calendar year, the repayment date of the loan with interest was set on 31 December 2020.

Note No. 7– Inventories

Inventories	As at 30 June 2019	As at 31 December 2018
Materials	24	41
Goods	-	676
Total inventories	24	717
Write-downs of inventories	575	575

Note No. 8 – Trade and Other Receivables

Trade and other receivables	As at 30 June 2019	As at 31 December 2018
Trade receivables	46 329	30 455
Write-down of trade receivables	-3 305	-3 305
Net trade receivables, including	43 024	27 150
- with repayment period up to 12 months	42 868	26 994
- with repayment period over 12 months	156	156
Receivables under taxes, subsidies, custom duties, social and health insurance and other benefits	11	-
Other receivables	44	22
Write-down of other receivables	-	-
Net other receivables	44	22
Total receivables	43 079	27 172

Trade and other receivables from related entities	As at 30 June 2019	As at 31 December 2018
Trade receivables, including:	895	2 541
- from subsidiaries	299	979
- from jointly-controlled entities and associated entities other,	596	1 562
including:	-	-
- from jointly-controlled entities and associated entities	-	-
Total trade and other receivables from related entities, net	895	2 541
Write-downs of receivables from related entities	-	-
Total trade and other receivables from related entities, gross	895	2 541

Change in write-downs of trade and other receivables	As at 30 June 2019	As at 31 December 2018
As at the beginning of the period	3 305	4 585
a) increase (due to)	-	298
- provision to trade receivables	-	298
b) decrease (due to)	-	1 578
- payments received	-	111
- use of reserves created in previous periods	-	1 467
Write-downs of current trade and other receivables at the end of the period	3 305	3 305

As at 30 June 2019 and as at 31 December 2018 trade receivables include current security deposits under statutory warranty granted for construction and assembly works, respectively for the amounts of PLN 7 996 thousand and 5 270 thousand.

Note No. 9 – Other Assets

Other assets by type :	As at 30 June 2019	As at 31 December 2018
a) prepayments	567	795
- cost of property and personal insurance	368	267
- software maintenance costs	140	523
- subscriptions	5	2
- deferred costs	54	3
Total other assets	567	795

Note No. 10 - Retained Earnings

	As at 30 June 2019	As at 31 December 2018
Spare capital	15 797	15 797
Other reserve capitals	24 433	23 344
Profit for the period	825	1 089
Total	41 055	40 230

Note No. 11 – Non-current Loans

Non-current loans	As at 30 June 2019	As at 31 December 2018
a) from subsidiaries indirectly and indirectly	8 547	8 450
Total current loans	8 547	8 450

Loans received – as at 30 June 2019

- Loan received from subsidiary Elmont Inwestycje Sp. z o. o. in the amount of PLN 7 500 thousand, including: amount of the loan PLN 7 500 thousand, amount of the interest PLN 83 thousand. The interest rate is set annually according to rate WIBOR 3M being in force at the end of each calendar year + 0.5 p. p. Repayment date was set on 31 December 2021, but not earlier than repayment of a loan in ING Bank.
- Loan received from subsidiary Prochem Zachód Sp. z o. o. in the amount of PLN 950 thousand, including: amount of the loan PLN 950 thousand, amount of the interest PLN 14 thousand. The interest rate is set annually according to rate of 3% annually. Repayment date was set on 31 December 2020, but not earlier than repayment of a loan in ING Bank.

Increase:

- Accrued interest on loan from subsidiary Elmont Inwestycje Sp. z o. o. in the amount of PLN 83 thousand.
- Accrued interest on loan from subsidiary Prochem Zachód Sp. z o. o. In the amount of PLN 14 thousand.

Loans received – as at 31 December 2018

- Loan received from subsidiary Elmont Inwestycje Sp. z o. o. in the amount of PLN 7 500 thousand, including: amount of the loan PLN 7 500 thousand. The interest rate is set annually according to rate WIBOR 3M being in force at the end of each calendar year + 0.5 p. p.. Repayment date was set on 31 December 2021, but not earlier than repayment of a loan in ING Bank.
- Loan received from subsidiary Prochem Zachód Sp. z o. o. in the amount of PLN 950 thousand, including: amount of the loan 950 thousand. The interest rate is set annually according to rate of

3% annually. Repayment date was set on 31 December 2020, but not earlier than repayment of a loan in ING Bank.

Note No. 12 – Current Bank Loans

	As at 30 June 2019	As at 31 December 2018
Loans	5 511	3 830

Information on incurred bank loans:

Name of the bank	Registered office	Amount of the loan acc. To agreement (in PLN thousand)	Loan amount to be repaid (in PLN thousand)	Terms of interest	Repayment date	Collateral
mBank SA	Warsaw	8,000 Credit in overdraft	5 511	WIBOR for O/N deposits in PLN + margin	29 November 2019	Promissory note in blank, judicial lien on shares in company Elektromontaż Kraków S.A., mortgage established on real estate owned by company Elpro sp. z o. o. in Krakow.

Note No. 13- Trade payables

	As at 30 June 2019	As at 31 December 2018
a) to subsidiaries	1 622	1 254
- from supplies and services, with maturity period:	1 622	1 254
- up to 12 months	1 622	1 254
b) to associated entities and jointly-controlled entities	-	12
- from supplies and services, with maturity period:	-	12
- up to 12 months	-	12
c) to other entities	37 592	21 457
- from supplies and services, with maturity period:	37 592	21 457
- up to 12 months	37 592	21 457
Total trade payables	39 214	22 723

Note No. 14 – Amounts Owed to Recipients under Contracts

Description	30 June 2019	31 December 2018
Revenues according to contracts	190 917	308 430
Revenues invoiced	113 135	200 768
Liabilities planned under the implementation of contracts	57 508	284 997
Realized liabilities under contracts	113 183	198 854
Amounts due from recipients	7 852	5 799
Amounts owed to recipients	673	2 863

Note No. 15 – Other liabilities

	As at 30 June 2019	As at 31 December 2018
a) to other entities	5 106	2 257
- under taxes, duties, insurance and other charges	5 101	2 242
- under remuneration	-	-
- other (by type)	5	15
liabilities to employees	-	10
liabilities to shareholders	5	5
b) other non-current provisions	3 137	3 850
- provision for losses on contracts	1 249	1 549
- provisions for future costs	476	874
- cost of audit	30	40
- non-current provision for retirement benefit	101	101
- provision for unused holiday leaves	1 281	1 286
Total other liabilities	8 243	5 851

Note No. 16 – Deferred income

	As at 30 June 2019	As at 31 December 2018
Deferred income, including:	-	77
- advanced payments and prepayment received	-	77
Deferred income as at the end of the period, including:	-	77
Current liabilities	-	77

Note No. 17 - Revenues from Sale of Services

Revenues from sale of services (type of service and type of activity)	Period ended 30 June 2019	Period ended 30 June 2018
Total revenues from sale of services, including:	77 129	29 019
- from related entities	1 411	7 192
- subsidiaries	7	94
- jointly-controlled entities	1 404	7 098

Revenues from sale (territorial structure)	Period ended 30 June 2019.	Period ended 30 June 2018
Domestic market	76 974	28 906
- including from related entities	1 411	7 192
Exports, including:	155	113
Japan	155	-

Revenues under contracts for construction services (general contracting) and other services are presented in Note No. 32 – operating segments.

Gross amount due from customers /recipients for work resulting from contracts was presented in Note No. 11.

Information on major clients whose total value of revenues from sales of services exceeds 10% of total revenues disclosed in the entity's statement of profit and loss for 2019, was presented in Note No. 32- operating segments.

Note No. 18 - Revenues from sale of goods and materials

Revenues from sale of materials (material structure and types of activities)	Period ended 30 June 2019.	Period ended 30 June 2018
- revenues from sale of goods	2 262	857

Revenues from sale of goods and materials (territorial structure)	Period ended 30 June 2019.	Period ended 30 June 2018
Domestic market	2 262	857

Note No. 19 – Cost of services sold

Costs by type	Period ended 30 June 2019.	Period ended 30 June 2018
a) amortization and depreciation	1 560	261
b) consumption of materials and energy	413	361
c) outsourcing	61 245	20 040
d) taxes and levies	19	21
e) remuneration	10 255	9 606
f) social security and other benefits	1 958	1 748
g) other costs by types	1 222	1 362
- property and personal insurance	419	452
- business trips	150	90
- State Fund for Rehabilitation of Disabled Persons (PFRON)	124	99
- rental of cars	308	454
- other	221	267
Total costs by type	76 672	33 399
Change in inventories, products and prepayments	-618	-1 414
General and administrative expenses (negative value)	-3 576	-4 145
Cost of services sold	72 478	27 840

Note No. 20 – Other operating income

	Period ended 30 June 2019.	Period ended 30 June 2018
a) gain on sale of non-financial and non-current assets	-	83
b) reversal of impairment allowance (due to)	-	111
- for receivables	-	111
c) other, including:	118	2 289
- reimbursement of litigation cost	23	-
- received compensation, fines and penalties	86	-
- write-down of past due liabilities	3	2 287
- other	6	2
Total operating income	118	2 483

Note No. 21 – Other Operating Expenses

	Period ended 30 June 2019.	Period ended 30 June 2018
a) write-down	-	23
- of receivables	-	23
b) other, including:	17	76
- litigation cost	11	44
- paid fines, penalties and compensation	5	6
- provision for operating cost	-	8
- other	1	18
Total operating expenses	17	99

Note No. 22 – Financial income

	Period ended 30 June 2019.	Period ended 30 June 2018
a) revenues under dividends and share in profits	-	1 067
- from subsidiaries	-	1 067
b) interest under loans granted	338	338
- from subsidiaries	151	152
- from jointly-controlled entities	187	186
c) other interest	25	32
- from other entities	25	32
d) surplus of positive exchange rate differences	33	2
e) other, including:	40	62
- other	40	62
Total financial income	436	1 501

Note No. 23 – Finance Costs

	Period ended 30 June 2019.	Period ended 30 June 2018
a) interest on bank loans	66	3
b) interest on borrowings from:	97	77
- for subsidiaries	97	77
b) other interest	-	2
- for other entities	-	2
d) other, under :	452	96
- commission on bank guarantees	140	66
- commission on loans	63	30
- costs under discount of financial assets	76	-
- inflows under discounted non-current liabilities	173	-
Total finance costs	615	178

Note No. 24 – Effective Tax Rate

Establishment of the effective tax rate

	from 1 January 2018 to 30 June 2018	from 1 January 2018 to 30 June 2018
(in PLN thousand)		
Profit for the period	825	785
Income tax	327	-1
Before tax profit	1 152	784

Income tax at the applicable rate of 19 %	219	149
Revenues not classified as tax revenues	-	-224
Cost not constituting tax deductible expenses	108	159
Tax loss incurred outside the Republic of Poland, to which income tax asset was not established	-	-
Other	-	-85
Income tax	327	-1

Note No. 25– Additional Disclosures to the Statement of Cash Flows

The Company presents cash of restricted disposal accumulated on the split payment account in the statement of financial position within the frame of cash and cash equivalents. For the purposes of the statement of cash flows, the balance of cash at the beginning and end of the period is reduced by restricted cash, and their carrying change is recognized in operating cash flows.

	As at 30 June 2019	As at 31 December 2018	As at 30 June 2018
Cash and cash equivalents	4 388	1 336	564
Restricted cash – split payment account	1 197	0	0
Cash for the purposes of the cash flow statement	3 191	1 336	564

Differences between the amounts established directly from the financial statements and those presented in the statement of cash flows resulted from a transfer of particular amounts from operating activity to investing activity and financing activity.

These relate to the following balance sheet items (in PLN thousands):

	In 2019	In 2018
Change in current receivables	-17 816	1 325
Receivables as at 1st January	27 172	17 620
Receivables under retained security deposits as at 1st January	63	-
Other assets as at 1st January	795	2 950
Amounts due under contracts as at 1st January	5 799	-
Receivables under non-current assets sold as at 1st January.	-11	-15
Receivables under income tax as at 1st January	-	-641
Opening balance sheet after adjustments	33 818	19 914
Receivables as at 30th June	43 079	11 229
Receivables under retained security deposits as at 30th June	147	-
Other assets as at 30th June	567	611
Amounts due under contracts as at 30th June	7 852	7 403
Receivables under non-current assets sold as at 30th June.	-11	-13
Receivables under income tax as at 30th June	-	-641
Closing balance sheet after adjustments	51 634	18 589
Change in current liabilities (except for borrowings and loans and special funds)	17 847	-1 854
Payables as at 1st January	22 723	18 350

Interim condensed separate financial statements of Prochem S.A. as at and for the period of 6 months ended 30 June 2019

Other liabilities as at 1st January	6 107	5 851
Amounts due to contracts as at 1st January	2863	-
Liabilities under retained security deposits as at 1st January	3 569	-
Provision for current retirement benefits as at 1st January	-101	-141
Provision for annual leaves as at 1st January	-1286	-1 207
Provision for audit as at 1st January	-40	-44
Provision for current other costs as at 1st January	-1550	-477
Liabilities to shareholders as at 1st January	-4	-5
Opening balance sheet after adjustments	32 281	22 327
Trade payables as at 30th June	39 214	17 320
Other liabilities as at 30th June	673	4 073
Amounts due under contracts as at 30th June	4 761	1 072
Liabilities under retained security deposits as at 30th June	8 243	-
Provision for current retirement benefits as at 30th June	101	-141
Provision for annual leaves as at 30th June	-1 281	-1 183
Provision for audit as at 30th June	-30	-30
Provision for current other costs as at 30th June	-1 549	-657
Liabilities to shareholders as at 30th June	-4	-5
Closing balance sheet after adjustments	50 128	20 473
Change in adjustments	-48	-1 674
Change in deferred income – advances received	-77	-728
Change in security deposit constituting security for the guarantee provided by the bank of the reimbursement of the advance payment	120	-
Change of funds on the split payment account	1 197	-
Amounts owed to ordering parties under long-term contracts	-	-955
Other adjustments	-91	9

Note No. 26 – Operating Segments

Revenues from operations achieved beyond the Polish border (exports) in the period from 1 January 2019 to 30 June 2019 amounted to PLN 155 thousand (i.e. 0.2 % of sales revenue), in the analogous period of the previous year revenues amounted to PLN 113 thousand (i.e. 0.4% of sales revenue).

Information on major customers, that share in the sales revenue for 2019 exceeded 10% of total sales revenue:

- A customer, who deals in the production of chemical raw materials – sales revenue PLN 53 334 thousand, representing 67.2 % of sales revenue, which was shown in the segment „General contracting” and „Design services and other engineering services”.
- A customer, who operates in the cultural sector – sales revenue PLN 6 350 thousand, representing 8.0 % of sales revenue, which was shown in the segment „General contracting”.

Detailed data on the activities of Prochem S.A. in individual segments are shown in the tables below. Below is an analysis of the Company's revenues and results in individual segments covered by the reporting.

For the period From od 1st January 2019 to 30th June 2019	General contracting	Design services and other engineering services	Rental of construction equipment	Other	Items not assigned	Total
Revenues to customers	59 183	15 639	1 184	3 385	-	79 391
Total segment revenues	59 183	15 639	1 184	3 385	-	79 391
Result of the segment	799	-101	284	248	-	1 230
Financial income	-	-	-	-	436	436
Finance costs	-	-	-	-	-615	-615
Net financial income					-179	-179
Profit on other operating activities	-	-	-	-	101	101
Before tax profit	-	-	-	-	1 152	1 152
Income tax	-	-	-	-	327	327
Net profit for the current period	-	-	-	-	825	825
Assets as at 30 June 2018						
Segment assets (related to activity)	36 984	5 388	666	131	-	43 169
Assets unallocated (among others shares and other financial assets)	-	-	-	-	78 524	78 524
Total assets	36 984	5 388	666	131	78 524	121 693
Depreciation of property, plant and equipment	19	13	36	1 375	-	1 443
Amortisation of intangible assets	-	-	-	-	27	27
Write-down of segment assets (receivables from supplies and services)	-226	-	-3 061	-18	-	-3 305
For the period From od 1st January 2018 to 30th June 2018						
	General contracting	Design services and other engineering services	Rental of construction equipment	Other	Items not assigned	Total
Revenues to customers	18 305	9 355	1 783	433	-	29 876
Total segment revenues	18 305	9 355	1 783	433	-	29 876
Result of the segment	405	-3 775	183	264	-	-2923
Financial income	-	-	-	-	1 501	1 501
Finance costs	-	-	-	-	-178	-178
Net financial income					1 323	1 323
Profit on other operating activities	-	-	-	-	2 584	2 584
Before tax profit	-	-	-	-	784	784
Income tax	-	-	-	-	-1	-1
Net profit for the current period	-	-	-	-	785	785
Assets as at 30 June 2018						
Segment assets (related to activity)	5 668	2 778	1 036	972	-	10 454
Assets unallocated (among others shares and other financial assets)	-	-	-	-	63 929	63 929
Total assets	5 668	2 778	1 036	972	63 930	74 383
Depreciation of property, plant and equipment	19	13	36	1 465	-	1 533
Amortisation of intangible assets	-	-	-	-	27	27
Write-down of segment assets (receivables from supplies and services)	-226	-	-3 061	-18	-	-3 305

Information about the geographical areas

Geographical breakdown of sales revenues revealed in statement of profit and loss was presented in accordance with country of the seat of the ordering party.

	1 January -30 June 2019	1 January -31 December 2018
Poland	79 236	98 848
Other countries	155	138
Total sales revenue	79 391	98 986

Geographical breakdown of property, plant and equipment and intangible assets

	30 June 2019	31 December 2018
Poland	1 127	1 044
Total property, plant and equipment and intangible assets	1 127	1 044

Note No. 27 - Profit Distribution and Loss Coverage

Pursuant to the Resolution No. 17 of the Ordinary General Meeting of 1st June, 2019 the Issuer's net profit for 2018 in the amount of PLN 1 088 573.12 was entirely allocated to the reserve capital.

Note No. 28 - Dividends

The Issuer did not pay dividend for 2018.

Note No. 29- Financial Instruments and Financial Risk Management

Categories and classes of financial instruments

Financial assets

30 June 2019	Classes of financial instruments	Note No.	Categories of financial instruments	
			Loans, receivables and other	Total
	Receivables from supplies and services	8	43 024	43 024
	Amounts due from recipients under contracts	17	7 852	7 852
	Cash		4 388	4 388
	Security deposit constituting security	6	1 210	1 210
	Loans granted	6 and 9	37 948	37 948
	Total		94 422	94 422

31 December 2018	Classes of financial instruments	Note No.	Categories of financial instruments	
			Loans, receivables and other	Total
	Receivables from supplies and services	8	27 150	27 150
	Amounts due from recipients under contracts	17	5 799	5 799
	Cash		1 336	1 336

Interim condensed separate financial statements of Prochem S.A. as at and for the period of 6 months ended
30 June 2019

Security deposit constituting security	6	1 332	1 332
Loans granted	6 and 9	37 610	37 610
Total		73 227	73 227

Financial liabilities

30 June 2019

Classes of financial instruments	Note No.	Financial liabilities measured at amortized cost	
			Total
Loans	15	5 511	5 511
Borrowings	14	8 547	8 547
Liabilities under retained security deposits		4 761	4 761
Amounts owed to recipients under contracts		673	673
Liabilities under lease		10 493	10 493
Liabilities under supplies and services	16	39 214	39 214
Total		69 199	69 199

31 December 2018

Classes of financial instruments	nota	Financial liabilities measured at amortized cost	
			Total
Loans	15	3 830	3 830
Borrowings	14	8 450	8 450
Amounts owed to recipients under contracts	17	2 863	2 863
Liabilities under supplies and services	16	22 723	22 723
Total		37 866	37 866

Impairment allowances of financial assets by classes of financial instruments
(in PLN thousands)

Classes of financial instruments	30 June 2019	31 December 2018
Receivables from supplies and services	(3 305)	(3 305)
Other receivables	-	-
Other financial assets	(328)	(328)
Total	(3 633)	(3 633)

Impairment allowances of financial assets are presented in notes No. 8 and No. 9.

Note No. 30 – Collateral Granted and Received and Contingent Liabilities and Contingent Assets

Collateral granted	As at	
	30 June 2019	31 December 2018
Bank guarantee of good performance	9 161	9 553
Guarantee of reimbursement of advance payment	11 805	11 400
Guarantee of payment	1 050	0
Tender guarantee	0	250
Total guarantee granted	22 016	21 203
Surety concerning promissory notes issued by subsidiary Pro-Inhut sp. z o. o. seated in Dąbrowa Górnicza for the benefit of investor in order to secure claims of good performance	-	247
Total collateral granted	22 016	21 450

Collateral received	As at	
	30 June 2019	31 December 2018
Bank guarantee of good performance	28 547	16 865
Promissory note is a guarantee that secures contract terms	450	450
Total contingent assets	28 997	17 315

Note No. 31 – Related Party Transactions and Transactions with Key Management Staff

Related entities include entities controlled and jointly-controlled entities, as well as those on which the Issuer has a significant influence, or is a member of key managing staff of the Issuer.

Key management personnel include Members of the Company's Management Board and Members of the Company's Supervisory Board.

In the first half of 2019 key management personnel and persons related to key management personnel, in addition to remuneration did not conclude other transactions with the Issuer and the companies from the Capital Group.

In the first half of 2018 in the Issuer's Enterprise was paid:

1. remuneration to the Members of the Management Board in total amount of PLN 532 thousand, including, remuneration determined from 2018 profit was PLN 34 thousand
2. remuneration to the Members of the Supervisory Board in total amount of PLN 156 thousand.

Remuneration paid to the Members of the Management Board and Members of the Supervisory Board in the first half of 2019 on account of serving on the Management Boards and the Supervisory Boards of the companies from the Capital Group was PLN 125 thousand.

Transactions with affiliated entities, as below, were concluded on market conditions and relate to sale and purchase of services, among others - of construction and assembly services, and rental services, as well as loans mutually granted.

Settlements with related entities include receivables, trade payables and financial liabilities.

Guarantees and sureties granted to related entities are presented in Note No.30.

Reporting period

(in PLN thousands)

from 1 January to 30 June 2019

	Sale of services	Purchase of services	Financial income – interest on loans	Financial income – dividends received	Finance costs – interest on loans
subsidiaries	7	1 415)*	151	-	97
jointly-controlled entities and associated entities	1 404)**	1 546	187	-	-

)* - including purchased electrical services and supplies of electrical equipment from a subsidiary Elektromontaż Kraków S.A. in the amount of PLN 1 415 thousand.

)** - sale of services and purchase of services in its entirety relates to revenues from the jointly controlled company Irydion Sp. z o. o. in Warsaw, for the benefit of which is implemented investment task under the name of „Astrum Biznes Park” in Warsaw.

As at 30 June 2019

	Trade receivables	Receivables under loans granted	Other receivables	Trade payables	Liabilities under loans granted
subsidiaries	299	18 671	-	2 246	8 547
jointly-controlled entities and associated entities	596	19 277	-	-	-

Comparative period
(in PLN thousand)

from 1 January to 30 June 2018

	Sale of services	Purchase of services	Financial income – interest on loans	Financial income – dividends received	Finance costs – interest on loans
subsidiaries	94	1 012)*	152	1 067	77
jointly-controlled entities and associated entities	7 098)**	1 742	186	-	-

)* - including purchased electrical services and supplies of electrical equipment from a subsidiary Elektromontaż Kraków S.A. in the amount of PLN 1 012 thousand.

)** - sale of services and purchase of services in its entirety relates to revenues from the jointly controlled company Irydion Sp. z o. o. in Warsaw, for the benefit of which is implemented investment task under the name of „Astrum Biznes Park” in Warsaw.

As at 30 June 2018

	Trade receivables	Receivables under loans granted	Other receivables	Trade payables	Liabilities under loans granted
subsidiaries	1 142	18 470	-	1 227	8 527
jointly-controlled entities and associated entities	584	18 899	866	971	-

Note No. 32 - Other Explanatory Notes to Separate Financial Statements

Statement of changes in the ownership of the issuer's shares or rights to them (options) by persons managing and supervising the issuer, in accordance with the information held by the issuer

As at the date of hereby separate financial statements hereby, according to the declarations received, the following members of the Management Board and the Supervisory Board held shares of PROCHEM SA:

- Jarosław Stępniewski – 68,383 units;
- Marek Kiersznicki – 59,474 units;
- Krzysztof Marczak – 36,908 units;
- Marek Garliński – 83,996 units;
- Andrzej Karczykowski – 201,882 units.

Change in the ownership of shares by supervising persons:

On 4 June 2019 the Member of the Supervisory Board Mr. Marek Garliński acquired 10,000 units of shares in Prochem S.A. before the transaction owned 73,966 units.

The nominal value of 1 share is PLN 1.

Information on granting a surety for loan or borrowing or guarantees by the issuer or by its subsidiary – jointly to one entity or to its subsidiary, if the total value of existing surety or guarantee is equivalent to at least 10% of the issuer's equity

Not applicable

Indication of factors which, in the issuer's opinion, will have an impact on the results achieved by the issuer in the perspective of at least the subsequent quarter

The results of subsequent quarters will mainly depend on the Issuer's possibility to acquire new contracts for the sale of Issuer's services. Big impact on the Issuer's performance will have commercialization of the office center Astrum Business Park in Warsaw.

Note No. 33 – Approval of the Financial Statements

Financial statements of Prochem S.A. for the period from 1 January 2019 to 30 June 2019 were approved for issue by the Management Board of Prochem S.A. on 19 September 2019.

Signatures of the Members of the Management Board

19 September 2019	Jarosław Stępniewski	President of the Management Board
date	first name and surname	position	signature

19 September 2019	Marek Kiersznicki	Vice President of the Management Board
date	first name and surname	position	signature

19 September 2019	Krzysztof Marczak	Vice President of the Management Board
date	first name and surname	position	signature

Signature of the person responsible for bookkeeping

19 September 2019	Barbara Auguścińska-Sawicka	Chief Accountant
date	first name and surname	position	signature