CONSOLIDATED QUARTERLY REPORT OF THE CAPITAL GROUP OF PROCHEM S.A. FOR THE FIRST QUARTER OF 2010

CONTAINING SHORTENED STATEMENT OF COMPANY PROCHEM S.A. FOR THE FIRST QUARTER OF 2010

PROCHEM S.A.
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I. Selected Financial Data

Net revenue from sales and profits expressed in PLN and cash flow statement were converted into the Euro according to the rate set as the arithmetic mean of average prices announced by the Chairman of the National Bank of Poland for the closing date of every month and are amounting to:

- for the first quarter of 2009 - 4.5994 PLN/Euro
- for the first quarter of 2010 - 3.9669 PLN/Euro

Balance sheet data was converted according to the average price announced by Chairman of the National Bank of Poland as at the day of drawing Financial Statement up, which as at the balance sheet day was amounting to:

- 4.7013 PLN/Euro as at 31 March 2009
- 3.8622 PLN/Euro as at 31 March 2010

Selected financial data concerning the capital group of Prochem S.A.

Specification	1st quarter from 1 January 2010 to 31 March 2010 in PLN thousand	1st quarter from 1 January 2009 to 31 March 2009 in PLN thousand	1st quarter from 1 January 2010 to 31 March 2010 in Euro thousand	1st quarter from 1 January 2009 to 31 March 2009 in Euro thousand
Revenue from sales	22 726	64 800	5 729	14 089
Gross profit (loss) on sales	3 905	4 393	984	955
Profit (loss) from operating activities	194	384	49	83
Taxable profit (loss)	404	1 477	102	321
Net profit (loss)	111	1 046	28	227
assigned to :			0	
shareholders of parent's entity	162	658	41	143
minority shareholders	-51	388	-13	84
Net cash from operating activities	-5 087	-9 220	-1 282	-2 005
Net cash flow from investment activity	2 661	-649	671	-141
Net cash flow from financial activity	4 627	5 751	1 166	1 250
Total net cash flow	2 201	-4 118	555	-895
Profit (loss) per one ordinary share of parent entity (in PLN/Euro)	0.04	0.17	0.01	0.04

	31 March 2010 in PLN thousand	31 March 2009 in PLN thousand	31 March 2010 in Euro thousand	31 March 2009 in Euro thousand
Total assets	184 160	233 369	47 683	49 639
Total fixed assets	100 401	94 155	25 996	20 027
Total current assets	83 759	139 214	21 687	29 612
Equity assigned to shareholders of parent entity	103 716	103 512	26 854	22 018
Minority shareholders	13 706	13 725	3 549	2 919
Total equity	117 422	117 237	30 403	24 937
Total long-term liabilities	9 772	10 450	2 530	2 223
Total short-term liabilities	56 966	105 682	14 750	22 479
Weighted average number of shares (units)	3 895 000	3 895 000	3 895 000	3 895 000
Book value per one ordinary share of parent entity's (in PLN/Euro)	26.63	26.58	6.89	5.65

Weighted average number of ordinary shares was corrected by the number of shares repurchased with the aim of redemption (5,000 units).

Selected financial data of ROCHEM S.A.

Specification	1st quarter from 1 January 2010 to 31 Msrch 2010 in PLN thousand	1st quarter from 1 January 2009 to 31 March 2009 in PLN thousand	1st quarter from 1 January 2010 to 31 March 2010 in Euro thousand	1st quarter from 1 January 2009 to 31 March 2009 in Euro thousand
Revenue from sales	9 018	45 667	2 273	9 929
Gross profit (loss) from sales	2 265	1 487	571	323
Profit (loss from operating activities	451	-712	114	-155
Gross profit (loss)	824	811	208	176
Net profit (loss)	646	505	163	110
Net cash from operating activities	-6 437	-8 132	-1 623	-1 768
Net cash flow from investment activity	2 819	-112	711	-24
Net cash flow from financial activity	4 717	5 957	1 189	1 295
Total net cash flow	1 099	-2 287	277	-497
Profit (loss) per one ordinary share (in PLN/Euro)	0.17	0.13	0.04	0.03

	31 March 2010 in PLN thousand	31 March 2009 in PLN thousand	31 March 2010 in Euro thousand	31 March 2009 in Euro thousand
Total assets	110 602	160 347	28 637	34 107
Total fixed assets	35 974	33 475	9 314	7 120
Total current assets	74 328	126 872	19 245	26 987
Equity	63 444	66 958	16 427	14 242
Total long-term liabilities	1 936	2 329	501	495
Total short-term liabilities	45 222	91 060	11 709	19 369
Weighted average number of ordinary shares (units)	3 895 000	3 895 000	3 895 000	3 895 000
Book value per one ordinary share (in PLN/Euro)	16.29	17.19	4.22	3.66

Weighted average number of ordinary shares was corrected by the number of shares repurchased with the aim of redemption (5,000 units)

II. Interim shortened consolidated financial statement of the Capital Group of PROCHEM S.A. as at 31 March 2010

(all amounts in thousands of PLN if not marked otherwise)

Assets	As at 31 March 2010	As at 31 December 2009	As at 31 March 2009
Fixed assets			
Tangible assets	35 775	36 702	38 063
Intangible assets	396	484	811
Real estate investments	56 708	56 673	47 530
Shares in subordinated and other entities	2 873	3 386	3 386
Shares in entities consolidated with equity method	624	629	804
Assets on account of deferred income tax	4 025	4 055	3 560
Other financial assets			1
Total fixed assets	**100 401**	**101 929**	**94 155**
Current assets			
Inventory	7 052	6 629	5 860
Trade receivables and other receivables	53 160	57 138	101 037
Other financial assets	639	3 432	3 382
Other assets	14 515	14 415	14 213
Cash and cash equivalents	8 393	6 192	14 722
Total current assets	**83 759**	**87 806**	**139 214**
Total assets	**184 160**	**189 735**	**233 369**
Liabilities			
Equity			
Share capital	3 900	3 900	3 900
Own shares (negative value)	-5	-5	-5
Spare capital	50 393	50 574	38 666
Revaluation capital	13 663	13 663	13 697
Other reserve capital	36 836	36 836	35 433
Profit (loss) brought forward	-1 233	-1 397	11 163
Profit (loss) for the current year	162	164	658
Parent entity's equity	**103 716**	**103 735**	**103 512**
Minority capital	**13 706**	**13 781**	**13 725**
Total equity	**117 422**	**117 516**	**117 237**
Long-term liabilities			
Long-term bank credits	1 033	1 033	1 471
Provision on account of deferred income tax	6 021	5 815	4 127
Retirement liabilities	2 205	1 829	2 877
Other reserves	99	12	279
Other long-term liabilities	414	695	1 696
Total long-term liabilities	**9 772**	**9 384**	**10 450**
Short-term liabilities			
Short-term bank credits	6 831	5 088	7 678
Short-term loans	786	776	750
Trade payables	41 372	47 019	80 972
Liabilities on account of current income tax	8	212	
Other liabilities	7 770	9 454	15 533
Deferred income	199	286	749
Short-term liabilities	**56 966**	**62 835**	**105 682**
Total liabilities	**66 738**	**72 219**	**116 132**
Total liabilities	**184 160**	**189 735**	**233 369**

Book value – parent entity's equity	103 716	103 735	103 512
The number of shares (units)	3 895 000	3 895 000	3 895 000
Book value per one share (in PLN)	26.63	26.63	26.58

Interim shortened consolidated Statement of Comprehensive Income for the period from 1 January 2010 to 31 March 2010

(all amounts in thousands of PLN if not marked otherwise)

SKONSOLIDOWANY RACHUNEK ZYSKÓW I STRAT (wariant kalkulacyjny)	**1st quarter of 2010 (from 1 January 2010 to 31 March 2010)**	**1st quarter of 2009 (from 1 January 2009 to 31 March 2009)**
Net revenues from sales of services, goods and materials including:	22 726	64 800
Net revenues from sales of services	21 559	61 196
Net revenue from sales of goods and materials	1 167	3 604
Costs of services, goods and materials sold, including:	18 821	60 407
Cost of services sold	17 697	57 158
Cost of goods and materials sold	1 124	3 249
Gross profit (loss) from sale	**3 905**	**4 393**
Other operating revenues	192	367
General management costs	3 775	3 613
Other operating costs	127	763
Profit (loss) from operating activities	**194**	**384**
Financial revenues	277	1 121
Finance costs	21	117
Share in profit of associated entities	-46	89
Profit (loss) before tax	**404**	**1 477**
Income tax :	293	431
- current income tax	56	78
- deferred income tax	237	353
Net profit (loss)	**111**	**1 046**
Assigned to :		
shareholderes of parent entity	162	658
minority shareholders	-51	388
Total	111	1 046
Weighted average number of ordinary shares (units)	3 895 000	3 895 000
Profit assigned to shareholders of parent entity (in PLN)	0.04	0.17

Other comprehensive income

Assessed value of available-for sale financial assets	-	-
Revaluation of fixed assets	-	-
Share in remaining comprehensive income of associated entities	-	-
Results of changes of accounting policies	-	-
Accounting for hedge	-	-
Actuarial gains/losses	-	-
Income tax concerning other comprehensive income	-	-
Other comprehensive income (net)	-	-
Total comprehensive income	**111**	**1 046**
Total comprehensive income assigned to :		
Shareholders of parent entity's	162	658
Minority capital	-51	388
Weighted average number of ordinary shares (units)	3 895 000	3 895 000
Comprehensive income per one ordinary share (in PLN per one share)	0.04	0.17

Interim Shortened Consolidated Statement of Changes in Owner's Equity
(all amounts in thousands of PLN if not marked otherwise)

	Share capital	Shares of parent entity	Spare capital	Revaluation capital	Other reserve capitals	Undivided result from previous years	Profit (loss) in the fiscal year	Parent entity's equity	Minority shareholders' equity	Total equity
The reporting period from 1 January 2010 to 31 March 2010										
As at the beginning of the period	**3 900**	**-5**	**50 574**	**13 663**	**36 836**	**-1 233**		**103 735**	**13 781**	**117 516**
Share in result brought forward assigned to minority capital									-24	-24
Increasing the participation in the affiliate			-181					-181		-181
Net profit (loss) of the given period							162	162	-51	111
As at the end of the period	**3 900**	**-5**	**50 393**	**13 663**	**36 836**	**-1 233**	**162**	**103 716**	**13 706**	**117422**
The reporting period from 1 January 2009 to 31 December 2009										
As at the beginning of the period	**3 900**	**-2**	**38 643**	**13 697**	**35 433**	**11 351**	**0**	**103 022**	**13 421**	**116 443**
Distribution of the result brought forward			11 896		1 403	-12 212		1 087	-1 130	-43
Payment of dividend						-506		-506	-792	-1 298
Payment to the charity fund						-30		-30		-30
Net profit (loss) in the given period							164	164	2 282	2 446
Own shares purchase with the aim of redemption		-3						-3		-3
Other movements			35	-34				1		1
At the end of the period	**3 900**	**-5**	**50 574**	**13 663**	**36 836**	**-1 397**	**164**	**103 735**	**13 781**	**117 516**
The reporting period from 1 January 2009 to 31 March 2009										
As at the beginning of the period	**3 900**	**-2**	**38 643**	**13 697**	**35 433**	**11 351**	**0**	**103 022**	**13 421**	**116 443**
Net profit (loss) in the given period							658	658	388	1 046
Own shares purchase with the aim of redemption		-3						-3		-3
Other movements			23			-188		-165	-84	-249
As at the end of the period	**3 900**	**-5**	**38 666**	**13 697**	**35 433**	**11 163**	**658**	**103 512**	**13 725**	**117 237**

Grupa Kapitałowa Prochem S.A.

Interim Consolidated Statement of Cash Flows (indirect method)
For the period from 1 January 2010 to 31 March 2010

(all amounts in thousands of PLN, if not marked otherwise)

CONSOLIDATED STATEMENT OF CASH FLOWS (indirect method) (all amounts in thousands of PLN, if not marked otherwise)	**1st quarter of 2010 from 1 January 2010 to 31 March 2010**	**1st quarter of 2009 from 01 January 2009 to 31 March 2009**
Cash flows from operating activities		
Gross profit (loss)	404	1 477
Adjustments for:	-5 471	-10 664
Amortization and depreciation	1 081	1 198
Interests and profit sharing (dividends)	-13	-20
(Profit) loss on account of investment activity	-27	
(Positive)/negative exchange differences	24	-943
Movement in provisions	5	-2 764
Changes in inventory	-426	889
Movement in receivables	5 315	24 204
Movements in current liabilities, with the exception of loans and credits	-11 433	-33 031
Other adjustments	3	-197
Operating cash	-5 067	-9 187
Income tax paid	-20	-33
Net cash provided by operating activities	**-5 087**	**-9 220**
Investment cash flows		
Inflows	3 113	10
Sales of intangible assets and fixed tangible assets	123	10
From financial assets, in affiliates:	2 790	
- repayment of loans	2 790	
Other investment inflows	200	
Outflows	452	659
Purchase of intangible assets and fixed tangible assets	81	545
Investments in real estates and intangible assets	58	84
For financial assets in affiliates :	303	30
- purchase of financial assets	303	30
Other expenditures	10	
Net cash from investment activities	**2 661**	**-649**
Financial cash flows		
Inflows	7 996	8 394
Credits and loans	7 996	7 837
Other financial inflows		557
Outflows	3 369	2 643
Repayment of credits and loans	3 177	2 495
Payments done from the title of finance lease	37	49
Interest	62	93
Other financial outflows	93	6
Net cash flow from finnacial activities	**4 627**	**5 751**
Increase (decrease) of net cash flow and cash equivalents	2 201	-4 118
Cash and cash equivalents at the beginning of the period	6 192	18 840
Cash and cash equivalents at the end of the period	8 393	14 722

III. Interim Shortened Financial Statement of PROCHEM S.A.

Interim Shortened of Financial Position as at 31 March 2010

(all amounts in thousands of PLN if not marked otherwise)

	As at 31 March 2010	As at 31 December 2009	As at 31 March 2009
Assets			
Fixed assets			
Tangible assets	4 449	4 853	6 127
Intangible assets	320	398	666
Shares of subordinated entities and other entities	10 430	10 430	10 430
Shares of entities consolidated under equity method	708	708	708
Assets on account of deferred income tax	1 568	1 597	518
Other financial assets	18 499	21 072	15 026
Total fixed assets	**35 974**	**39 058**	**33 475**
Current assets			
Stock	3 279	3 302	3 390
Trade receivables and other receivables	52 621	52 913	97 100
Other finnacial assets	1 802	1 783	1 552
Other assets	12 782	13 181	16 608
Cash and cash equivalents	4 144	3 045	8 222
Total current assets	**74 628**	**74 224**	**126 872**
Total assets	**110 602**	**113 282**	**160 347**
Equity and liabilities			
Equity			
Share capital	3 900	3 900	3 900
Shares (stocks) of parent entity (negative value)	-5	-5	-5
Spare capital	14 812	14 812	14 812
Revaluation capital	766	766	766
Other reserve capitals	46 443	46 443	45 059
Profit (loss) brought forward	-3 118		1 921
Profit (loss) for the current year	646	-3 118	505
Total equity	**63 444**	**62 798**	**66 958**
Long-term liabilities			
Deferred tax provision	1 629	1 481	938
Retirement liabilities	278	283	379
Other long-term liabilities	29	253	1 012
Long-term liabilities	**1 936**	**2 017**	**2 329**
Short-term liabilities			
Short-term loans and bank credits	4 802	2 620	5 404
Trade payables	36 251	41 724	74 489
Other liabilities	4 001	3 898	10 459
Deferred income	168	225	708
Short-term liabilities	**45 222**	**48 467**	**91 060**
Total liabilities	**47 158**	**50 484**	**93 389**
Total equity and liabilities	**110 602**	**113 282**	**160 347**
Book value – owner's equity	63 444	62 798	66 958
Number of shares (units)	3 895 000	3 895 000	3 895 000
Book value per one share (in PLN)	16.29	16.12	17.19

Grupa Kapitałowa Prochem S.A.

Interim Shortened Statement of Comprehensive Income for the period from 1 January 2010 to 31 March 2010

(all amounts in thousands of PLN if not marked otherwise)

PROFIT AND LOSS ACCOUNT (version for calculating)	**1st quarter of 2010 from 1 January 2010 to 31 March 2010**	**1st quarter of 2009 from 1 January 2009 to 31 March 2009**
Net revenues from sales of services, goods and materials including:	9 018	45 667
Net revenues from sale of services	9 017	43 995
Net revenues from sale of goods and services	1	1 672
Costs of services, goods and materials sold including:	6 753	44 180
Cost of services sold	6 752	42 541
Cost of goods and materials sold	1	1 639
Gross profit (loss) from sale	**2 265**	**1 487**
Other revenues	104	297
General management costs	1 827	1 763
Other costs	91	733
Profit (loss) from operating activity	**451**	**-712**
Financial revenues	590	1 613
Finance costs	217	90
Profit (loss) before tax	**824**	**811**
Income tax :	178	306
- current income tax		
-deferred income tax	178	306
Net profit (loss)	**646**	**505**
Other comprehensive income		
Assessed value of available-for-sale financial assets	-	-
Revaluation of fixed assets	-	-
Share in remaining comprehensive income of associated entities	-	-
Result of changes of accounting policies	-	-
Accounting for hedge	-	-
Actuarial gains/losses	-	-
Income tax concerning other comprehensive income	-	-
Other comprehensive income (net)	-	-
Total comprehensive income	**646**	**505**
Weighted average number of ordinary shares (units)	3 895 000	3 895 000
Profit (loss) per one ordinary share (in PLN)	0.17	0.13
Comprehensive income per one ordinary share (in PLN)	0.17	0.13

Interim Shortened Statement of Changes in Owners' Equity
(all amounts in thousands of PLN if not marked otherwise)

	Share capital	Own shares (stocks) (negative value)	Spare capital	Revaluation capital	Other reserve capitals	Undivided result from previous years	Profit (loss) in the fiscal year	Total equity
The reporting period from 1 January to 31 March 2010								
As at 1 January 2010	3 900	-5	14 812	766	46 443	-3 118		62 798
Net profit (loss) in the given period							646	646
As at 31 March 2010.	3 900	-5	14 812	766	46 443	-3 118	646	63 444
The reporting period from 1 January to 31 December 2009								
As at 1 January 2009	3 900	-2	14 812	766	45 059	1 921		66 456
Distribution of the result brought forward					1 384	-1 384		0
Shares repurchased with the aim of redemption		-3						-3
Payment of dividend						-506		-506
Payment to the charity fund						-31		-31
Net profit (loss) in the given period							-3 118	-3 118
Other comprehensive income								0
As at 31 December 2009	3 900	-5	14 812	766	46 443	0	-3 118	62 798
The reporting period from 1 January to 31March 2009								
As at 1 January 2009	3 900	-2	14 812	766	45 059	1 921		66 456
Net profit (loss) in the given period							505	505
Other comprehensive income		-3						-3
As at 31 March 2009	3 900	-5	14 812	766	45 059	1 921	505	66 958

Grupa Kapitałowa Prochem S.A.

Interim Shortened Statement of Cash Flows
for the period from 1 January 2010 to 31 March 2010

(all amounts in thousands of PLN if not marked otherwise)

	1st quarter of 2010 from 1 January 2010 to 31 March 2010	1st quarter of 2009 from 1 January 2009 to 31 March 2009
Gross profit (loss)	824	811
Adjustments for:	-6 961	-8 943
Amortisation and depreciation	496	622
Interests and profit sharing (dividends)	-196	-195
(Profit) loss on account on sale of tangible assets	-28	
(Positive)/negative exchange differences	84	-943
Movement in provisions	173	-1 912
Change in stock	23	343
Movement in receivables	651	18 732
Movement in current liabilities with the exception of loans and credits	-8 464	-25 587
Other adjustments		-3
Operating cash	-6 437	-8 132
Income cash paid		
Net cash provided by operating activities	-6 437	-8 132
Investment cash flows		
Inflows	2 846	
Sales of intangible assets and tangible assets	96	
From financial assets in affiliated entities on account of:	2 750	
- repayment of loans granted	2 600	
- payment of interest	150	
Outflows	27	112
Purchase of intangible assets and tangible assets	27	82
For financial assets in affiliated entities:		30
- purchase of financial assets		30
Net cash flow from investment activity	2 819	-112
Financial cash flows		
Inflows	6 871	5 958
Credits and loans	6 871	5 405
Other financial inflows (exchange differences)		553
Outflows	2 154	1
Repayment of credits and loans	2 070	1
Other financial outflows (exchange differences)	84	
Net cash flow from financial activities	4 717	5 957
Increase (decrease) of net cash and cash equivalents	1 099	-2 287
Cash and cash equivalents at the beginning of period	3 045	10 509
Cash and cash equivalents at the end of period	4 144	8 222

IV. Notes to Financial Statement drawn up for the period from 1 January 2010 to 31 March 2010

These Notes contain both individual financial results of PROCHEM S.A. (PROCHEM, Company, Issuer) and consolidated financial data of the Capital Group of PROCHEM S.A. (PROCHEM Group, Group, Capital Group).

1. The formation of the company and the basic scope of its activity

Company Prochem S.A. (hereinafter called „Issuer", „Prochem" or „Company ") with the registered office in Warsaw at 44c Powązkowska Str., is entered into the National Court Register (KRS) under the number 0000019753. Basic activity of the Company according to Polish Business Classification (PKD) determines symbol 7420A – operations in the scope of construction designing, urban planning, process engineering. According to Warsaw Stock Exchange Classification the company is being ranked among the construction sector.
Parent company Prochem S.A. was established as a result of transformation of a state owned enterprise under the name Przedsiębiorstwa Projektowania i Realizacji Inwestycji Przemysłu Chemicznego „Prochem" (Designing and Implementation of an Investment Project Office for the Chemical Industry) . The notarial deed and statutes were signed on 1 October 1991.

2. Description of the organization of the capital group with pointing out entities being subject to consolidation

The Capital Group of Prochem S.A. comprises following subsidiaries directly and indirectly and associated companies:

<u>Subsidiaries covered by full consolidation</u>

- Prochem Inwestycje Sp. z o.o. with registered office in Warsaw – subsidiary directly (100.0%);
- Irydion Sp. z o.o. with registered office in Warsaw – subsidiary directly (100.0%);
- PRO-INHUT Sp. z o.o. with registered office in Dąbrowa Górnicza– subsidiary indirectly (99.0%);
- Pro-Organika Sp. z o.o. with registered office in Warsaw – subsidiary directly (91.4%);
- Prochem Serwis Sp. z o.o. with registered office in Warsaw – subsidiary indirectly (90.0%);
- PREDOM Sp. z o.o. with registered office in Wrocław – subsidiary indirectly (81.1% of capital and profit, 69.4% in votes);
- ASI Polska Sp. z o.o. with registered office in Gliwice– subsidiary indirectly (90.0%);
- Prochem Zachód Sp. z o.o. with registered office in Słubice – subsidiary directly (60.0%);
- PROTRADE Sp. z o.o. with registered office in Gdynia– subsidiary indirectly (72%) (ASI Polska Sp. z o.o. subsidiary in 90.0% holds 80.0%)
- ELPRO Sp. z o.o. Kraków – subsidiary indirectly (77.2%, including 54.5% share in 50% share of Elektromontażu Kraków)
- Elmont Inwestycje Sp. z o.o. Kraków – subsidiary indirectly (77.2%, including 54.5% share in 50% share of Elektromontaż Kraków)
- Elektromontaż Kraków S.A. – subsidiary direct (54.5%) – the company id drawing up consolidated financial statement, which contains data of the subsidiary in 100%:
ELMONT-POMIARY Sp. z o.o. with registered office in Krakow and two associates ELPRO Sp. z o.o. and Elmont Inwestycje Sp. z o.o.
- IRYD Sp. z o.o. with registered office in Warsaw – subsidiary indirectly 100%

- ATUTOR Integracja Cyfrowa Sp. z o.o. with registered office in Warsaw – subsidiary indirectly (97.2% of share holds company Prochem Inwestycje Sp. z o.o. subsidiary in 100%).
- Prochem RPI Sp. z o.o. with registered office in Warsaw – subsidiary directly and indirectly in 100%

In 2009 ZPU Elektromontaż - a subsidiary of Elektromontaż Kraków SA - above which the dominant entity lost the control - was excluded from the consolidation.

<u>Associated entities covered by consolidation under the equity method:</u>

- PRO PLM Sp. z o.o. with registered office in Warsaw – associated indirectly (50% of shares belongs to company Prochem Inwestycje Sp. z o.o. subsidiary in 100%),
- PROMIS Sp. z o.o. with registered office in Warsaw – associated indirectly (45% of right of vote and 97.6 % of share capital belongs to company Prochem Inwestycje Sp. z o.o. subsidiary in 100%),
- ITEL Sp. z o.o. Gdynia – 42.0% of shares (18.7% of right of vote and capitals belongs directly to Prochem S.A. and 23.31% belongs to Prochem RPI Sp. z o.o. subsidiary in 100%)
- TEOMA S.A. with registered office in Warsaw – associated indirectly (12.9% of shares, including Prochem Inwestycje Sp. z o.o. subsidiary in 100% holds 5% of shares).

At the consolidation not including in the consolidation entities which aren't conducting activity is an adopted principle - financial data of these companies isn't distorting the information about financial results of Prochem S.A. Group. Companies not covered by consolidation:

- Predom Projektowanie Sp. z o.o. with registered office in Wrocław – subsidiary
- Pasterex Sp. z o.o, with registered office in Warsaw - associated company.

On 23 February 2010 PROCHEM RPI Sp. z o.o. with the registered office in Warsaw took up 86 newly created shares of ITEL Sp. z o.o. of the total nominal value of PLN 301 000. Each share has the nominal value of PLN 3 500. Assets were recognized as assets of considerable value, since after the registration of the increased capital of the ITEL company with registered office in Gdynia by the court

- PROCHEM RPI Sp. z o.o. will be in possession of 23.31% of the capital of this company
- PROCHEM S.A. will be in possession of 18.7% of the capital of this company (at present 35.2%)

Essentially the Capital Group of PROCHEM S.A. will be holding 42.01 % of capital in the ITEL company.

Subsidiaries covered by consolidation were included in the consolidated financial statement starting from the day of taking over the control by the parent company, and associates from the day of exerting the significant influence.

3. Base for the presentation and drawing the Financial Statement up

Consolidated Financial Statement of the Capital Group of PROCHEM S.A. for the 1st quarter of 2010 and corresponding period of the comparable year was drawn up according to International Accounting Standards and International Financial Reporting Standard. This Consolidated Financial Statement meets all IFRS requirements and is reflecting in the true and fair way the material and financial situation of the Issuer and his financial result.

Consolidated Financial statement of the Capital Group of PROCHEM S.A. as at 31 March 2010 was prepared at assuming continuing economic activity in a foreseeable future and it is stated that circumstances pointing out to the threat to continuing activity by the Issuer’s Capital Group don’t exist.

The duration of activities of individual entities being included in a capital group isn’t limited.

Financial statements of all subordinated entities were drawn up for the same reporting period as the financial statement of the dominant entity, with the application of consistent accounting rules.

Consolidated Financial Statement of the Group is being presented in Polish zlotys („zloty” or „PLN”) which is functional and reporting currency.

A financial year of the parent company and companies belonging to the group is a calendar year.

At drawing up the Consolidated Financial Statement of Prochem S.A. Capital Group the following procedures were applied:

- data of subsidiaries were included in financial statement with the full method, consisting in linking financial statements of the dominant entity and of subsidiaries by adding up individual items of assets, obligations, the equity capital, the income and costs.
- shares in associated companies were evaluated in the consolidated financial statement with the equity method.

Subsidiaries and associates covered by consolidation were included in the consolidated financial statement starting from the day of taking over the control by the parent company.
The goodwill of subsidiaries is a surplus of the purchase price of components of financial assets taken up by the dominant entity above the market value of net assets of the subsidiary, proportionally to the acquired share in the equity capital of this entity.
The negative goodwill of subsidiary is a surplus of the market value of net assets of the subsidiary above the purchase price of financial assets carried by the dominant entity, proportionally to the acquired share in the equity capital of this entity.
For the day of purchasing the subsidiary and associated (of including the control), assets, liabilities and contingent liabilities of the subsidiary are being evaluated at fair value.
Subsidiaries sold in the financial year are subject to a consolidation to the day of the sale. Minority shareholders are being shown according to assigned value.
If the loss falling to the minority shareholder is exceeding the share of the minority in the owners' equity of this subsidiary, then a surplus of losses as well as more distant losses are burdening shares of the majority. If the subsidiary is showing making a profit in the more late period, these profits are being assigned in full amount for majority interests, all the way to loss coverage of minorities falling to shares.
The group of Prochem S.A. treats transactions with minority shareholders as transactions with outside entities.
Profits or the losses arising from the selling of shares to minority shareholders are being presented in the profit and loss account.
The purchase of shares from minority shareholders causes the coming into existence of the goodwill, constituting the difference between the paid amount and the value of acquired shares in net assets of the subsidiary.
Entities are being regarded as associated companies, in which Prochem S.A. has between 20% and 50% of the total number of votes in constituting organs or in other way can exert a significant influence on their financial and operating policy.
Investments in associated companies are being accounted with method of the ownership transfer and at first are included according to the purchase price. The goodwill concerning the associated company is recognized on the day of the purchase, reduced by possible write-downs, and demonstrated in balance-sheet. Share in the profit or in the loss of the associated company is shown in the profit and loss account. When the participation in the loss of the associated company is equal to or exceeds a participation of the Group of Prochem in this entity the Group doesn't recognize further losses, unless assumed an obligation to do it. Unrealized gains among the Group and the associated company are being eliminated to the level of the participation of the Group in the entity.
The price of acquiring shares in associated companies is subject to adjustments reflecting all effects of changes of the fair value of net assets, falling on the value of the held share from the moment of purchase to the date of financial statement as well as effects of impairment.
In the presented consolidated financial statement mentioned below adjustments and exclusions were made:

Within the scope of exclusions:

- of shares (stocks) had by the dominant entity with the share capital of subsidiaries,
- of mutual receivables and liabilities and other settlements of a similar nature of entities under consolidation,
- of revenues and expenses on account of mutual operations of the purchase and the sale in the capital group,
- of dividends calculated or paid by subsidiaries to the dominant entity and other entities covered by consolidation

Within the scope of adjustments:

- of profits or losses arising as a result of business transactions made between entities under consolidation.

The consolidated financial statement was drawn up based on the principle of the historical cost, with the exception of:

- land, buildings and constructions,
- investments in subsidiaries, associated or in joint undertakings,
- investment properties (land),
- allocating assets for the sale,
- derivatives of financial instruments.

Transactions in foreign currencies at first are calculated according to the rate of exchange of the National bank of Poland being in effect on the day of the conclusion of a deal. Balance sheet items of assets and liabilities expressed in foreign currencies are being evaluated according to the average rate of the National Bank of Poland for the balance-sheet day. Profit and loss arising from accounting for these transactions and balance sheet valuations of assets and obligations expressed in foreign currencies are included in the Profit and Loss Account.

Items of Financial Statement are being divided into short-term and long-term (current and fixed) in accordance with International Accounting Standards 1 (MSR 1).

Adopted accounting principles

Tangible assets and intangible assets

Tangible assets are presented in accordance with International Accounting Standards (MSR 16).
Tangible assets comprises capital assets and expenditure on the capital assets under construction which the entity is going to exploit in their activity for administrative needs in the period longer than one year, and which in the future will result in benefit to the entity.
Expenditure on the capital assets include investment outlay as well as incurred expenses for future deliveries of machinery, equipment and services connected with manufacturing of capital assets (transferred advance payments).
Tangible assets at first are being evaluated according to the purchase price or the manufacturing costs.

Principles of valuation following the initial approach:

- Land, buildings and constructions buildings are shown in the post-revaluation amount, constituting the fair price of it for the day of the revaluation, set by experts, reduced by the amount of the later accumulated depreciation and later accumulated revaluating write-off. Fair price will be set by experts regularly every two years.
- Other tangible assets are being shown according to the purchase price or the manufacturing cost, increased by possible costs of improvements, but reduced by the accumulated depreciation and accumulated revaluating write-off.

An increase in the value resulting from the revaluation of land, buildings and constructions is being included in other comprehensive revenues and is showing the surplus from the revaluation in the total amount of the equity capital, except for the situation, when the increased value is reversing the earlier writing off for the same item included in the profit and loss account. A decrease in the value resulting from the revaluation of land, building and constructions is being included in cost in the period, being ahead of an amount of earlier evaluation of this asset item included in other comprehensive revenues. A decrease resulting from revaluation included in other comprehensive revenues is reducing the total surplus from the revaluation included in the equity capital.

The company treats perpetual usufructs as land.

Value of capital assets allocated for liquidation, withdrawn from use as a result of the change of technology or other reasons, is being updated by writing off. This writing off is carried to the debit of other operating costs.

Tangible fixed assets allocated for sale are shown according to International Financial Reporting Standards (MSSF 5).

Expenditure on the capital assets borne later are included in balance-sheet total, when it is probable that the entity will benefit from it and it is possible to evaluate this cost credibly. All other costs of repairs and maintenance of fixed assets are being included in the profit and loss account in reporting periods, in which they were carried. Profit and loss from selling capital assets are being set by comparing the sales revenue with the balance value of the given capital asset and included in the profit and loss account.

Tangible assets are amortized. Allowance for depreciation on capital assests is provided by systematic, scheduled dividing the initial value into the established service life of the asset component. A straight line depreciation method is applied.

Land isn't subject to depreciation.

Capital assets in progress coming into existence for purposes of the conducted operational activity, as well as for purposes not yet determined, are being presented in the financial statement at the production cost reduced by revaluating write-offs. The manufacturing cost includes all payments and costs of the external financing capitalized according to applied accounting principles. The amortization concerning these capital assets is starting in the moment of beginning using them.

Tangible fixed assets are being subjected to the impairment test if premises pointing at appearing of the depreciation exist, in addition for the construction-in-progress in the period of the realization, possible depreciation is determined for every balance sheet day. Effects of the depreciation are being carried forward in other operating costs. The premises pointing out to the depreciation of tangible fixed assets didn't appear in 2009. Tangible fixed assets shown in this report were included in appropriate values.

As at the balance sheet day capital assets which are different from ground, buildings and structures, evaluated in the post-revaluation amount, and the construction-in-progress are estimated according to the cost reduced by made depreciation allowances and possible impairment write- offs.

Intangible assets are being shown according to International Accounting Standards MSR 38. The component of intangible assets is being evaluated according to the purchase price reduced by amortization allowances and revaluating write- off.

Intangible assets, apart from the goodwill are being amortized. Amortisement of intangible assets is provided by systematic, scheduled dividing the initial value into the established service life of the asset component. A straight method of depreciation is applied.

Intangible assets are being subjected to the impairment test if premises pointing at appearing of the impairment exist. Effects of the amortization are being carried forward to other operating costs. Management Board of the company thinks that conditions pointing out to the impairment of intangible assets didn't appear in 2009. Intangible assets shown in this report were included in appropriate values.

As at the balance sheet day intangible assets are valuated at cost less amortization and possible impairment write-offs.

Leasing - asset components being a leased object are being included in the amount established at the moment of commencing the use. Every lease payment is being divided into the part constituting the obligation and the financial part. The liability is being shown in balance in the position "Other liabilities ". Finance charges are charging the profit and loss account. Tangible fixed assets constituting the leased object are being amortized during the economic service life of the asset.

Costs of the external financing according to International Accounting Standards 23 (MSR 23) - costs of the external financing are being included as costs in the period, in which they were carried, except for costs which it is possible directly to assign for the purchase, the building or producing the asset component (capital assets, investment real estate).
Activating of costs of the external financing is starting when:

1. costs of the external financing are being incurred,
2. an expenditure on this asset component is being incurred,
3. action essential to prepare the asset component for his planned use or the sale is being conducted.

Activating of costs of financing is being suspended in case of stopping active conducting the investment activity for the longer time. Costs of the external financing are subject to activating to the time of allocating the asset component for the use or of the sale.

Investments in subsidiaries, associated or in joint undertakings are included according to International Accounting Standards 39 (MSR 39) **-** in the moment of the initial take the element of financial assets is being evaluated in the goodwill through the financial result.
Shares in other entities are being evaluated according to the purchase price less impairment write-offs. The value of financial assets is determined based on their utility established on the basis of forecasts of future receipts for a period of at least five years, with the application of the discount rate.
As at 31 December 2009 Company's Management Board made an appraisal whether premises pointing out to the depreciation of shares held in given entities exist. After carrying out an analysis, the premises which would appoint to the need to recognize the allowance for depreciation weren't identified.

Real estate investments **-** it is a real estate (ground, the building or the part of a building or both these elements) which the company treats as the source of the income from rents to or is holding in possession on account of the increase in their value, comparatively for both these benefits, in addition such a real estate isn't:

- being used in the operational activity,
- allocated for sale as part of the normal investment activity.

Profits or losses arising on the sale/liquidation of the real estate are determined as the difference between the sales revenue and the balance value of these positions and they are being included in the profit and loss account.
Since 1 January 2009 International Accounting Standards 40 (MSR 40) is applicable to real estates under construction which in the future will be exploited as investment real estates, it means that they can be evaluated not only in the production cost, but also at the fair price. On the condition that it will be possible to determine credibly the fair price, if not, until the moment, in which the company will be able to determine credibly fair value, the real estate under construction is being evaluated according to the production cost. Effects of the evaluation on account of the difference between the balance value of the real estate under construction and the fair value of the investment real estate should be included in the financial result.

Before change the investment real estate under construction were subject to International Accounting Standards 16 (MSR 16) regulations - tangible fixed assets - it means that these real estates were evaluated in the production cost all the way to the moment of moving the investment under construction real estate to investment real estates. In the moment of the transfer company should establish the fair value of the real estate. If the fair value differed from the production cost, differences should be included directly in the financial result.

Costs of the external financing according to International Accounting Standards 23 (MSR 23) - costs of the external financing are being included as costs in the period, in which they were carried, except for costs which it is possible directly to assign for the purchase, the building or producing the asset component (fixed asset). Activating of costs of financing is being suspended in case of stopping active conducting the investment activity for the longer time. Costs of the external financing are subject to activating to the time of allocating the asset component for the use or of the sale.

Investments in subsidiaries, associated or in joint undertakings are included according to International Accounting Standards 39 (MSR 39) **-** in the moment of the initial take the element of financial assets is being evaluated in the goodwill by the financial result.
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Current assets

Stock **-** materials, goods, semi-finished products and the work in progress are being shown in the item of stock. Stocks are being evaluated originally in the purchase price.
As at the balance sheet day the evaluation of materials and goods is held in compliance with principles of the conservative estimate, namely these categories are being valuated according to the purchase price, the production cost or the net value possible to get, depending on which one from them is lower.
Stocks of goods and materials are being covered by revaluating write off according to the following principles:

- goods and materials stored over 1 year - 30 % balance sheet value,
- goods and materials stored over 2 years – 100% balance sheet value,
- goods and materials slowly rotating - according to the individual assessment of the price possible to get for the balance sheet day.

The expenditure of supplies is held with the application of the FIFO method - "first in - first off". Revaluating write-off concerning supplies, as well as their reversals, are carried forward to other costs and the operating income.

Loans - are coming into existence when the entity is transferring financial means directly to the debtor, not intending to enter their amount due into the trading. They are being ranked among current assets, provided the date of their maturity doesn't exceed 12 months from the balance sheet day.
Loans with the maturity date exceeding 12 months from the balance sheet day are being ranked among fixed assets.

The amounts due are formulated at first according to the fair price (of amounts originally invoiced), and next they are being evaluated according to the amortised cost with applying the effective interest rate, including the allowance for the depreciation. Revaluating writing- off for the amount due is formed when objective evidence exist that the entity won't receive all amounts due resulting from primary conditions of the amount due, and is included in the profit and loss account in the item - other operating cost. The amount of writing-off constitutes a difference between the balance value of the amount due and the current value of estimated future cash flows discounted according to the effective interest rate.

Cash and cash equivalents cover the cash in hand and on banking accounts, deposits with the original maturity date up to three months and financial assets evaluated in the fair value by the financial result meeting the requirements of the definition of the monetary equivalent. Cash is being evaluated in the nominal value. Cash equivalents classified as financial assets are being evaluated in the fair value by the financial result. The fair value is being established on the basis of market quotations for every balance sheet day.

Current liabilities **are** established according to amounts originally invoiced - in the amount requiring the payment.

Long-term liabilities are being evaluated according to the amortised cost with applying the effective interest rate.

Payments of dividends for shareholders of the company are being included as liability in the financial statement of the company in the moment, in which the appropriate resolution was passed at the General Meeting of Shareholders of the Company.

Reserves - are established in the justified, credibly assessed value. Reserves are being created when an existing legal obligation is resting with the company (legal or customary) resulting from past events and when it is probable, that fulfilling this duty will cause the necessity of the outflow of financial means as well as it is possible to effect credible estimation of the amount of this obligation.

Social benefits - the group is paying the contributions of the compulsory pension program subject to the gross remuneration, under effective laws and regulations. The company doesn't have other pension programs. With a view to establishing the current value of future obligations concerning retirement gratuities and the costs of the current employment associated with them, actuarial evaluation is applied.

Owners' Equity and remaining assets and liabilities - in the nominal value, including:

- Owners' equity – share capital was shown in the nominal value of issued and registered shares.
- Spare capital is being created from surpluses of the sale of shares above their nominal value, from write down from net annual profit and from write down from the result of the revaluation of fixed assets in previous years.

The income from sales includes the fair value of the income from sales of services and goods. The income from building services is being evaluated according to International Accounting Standards 11 (MSR 11) - *Agreements for the building service.*
The income from performing the not finished building service under an agreement, made as at the balance sheet day is being set proportionally to the degree of the progress of the service. The degree of the progress of the service is being measured with the participation of costs incurred since the date of the conclusion of contract up to the day of setting the income in total costs of the service.
The correctness of adopted methods of establishing the degree of the progress of the service, as well as expected total costs and the income from the provided service is being verified at the end of every quarter.

The costs which are arising in the uneven way in the sequence of the financial year are being accounted in the time.

Income tax - fiscal charges contain the current taxation with corporate income tax and the change in reserves or assets on account of the deferred income tax.
Current tax liabilities are being set on the basis of current tax regulations and the set taxable income.

Shares in joint undertakings **-** joint undertaking means arrangements stipulated in the contract, by virtue of which two or more sides are undertaking the business activity being subject to a co-control. Joint undertakings can have different forms and structures, among others: jointly controlled activity, jointly controlled assets and co-controlled entities.
Jointly controlled activity - the most often it is Agreement of the Consortium concluded with a view to increasing production capacities or acquiring the potential essential for realization/acquiring of determined investment topic (of wider scope of work). The Agreement of the Consortium usually regulates the way of the distribution to partners of the income from sales of shared product/services and all joint expenses. Each partner is using it own tangible assets and has own supplies. Each partner of the undertaking is also incurring own costs, entering into obligations as well as raising funds to finance own activity what results in the occurrence of his own obligations.
The Leader of the Consortium most often represents the Consortium towards Orderer, is signing records of acceptance of works performed by the Consortium on the basis of which is issuing an

invoice on Orderer. The Leader of Consortium is including the total income into the income shown in profit and loss account and the costs of members of a Consortium for their participation in the accomplishment of the task is including into costs.
Co-controlled entities - it is a joint undertaking which requires establishing the legal person, the partnership or other subject, in which each partner of the undertaking is holding shares. Such an entity is acting on the same principles, as other economic entities, except for the fact that arrangements stipulated in the contract between partners of the undertaking are establishing the co-control over the business activity of the subject. Co-controlled entity is controlling assets of a joint undertaking, entering into obligations, bearing costs and bringing income, concluding a contract in his own name, acquiring financial measures with a view to allocating them for the activity of the joint undertaking. This entity is keeping books, drawing up and submitting financial statements. Every partner is contributing to the co-controlled entity in the form of financial means. The contributions should be included in the accounting records of the partner and in the individual financial statement as investment in the co-controlled entity. The partner is evaluating the share in the co-controlled entity under the equity pick-up method irrespective of it, whether he has such investments in subsidiaries and whether determines his reports as consolidated reports. The partner is stopping applying the equity pick-up method with the moment of ceasing exercising the co-control over the co-controlled entity or significant exerting of influence on such an entity.

Shares in the co-controlled entity categorised as allocated for the sale are being included according to International Financial Reporting Standards 5 (MSSF 5).

4. Transformation of financial statements

Consolidated Financial Statement of Capital Group of Prochem S.A and Shortened Individual Financial Statement of PROCHEM SA for the period from 1 January to 31 March 2010 is keeping the comparability in relation to data given in statement for the period from 1 January to 31 March 2009.

5. Concise description of significant achievements or failures of the issuer in the period which the report concerns, together with showing the most important events concerning them

In January of 2010 a final agreement was signed, according to which the company Nitrogenmuvek Zrt. took over the built installation, however PROCHEM S.A. was encumbered with contractual penalties for the delay in the realization and he effected lowering the reward stipulated in the contract for its service. On the day of signing an agreement, parties acknowledged, that all current and the future claims associated with the contract mentioned above were satisfied. Financial results of this agreement were included by the Issuer in performance in 2009.

6. Description of factors and events, in particular of untypical character, having the significant effect to achieved financial results

In the 1st quarter of 2010 on achieved results of the Issuer the following events had the significant effect:

a) reserves were dissolved established in previous periods for the deferred income tax in the amount of PLN 834 thousand, and reserves were established for in the amount of PLN 982 thousand,
b) assets from the title of deferred income tax were used in the amount of PLN 31 thousand, and established in the amount of PLN 2 thousand
c) reserves for social security benefits in the amount of PLN 5 thousand were dissolved

Within the capital group in the 1st quarter of 2010:

a) reserve for deferred income tax established in previous years in the amount of PLN 1,175 thousand was dissolved, and reserve in the amount of PLN 1,036 thousand established,

b) assets from the title of the deferred income tax were used in the amount of PLN 1,364 thousand, and established in the amount of PLN 940 thousand

c) revaluating write off covering value of amounts due in the amount of PLN 11 thousand was dissolved , and established in the amount of PLN 15 thousand,

d) reserves for social security benefits in the amount of PLN 5 thousand were dissolved,

e) reserves established for costs in previous years in the amount of PLN 293 thousand were used.

4. Explanations concerning the seasonal character or the cyclical nature of activity of the issuer in the presented period

The problem of the seasonal character and the cyclical nature doesn't concern the Issuer.

5. Information concerning emission, the repurchase and the repayment of not shareholder and capital securities

For the day of drawing the information up there are 5000 units of own shares purchased for the purpose of redemption in possession of PROCHEM S.A. what constitutes the 0.13 % of share capital and is giving 5000 votes at General Meeting of Shareholders i.e. 0.13 %.

6. Information concerning dividend paid (or declared), total value and per one share, with the division into ordinary shares and preferred shares

On 13 July 2009 the Company paid a dividend in amount of PLN 506 thousand from the profit for 2008, i.e. PLN 0.13 per one share. The dividend payment was made on the basis of the resolution passed on 6 of June 2009 by the General Meeting of Shareholders.

7. Events after the day, as at the shortened quarterly financial report was drawn up, not-included in this report, but being able to in the meaning way affect future financial results of the issuer

On 19 March 2010 the Issuer signed the agreement for the sale of shares, on the basis of which purchased 4,520 shares of the subsidiary of the nominal value of 5 zloty each to the total amount of PLN 113,000 thousand (say: one hundred thirteen thousands of zlotys). The ownership of the share was transferred to the Issuer with the day of payment for shares, i.e. on 1 April 2010. After the effected transaction participation of PROCHEM S.A. in capital and otes of the company Elektromontaż Cracow S.A. increased by 1.41 % and amounts to 55.86 %.

8. Information concerning changes of contingent liabilities or contingent assets which occurred since the end of the last financial year

Contingent liabilities
(in PLN thousand)

Title	Capital Group of Prochem S.A.			Including Issuer		
	31March2010	31Dec2009	31March2009	31March2010	31Dec.2009	31March2009
Bank performance guarantee	8 289	10 673	25 399	8 287	8 611	23 272
Guarantee of return of the advance payment	1 753	1 753	3 333	1 753	1 753	3 333
B/e guarantees of the good workmanship of the agreement	197	197	12 127	197	197	12 127

Grupa Kapitałowa Prochem S.A.						
Guarantee of payment	827		883	827		883
Guarantee for tender	826	445	1 140	826	445	1 140
Guarantee of a credit for subsidiary	1740	1740	240	1500	1500	
Total	13 632	14 808	43 122	13 390	12 506	40 755

In the 1st quarter of 2010 Capital Group recorded the decrease in contingent liabilities for the amount of PLN 1,176 thousand, in case of the Issuer liabilities increased by PLN 2,152 thousand.

Contingent amounts due

Contingent amounts due of the Capital Group concern only an Issuer. These are bank performance guarantees which as at the day amount to:

Capital Group of Prochem S.A.			Including Issuer		
31March2010	31Dec.2009	31March2009	31March2010	31Dec.2009	31March2009
10 376	10 258	15 586	10 376	10 258	15 586

In first quarter 2010 a rise in contingent amounts due took place for amount of PLN 118 thousand.

9. Position of the management Board in relation to the possibility of carrying out earlier published of forecasts of results for the given year, in the light of the results presented in the quarterly report in the relation to results forecast

Company PROCHEM S.A. didn't publish forecasts of financial results neither of the company nor the Capital Group of PROCHEM S.A. for 2010.

10. Shareholders having directly or indirectly by subsidiaries at least 5 % of total number of votes at the General Meeting of the Issuer as at the day of submitting the quarterly report together with indicating the number of shares held by these entities, of their percentage share in the share capital, numbers of votes resulting from them and their percentage participation in the total number of votes at the General Meeting and indicating the changes in the ownership structure of considerable share packets of the issuer in the period from transmitting the last quarterly report.

According to the information in the Company's possession as at the day of drawing this report up the following shareholders have more than 5% of the votes at the general shareholders meeting.

Description	number of shares (units)	% of votes of total number of votes	% of capital share
1. Prochem Holding Sp. z o.o.	962.341	24,65	24,68
2. Steve Tappan	382.751	9,80	9,81
3. ING Towarzystwo Funduszy Inwestycyjnych SA, including	358.312	9,18	9,19
ING Parasol Specjalistyczny Fundusz Inwestycyjny Otwarty	228.950	5,86	5,87
4. Union Investment Towarzystwo Funduszy Inwestycyjnych S.A.	345.000	8,84	8,85
5. PTE PZU SA	325.521	8,34	8,35
6. Legg Mason Zarządzanie Aktywami S.A	201.948	5,17	5,18

In the period from transmitting the previous report the change in the structure of the ownership of the considerable share packets didn't take place.

11. Statement of changes in the possessions of shares of the issuer or entitlements to them (of option) by managing and supervising persons of the issuer, according to the information being in possession of the issuer, in the period from transmitting the last quarterly report

Na dzień sporządzenia raportu kwartalnego następujący członkowie Zarządu i Rady Nadzorczej spółki posiadali akcje PROCHEM SA:

- Jarosław Stępniewski – 37.787 units,
- Marek Kiersznicki – 17. 500 units,
- Krzysztof Marczak – 9.013 units,
- Andrzej Karczykowski – 20.000 units,
- Marek Garliński – 35.548 units,
- Steven G. Tappan – 382.751 units.

In the period from transmitting the last report any change in the structure of ownership of shares didn't take place.

12. Records of legal proceedings pending in the court, competent authority for the arbitration or administrative body with considering the information in the scope of:

a) proceedings concerning obligations or the debt of the issuer or its subsidiary of the value constituting at least 10% of owners' equity of the issuer, showing the subject matter of the proceedings, the value of subject matter of litigation, the date of the instituting of proceedings, parties in proceedings and the position of the issuer,

b) two or more proceedings concerning obligations and debts with total value constituting appropriately at least 10% of owners' equity of the issuer, with determining the total value of proceedings separately in the group of obligations and the group of the debts with position of the issuer in this matter and in relation to the biggest proceedings in the group of obligations and group of debts – with showing the matter, values of the subject matter of litigation, dates of the instituting of proceedings and parties in proceedings.

PROCHEM S.A. is still a party in the lawsuit regarding settlement of accounts for the contract given up on the day 10.11.2005 for construction management of an investment project under the name "Pipeline in a section from the ST- 1 Adamowo - to raw material base Plebanka" concluded with PERN S.A. PROCHEM S.A. filed a suit demanding the payment of PLN 41,301 thousand as the final settlement of contract. PERN S.A. filed a counter-claim against PROCHEM S.A. demanding the payment of PLN 129,444 thousand as the settlement of contract. On 18 January 2008 District Court in Warsaw delivered a judgment regarding this case by virtue of which rejected a claim filed by PROCHEM S.A. (Consortium GRI) and also refused a counter-claim filed by PERN "Przyjaźń" S.A. It results from grounds for a judgment delivered by Court that:

- The Court admitted a claim for payment of the amount of PLN 41,301 thousand by PERN "Przyjaźń" S.A. as being rightful as for the principle, at the same time the Court judged, that this liability wasn't still due
- The Court acknowledged that there is no ground for admission of a counter-claim filed by PERN "Przyjaźń" S.A.

After getting acquainted with the grounds for the judgment in writing PROCHEM S.A. lodged an appeal from this judgment in this part, in which the District Court declared claim for the payment of the amount of PLN 41,301 thousand by PERN "Przyjaźń" S.A. premature and still

undue and in this part in which PROCHEM S.A. demanded taking over by PERN "Przyjaźń" S.A. obligation towards contractors/suppliers to return guarantee deposits.
PERN "Przyjaźń" S.A. lodged too an appeal from the judgment, in which District Court rejected their claim from filed counter-claim.
On 26 August 2008 Court of Apeal in Warsaw delivered a judgment regarding an appeal lodged by PROCHEM S.A. from the judgment of District Court of 18 January 2008 regarding case at law against PERN S.A. for payment of amount of PLN 41 301 495.22 as the final settlement of contract for construction management of an investment project under the name "Pipeline in a section from the ST- 1 Adamowo - to raw material base Plebanka".
Court of Appeal in mentioned above judgment decided to relegate the case to the District Court for decision by making settlement of accounts for the mentioned above contract. It results among others from the grounds delivered by Court of Appeal that claim filed by PROCHEM S.A. regarding settlement of accounts for contract is not premature as it was earlier recognized by the District Court. Apart from that the Court of Appeal stated that settlement of accounts for the contract should be made pursuant to the provisions of the contract. This establishment is in compliance with position in a case of PROCHEM S.A.
Against above decision PERN S.A. lodged the petition for the cassation into the Supreme Court. On the meeting on 15 January 2010 the Supreme Court dismissed the petition for the cassation stating the lack of reasonable bases in it, requiring the evaluation with reference to the appealed part of the judgment. At present the dossier is in a District Court in Warsaw, and sides are waiting for setting the date of the trial.
The value of these proceedings exceeds the 10 % of equity of the Issuer.
Apart from that total value of other proceedings separately for the group of obligations as well as the group of the debts, doesn't exceed the 10 % of equity of the Issuer.

13. Information about concluding by the issuer or its subsidiary of one or many transactions with affiliated entities, if they are substantial single or together and were concluded on other conditions than market conditions:

a) subject of a transaction,
b) connections of the issuer or its subsidiary with the entity being a side in the transaction,
c) substantial terms and conditions of transactions, with special taking into account financial conditions and indicating the peculiar conditions determined by parties, characteristic of this agreement, in particular diverging from universally used conditions for the given type of agreements.

In the first quarter of 2010 transactions of this type didn't take place.

14. Information about granting by the issuer or its subsidiary guarantees of credit or the loan or providing a warranty - together for one entity or subsidiary of this entity, if the total value of existing guarantees or the guarantee constitutes the equivalent of the at least 10 % of owners' equity of the issuer

None of companies of the capital group gave to other entity the guarantee or guarantees of credit or loan of this value.

15. Other information which are in the opinion of the Issuer are essential for the evaluation of his personnel, material, financial situation, the financial result and their changes, and the information which are essential for the assessment of the possibilities of fulfilling of obligations by the issuer.

The low level of debts and the high financial liquidity let Companies from the capital group for the current and timely handling of liabilities what causes, that they are a credible partner in business trading.

16. Factors which in the evaluation of the issuer will influence results achieved by the issuer in prospect of at least successive quarter

Results of second quarter of 2010 will depend mainly on effects achieved on the realization of contracts acquired by Companies from the Capital Group, as well as the result of decisions concerning offers filed by them, for sale of their services. A success of development projects which were started by the Capital Group also will be substantial. Large impact on results of the Issuer and the Capital Group and for the evaluation of a situation of personnel and property as well as financial position and capital situation has the lasting crisis. Management Board of PROCHEM S.A. is judging, that fall in demand, great hesitations of rates of exchange, of difficulty in acquiring bank financing and slowing investment down can influence negatively current and future sale of the Issuer and the Group.

17. Reporting according to trade and geographical sections

Activities of Capital Group were divided into activity in building sector, IT sector, maintenance services, lease of the real estate, real estate management, commercial activity, electrical installations and assembly services. In the building sector the Group sells the services in the scope of: general contracting, design and engineering services, supervisions with function of Contract Engineer, rental of construction equipment and development activity.

All assets used by the segment which comprise mainly receivables, supplies and tangible fixed assets after deducting of values of reserves and writes off were ranked among assets of the segment.

All operational liabilities, which comprise mainly trade liabilities, current tax liabilities and accrued liabilities were ranked among liabilities of the segment.

Some assets and liabilities being in the shared use are assigned up to these units based on sensible weights.

The income from activity abroad in the period from 1 March 2010 to 31 March 2010 amounted to PLN 1,921 thousand, i.e. 21.3% of revenues from sales of products, services and goods, and in the corresponding period of previous year PLN 72 thousand i.e. 0.2% of income from these sales.

Detailed data concerning activities of the Capital Group of Prochem S.A. in individual sections are presented in the following statements.

Operation segments – Capital Group of Prochem S.A. for the first quarter of 2010 – revenues and performance of segments

For the period from 1 January 2010 to 31 March 2010	General contracting	Engineering and design services	Supervisions with function of Contract Engineer	Rental of construction equipment	Assembly of electrical installations	Lease of the office space and real estates	Management of real estates	Maintenance	Commercial activity	Development activity	Other IT services	Other	Items not assigned	Total
Revenues on behalf of outside customers	2 094	6 671	1 225	448	3 787	1 129	1 270	3 295	1 077	963	171	409	56	22 726
Total income of the segment	**2 094**	**6 671**	**1 225**	**448**	**3 891**	**1 129**	**1 297**	**3 295**	**1 077**	**963**	**171**	**409**	**56**	**22 726**
Result														
Profit (loss) of the segment	1 519	-21	-17	49	924	414	205	-171	122	37	67	-481		129
Profit (loss) from activity continued before taxes and finance charges	**161**	**1 073**	**160**	**49**	**105**	**115**	**25**	**-107**	**41**	**0**	**31**	**-549**	**-910**	**194**
Profit (loss) before taxes													210	404
Income tax													**293**	**293**
Profit (loss) for the current period													293	293
Profit (loss) assigned to minority capital													**-51**	**-51**
Net profit (loss)													**162**	**162**
Assets and liabilities														
Assets of the segments	17 292	6 510	935	3 737	502	18 369	1 493	11 216	2 012	49 748		54	6 623	118 491
Not assigned assets													65 898	65 898
Total assets	**17 292**	**6 510**	**935**	**3 737**	**502**	**18 369**	**1 493**	**11 216**	**2 012**	**49 748**		**54**	**72 521**	**184 389**
Obligations of the segment	35 301	2 320	456		142	246	729	5 467	1 589	0	138	1 882	3 511	56 705
Obligations not controlled													9 766	9 766
Owners' equity													106 117	106 079
Minority capital													11 572	11 572
Total liability and equity	**35 301**	**2 320**	**456**	**0**	**142**	**246**	**729**	**5 467**	**1 589**	**0**	**138**	**1 882**	**130 966**	**184 160**
Other information related to segment														

Operation segments – continuation **For the period from 1 Jan. 2010 to 31 March 2010**											
Investment outlay:											
on tangible assets	6	2	1			7	38			27	81
on intangible assets											
Depreciation of tangible fixed assets	177	25		13	154	35	134	20	15	226	922
Amortisation of intangible assets	0	7					4			145	159

Operation segments - Capital Group of Prochem S.A. for the first quarter of 2009

For the period from 1 Jan.2009 to 31 March 2009	General contracting	Engineering and design service	Supervisions with function of Contract Engineer	Rental of construction equipment	Assembly of electrical installations	Lease of the office space and real estate	Management of real estates	Maintenance	Commercial activity	Development activity	Other IT services	Other	Items not assigned	Total
Revenues on behalf of outside customers	37 184	8 007	896	2 452	8 612	1 173	1 199	2 681	1 861	0	124	368	0	64 840
Total income of the segment	**37 184**	**8 007**	**896**	**2 452**	**8 612**	**1 173**	**1 199**	**2 681**	**1 861**	**0**	**124**	**368**	**0**	**64 840**
Result														
Profit (loss) of the segment	-424	-304	242	121	804	276	-3	-219	319	0	-34	136	-76	780
Profit (loss) from continuing operations before taxes and finance costs	**-329**	**-300**	**122**	**121**	**1 086**	**64**	**1**	**-144**	**9**	**0**	**-37**	**136**	**-217**	**384**
Financial revenues													1 104	1 104
Profit (loss) before taxes													**1 477**	**1 477**
Income tax													431	431
Profit (loss) for the current period													**658**	**658**

Operation segments – continuation

For the period from 1 Jan . 2009 to 31 March 2009	General contracting	Engineering and design services	Supervisions and function of the Contract Engineer	Rental of construction equipment	Assembly of electrical installations	Lease of office space and real estate	Management of real estates	Maintenance	Commercial activity	Development activity	Other IT services	Other	Items not assigned	Total
Profit (loss) assigned to minority capital													**388**	**388**
Net profit (loss)													**1 046**	**1 046**
Assets and liabilities														
Assets of the segment	76 118	23 166	1 088	1 434	33 346	18 947	1 173	6 201	2 507	39 490	242		750	205 037
Assets not assigned													28 332	28 332
Total assets	**76 118**	**23 166**	**1 088**	**1 434**	**33 346**	**18 947**	**1 173**	**6 201**	**2 507**	**39 490**	**242**		**29 082**	**233 369**
Liabilities of the segment	75 081	1 461	0	95	7 366	15 470	808	4 050	3 054	5 773	536		0	114 168
Obligation not assigned													1 963	1 963
Owners' equity													103 513	103 513
Minority capital													13 725	13 725
Total liabilities and equity	**75 081**	**1 461**	**0**	**95**	**7 366**	**15 470**	**808**	**4 050**	**3 054**	**5 773**	**536**	**0**	**119 201**	**233 369**
Other information related to segment														
Investment outlay:														
on tangible assets	11						58	65			40		71	245
on intangible assets		3			2		19	10			0			34
Depreciation of tangible fixed assets	54	28		131	141	154	34	105		1	23		359	1 037
Amortisation of intangible assets		7			4			5					145	161

Operation segments- Prochem S.A. for the first quarter of 2010 – revenues and performance of the segments

For the period from 1 January 2010 to 31 March 2010	General contracting	Engineering and design services	Supervisions and function of the Contract Engineer	Rental of construction equipment	Other	Items not assigned	Total
Revenues on behalf of outside customers	935	6 132	1 125	448	378		9 018
Total income of the segment	**935**	**6 132**	**1 125**	**448**	**378**		**9 018**
Result							
Profit (loss) of the segment	246	1 124	170	49	--558	-592	439
Profit (loss) from continuing operations before taxes and finance costs	**245**	**1 124**	**170**	**49**	**-558**	**-579**	**451**
Net financial revenues						373	373
Profit (loss) before tax						**824**	**824**
Income tax						178	178
Profit (loss) for the current period						**646**	**646**
Assets and liabilities							
Assets of the segment	43 434	4 687	709	3 737	54		52 621
Assets not assigned						57 981	57 981
Total assets	**43 434**	**4 687**	**709**	**3 737**	**54**	**57 981**	**110 602**
Liabilities of the segment	33 676	1 814	359		49	2 382	38 280
Liabilities not assigned						8 878	8 878
Owners' equity						63 444	63 444
Total liabilities and equity							
Other information related to segment	**33 676**	**1 814**	**359**		**49**	**74 704**	**110 602**
Investment outlay:							
On tangible fixed assets						27	27
Depreciation of tangible fixed assets	135	6				210	351
Amortisation of intangible assets						145	145

Operation segments - Prochem S.A. for the first quarter of 2009 – revenues and performance of segments

For the period from 1 Jan. 2009 to 31March 2009	General contracting	Engineering and design services	Supervisions and function of the Contract Engineer	Rental of construction equipment	Other	Items not assigned	Total
Revenues on behalf of outside customers	35 204	7 072	610	2 452	329		45 667
Total income of the segment	**35 204**	**7 072**	**610**	**2 452**	**329**		**45 667**
Result							
Profit (loss) of the segment	-338	-265	119	121	140	-53	-276
Profit (loss) from continuing operations before taxes and finance costs	**-338**	**-265**	**119**	**121**	**140**	**-489**	**-712**
Net financial revenue						1 523	1 523
Profit (loss) before tax						**811**	**811**
Income tax						306	306
Profit (loss) for the current period						**505**	**505**
Assets and liabilities							
Assets of the segment	73 559	21 568	539	1 434			97 100
Assets not assigned						63 247	63 247
Total assets	**73 559**	**21 568**	**539**	**1 434**	**0**	**63 247**	**160 347**
Liabilities of the segment	73 248	1 146		95			74 489
Liabilities not assigned						18 900	18 900
Owners' equity						66 958	66 958
Total liabilities and equity	**73 248**	**1 146**	**0**	**95**	**0**	**85 858**	**160 347**
Other information related to segment							
Investment outlay:							
on tangible fixed assets						67	67
on intangible fixed assets							
Depreciation of tangible fixed assets	14	9		131		323	477
Amortisation of intangible assets						145	145

17 May 2010 date	Jarosław Stępniewski first name and surname	Prezes Zarządu position	….......................... signature
17 May 2010 date	Marek Kierszniccki first name and surname	Vice Chairman position	.... signature
17 May 2010 date	Krzysztof Marczak first name and surname	Member of the Management Board position	……............................ signature

Signature of the person to whom the bookkeeping was entrusted

17 May 2010 date	Krzysztof Marczak first name and surname	Członek Zarządu position	.... signature