

Letter of the President of the Management Board

Dear Sirs,
Our Shareholders, Clients and Partners,

On behalf of the Management Board of the Joint Stock Company PROCHEM, I am pleased to present a summary of the major achievements of the previous year, 2014, to you as well as to provide you with an insight into priority tasks we have set to accomplish in the coming year.

Over the past year, we were able to notice small, although promising and optimistic, signs related to positive developments in the economic situation. This bodes well for a faster stabilisation of the construction segment in Poland. For PROCHEM, the year 2014 was a good time, with new orders and improved financial performance, however, also with some problems resulting from the general market situation in Poland.

Looking at the past months, I can say that it was a good year for PROCHEM in terms of finances. We have managed to substantially increase revenues from sales, which amounted to PLN 128 million in PROCHEM, and generated net profit of PLN 5 million. In my opinion, the past year was also good in terms of personnel stability. The average annual headcount in the Company was 232 persons which means an increase by several persons as compared with the previous year.

Revenues from sales generated by PROCHEM S.A. Capital Group in 2014 amounted to PLN 176 million and the net profit assigned to the shareholders of the parent company amounted to PLN 3.8 million – this result was considerably higher than the one generated in the previous year. The average headcount in all companies of the PROCHEM S.A. Capital Group was 503 persons. It is gratifying that the summary of the Company's financial performance in 2014 is positive, however, over the past months we have experienced some difficulties and problems resulting mainly from the continuing low willingness of our Clients to start new investments and from fierce price competition.

In 2014, there was no shortage of work both in designing and construction activity. We've continued to work on important topics and commenced cooperation with new and 'recurring Clients'.

We successfully completed the construction of highly dispersed silica factory in Włocławek, carried out in the EPCM formula for a global leader in the chemical industry — the Solvay Group. Only 14 months have passed from the official commencement of this complicated investment until the completion of construction and assembly works — all with due observance of very strict OHS requirements and complex tender procedures. An important task whose implementation has accelerated over 2014 was the largest export project in the history of PROCHEM, i.e. a construction of a chemical complex for a Belorussian Client — Mineral Wax Factory. Before the winter, we closed the 'lubricants building' and contracted all equipment for the installation. We obtained a building permit

for the hydrotreating and trigeneration part and contracted the main equipment. Our construction team at the site has stabilised and became more solid, and our designers seamlessly cooperate with the Belarusian partners.

Another key task of PROCHEM in 2014 was the design and construction of a new development project in Warsaw, the Astrum Business Park — one of larger office buildings under construction in the city. We managed to seal and heat the building. We are currently working on elevations and main installation risers. The first designs of the arrangement of space that will be used by PROCHEM have already been developed.

We were also happy to return to the construction site in Goświnowice. We have designed and completed the construction of an ethanol production installation for Bioagra.

The key design projects included the design of the municipal waste incinerator in Cracow for a Korean company Posco Engineering and the design, together with procurement services, for the extension of a sodium complex for Soda Polska Ciech in Inowrocław. The difficulty of this project was increased by the need to connect the new installations with the existing ones, without interrupting the continuity of production.

At the end of the last year, we signed another contract of designing with Alstom Power, concerning the construction of power units No 5 and 6 in the Opole Power Plant. It is the largest infrastructure investment in Poland.

The increasing involvement of PROCHEM in designing for the commercial power industry has also been confirmed by the continuation of cooperation with Bilfinger Berger and signing a partnership agreement with French companies, Areva and EDF, concerning nuclear energy.

I would like to draw your attention to a very positive and optimistic phenomenon of the 'recurring Clients'. Thus, the cooperation with Alstom Power was commenced in 2007 with design works for the Power Plant in Bełchatów. For the Ciech Group, we developed another 3 design works and construction projects for: Z.Ch. Zachem, Organika Sarzyna and in Soda Polska. In 2014, we were selected by Bioagra, Solvay and Goodrich to perform the extension of installations that we had previously designed and constructed. Building proper interpersonal relationships and a good quality of services really do pay.

Development projects also constitute an important activity of PROCHEM. Together with our financial partner, Look Finansowanie Inwestycji, we are implementing a development project under the name of Astrum Business Park, with the total area of over 30 thousand m² — one of the larger office buildings under construction in Warsaw. Negotiations with banks concerning the financing of the 1st stage of this project are in their final phase. We are currently in the process of acquiring tenants for the 1st and 2nd stage of the project. Unfortunately, this process is difficult due to the high supply of office space in Warsaw. We decided to sell our second development project, Astrum Business Centre in Cracow, together with the construction design and building permit. Currently, we are close to concluding the sales agreement. We are still seeking a building permit for two smaller housing projects in Cracow.

For two years, we have been executing a project implementing the BIM (Building Information Modeling) technology in our engineering and construction practice. This project is very important for the Company's development. We are increasing our efficiency in creating a 3D model at the stage of designing a building. The first trials are behind us and we are set to use the 3D model and information contained therein at the implementation stage, i.e. for the procurement, scheduling and cost control, in order to more fully implement the BIM concept.

Additionally, our implementation team makes successful attempts to integrate the 3D modelling of buildings using Revit with models of industrial systems developed in PDMS.

In 2014, PROCHEM won several prestigious awards that confirmed the quality of our works and the Company's position among engineering companies. We received the title of 'The Best Engineering Company of the Year 2013' and 'Design of the Year 2014' for the development of documentation for the air traffic control tower in Poznań. Our colleague, Danuta Sapieszko, was awarded the title of 'Designer of the Year 2014'. The Company was also awarded the title of 'Engineering Company of Mazovia Region of the year 2014' in the design category, in a competition held by Mazovian Chamber of Civil Engineers. It is worth to emphasise that last year also marked the 20th anniversary of the first public listing of PROCHEM's shares at the Warsaw Stock Exchange.

Considering the market trend related to the gradual balancing of the market, as well as forecasts of faster economic growth and increased investment expenditure in the industry (among others, by as much as PLN 20 billion in the energy sector), I am optimistic about the prospects for engineering and construction companies in 2015. The year ahead will be another year of difficult and challenging tasks of which the most important one will be the continuation of the Belorussian project – organisation and coordination of activities of Polish and Belorussian contractors performing installation, assembly and start-up works, as well as building a base of knowledge, experience and contacts enabling a long-term operation in this market. Priority tasks will also include the acquisition of tenants for the Warsaw office complex Astrum Business Park, completion of the 1st stage and commencement of construction of the 2nd stage of the investment project. Another task for 2015 will be to include new buildings in 3D modelling and fuller implementation of the BIM concept by using the information provided by the model at the execution stage. We will also focus on an active acquisition of new orders for the design and implementation of technically complex and technologically innovative installations and industrial facilities in Poland and abroad.

I am convinced that operations of PROCHEM S.A., implementation of projects planned and the Company's financial results generated over the subsequent months will bring satisfaction to our Shareholders, Clients and Partners.

Warsaw, April 2015