

REPORT FOR THE FIRST QUARTER OF 2020

Contents:

- Interim condensed consolidated financial statements of the Prochem S.A. Capital Group as at and for the period of three months ended March 31, 2020
- Financial information of company PROCHEM S.A.

and

- Selected financial data
- Statement of the Management Board

www.prochem.com.pl

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

Selected financial data

Sales revenue and profit expressed in PLN and the statement of cash flows are 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 on the last day of each month and amount to:

- for the first quarter of 2020 - 4.3963 PLN/EUR
- for the first quarter of 2019 - 4.2978 PLN/EUR

Balance sheet data were translated at the average exchange rate announced by the Chairman of the National Bank of Poland as at the date of financial statements, which as at balance sheet date amount to:

- 4.5523 PLN/EUR as at 31 March 2020
- 4.2585 PLN/EUR as at 31 December 2019

Selected financial data of the Prochem S.A. Capital Group

Description	Reporting period ended 31 March		Reporting period ended 31 March	
	2020	2019	2020	2019
	In PLN thousands		In EURO thousands	
<i>Consolidated statement of profit and loss</i>				
Results from operating activities	1 357	1 067	309	248
Revenues from sale	91 631	42 175	20 843	9 813
Gross profit on sales	4 688	4 018	1 066	935
Before tax profit	172	1 207	39	281
Profit for the period assigned to :	-434	998	-99	232
Shareholders of the Parent Entity	-314	990	-71	230
Non-controlling interest	-120	8	-27	2
Profit/diluted profit per one share (in PLN/EUR)- assigned to shareholders of the parent entity	-0.11	0.34	-0.02	0.08
<i>Consolidated statement of cash flows</i>				
Net cash provided by (used in) operating activities	1 298	6 236	295	1 451
Net cash provided by (used in) investing activities	-280	-231	-64	-54
Net cash provided by (used in) financing activities	-1 854	-4 469	-422	-1 040
Total cash flow, net	-836	1 536	-190	357
	As at		As at	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	In PLN thousands		In EURO thousands	
<i>Consolidated statement of financial position</i>				
Total assets	278 540	259 375	61 187	60 908
Total non-current assets	114 740	113 488	25 205	26 650
Total current assets	160 027	142 114	35 153	33 372
Equity attributable to shareholders of the parent entity	91 502	91 816	20 100	21 561
Non-controlling interest	6 679	6 797	1 467	1 596
Total equity	98 181	98 613	21 567	23 157
Total non-current liabilities	46 406	45 517	10 194	10 689
Total current liabilities	133 953	115 245	29 425	27 062
Book value per one ordinary share (in PLN/EUR)- assigned to shareholders of the parent entity	31.18	31.28	6.85	7.35
Weighted average number of shares (units)	2 935 000	2 935 000	2 935 000	2 935 000

Selected financial data of Prochem S.A.

Description	Reporting period ended 31 March		Reporting period ended 31 March	
	2020	2019	2020	2019
	In PLN thousands		In EURO thousands	
<i>Separate statement of profit and loss</i>				
Revenues from sale	84 196	32 226	19 152	7 498
Gross profit on sales	3 144	2 474	715	576
Results from operating activities	1 320	756	300	176
Before tax profit	1 274	558	290	130
Profit for the period	983	372	224	87
Profit/diluted profit per one ordinary share (in PLN/EUR)	0.33	0.13	0.08	0.03
<i>Statement of cash flows</i>				
Net cash provided by (used in) operating activities	-116	5 874	-26	1 367
Net cash provided by (used in) investing activities	473	-214	108	-50
Net cash provided by (used in) financing activities	-893	-4 676	-203	-1 088
Total cash flow, net	-536	984	-122	229

Description	As at		As at	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	In PLN thousands		In EURO thousands	
<i>Statement of financial position</i>				
Total assets	202 354	177 901	47 518	41 776
Total non-current assets	74 304	74 609	17 448	17 520
Total current assets	128 050	103 292	28 129	24 255
Total equity	47 456	46 473	10 425	10 913
Total non-current liabilities	29 473	30 665	6 474	7 201
Total current liabilities	125 425	100 763	27 552	23 662
Book value per one ordinary share (in PLN/EUR)	16.17	15.83	3.55	3.72
Weighted average number of shares (units)	2 935 000	2 935 000	2 935 000	2 935 000

Statement of the Management Board

Statement of the Management Board regarding the true and fair preparation of the interim condensed consolidated financial statements

The Management Board of Prochem S.A. the Parent Company of the Capital Group of Prochem S.A. declares that interim condensed consolidated financial statements of the Capital Group of Prochem S.A. and interim condensed separate financial statements of Prochem S.A. were prepared in compliance with requirements of IAS 34 „Interim financial reporting” and with the Regulation of the Minister of Finance dated March 29, 2018 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Journal of Laws of 2018 item 757) („Regulation”) and it reflects in a true, reliable and clear manner the financial position of the Capital Group of Prochem S.A. and Prochem S.A. as of March 31, 2020 and as of December 31, 2019, and results of its operations and cash flows for the period of 3 months ended March 31, 2020 and March 31, 2019.

Vice President
of the Management Board
Krzysztof Marczak

Vice President
of the Management Board
Marek Kiersznicki

President of the Management Board
Jarosław Stępniewski

Warsaw, May 15, 2020

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE PROCHEM S.A. CAPITAL GROUP

**as at and for the period of three months ended
March 31, 2020**

Contents

Consolidated financial statements of the Prochem S. A. Capital Group

1. Consolidated statement of financial position
2. Consolidated statement of profit and loss
3. Consolidated statement of comprehensive income
4. Consolidated statement of changes in equity
5. Consolidated statement of cash flows

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

1. Establishment of the Parent Entity and principal activity
2. Management Board and Supervisory authorities of the Parent Entity
3. Employment
4. Description of the organization of the capital group, indicating the entities subject to consolidation
5. Adopted accounting principles
6. The impact of the coronavirus pandemic on the operations of the Prochem S. A. Group
7. Functional currency and presentation currency of financial statements
8. Explanatory notes to interim consolidated financial statements as at and for the period ended March 31, 2020

Financial information of PROCHEM S. A.

- Separate statement of financial position
 - Separate statement of profit and loss
 - Separate statement of comprehensive income
 - Separate statement of changes in equity
 - Separate statement of cash flows
- Approval of financial statements

www.prochem.com.pl

PROCHEM S. A.
ul. Łopuszańska 95
02-457 Warszawa

Consolidated statement of financial position

(all amounts in PLN thousands if not stated otherwise)

	Note No.	As at 31 March 2020	As at 31 December 2019
A s s e t s			
Non-current assets			
Property, plant and equipment	1	17 598	17 832
Intangible assets		113	130
Investment property	2	8 310	8 310
Right-of-use assets	3	28 643	26 909
Shares		830	830
Shares in entities valued using the equity method	4	30 484	31 499
Deferred tax assets	5	1 801	1 083
Receivables under retained security deposits		49	11
Other financial assets	6	26 912	26 884
Total non-current assets		114 740	113 488
Current assets			
Inventories	7	1 076	4 158
Trade and other receivables	8	103 316	77 980
Amounts due from customers under contracts	13	19 222	22 851
Other financial assets		1 401	1 401
Other assets	9	1 067	943
Cash and cash equivalents	22	33 945	34 781
Total current assets		160 027	142 114
Assets classified as ready-for- sale		3 773	3 773
Total assets		278 540	259 375
Equity and liabilities			
Equity			
Share capital	10	2 935	2 935
Revaluation reserve		6 928	6 928
Retained earnings		81 639	81 953
Owners' equity		91 502	91 816
Non-controlling interest		6 679	6 797
Total equity		98 181	98 613
Non-current liabilities			
Provision to deferred income tax	5	2 433	2 333
Provision to retirement and similar benefits		1 862	1 862
Non-current liabilities under retained security deposits		7 893	5 790
Amounts owed to recipients under contracts		9 373	11 643
Liabilities under lease		24 706	23 750
Other non-current liabilities		139	139
Total non-current liabilities		46 406	45 517
Current liabilities			
Current bank loans	11	1 245	1 786
Trade payables	12	79 007	69 161
Amounts owed to recipients under contracts	13	39 332	30 995
Liabilities under current income tax		1 106	15

Interim condensed consolidated financial statements of the Prochem S.A. Capital Group as at and for the period of three months ended March 31, 2020

Liabilities under lease		5 176	4 466
Other liabilities	14	7 763	8 498
Deferred income	15	324	324
Total current liabilities		133 953	115 245
Total liabilities		180 359	160 762
Total equity and liabilities		278 540	259 375

Book value – equity assigned to owners of the Parent Entity		91 502	91 816
Average number of ordinary shares (pcs)		2 935 000	2 935 000
Book value per one share (in PLN) – assigned to owners of the Parent Entity		31.18	31.28

Consolidated statement of profit and loss

(all amounts in PLN thousands if not stated otherwise)

	Note No.	Period ended 31 March 2020	Period ended 31 March 2019
Revenues from sale, including :		91 631	42 175
Revenues from sale of services	16	91 279	40 220
Revenues from sale of goods and materials		352	1 955
Cost of sales, including :		-86 943	-38 157
Cost of services sold	17	-86 662	-36 372
Cost of merchandise and raw materials		-281	-1 785
Gross profit on sales		4 688	4 018
General and administrative expenses	17	-3 433	-3 025
Other operating income	18	119	85
Other operating expenses	19	-17	-11
Results from operating activities		1 357	1 067
Financial income	20	322	148
Profit (loss) on liquidation of subsidiaries		60	-
Finance expenses	21	-552	-577
Profit sharing in entities valued using the equity method		-1 015	569
Before tax profit		172	1 207
Income tax :		606	209
- current tax		1 230	8
- deferred tax		-624	201
Profit for the period		-434	998
Profit for the period assigned to:			
Shareholders of the Parent Entity		-314	990
Non-controlling interest		-120	8
Weighted average number of ordinary shares (pcs.)		2 935 000	2 935 000
Profit (loss) per ordinary share (in PLN per one share) assigned to owners of the Parent Entity		-0.11	0.34

Consolidated statement of comprehensive income

	Period ended 31 March 2020	Period ended 31 March 2019
Profit for the period	-434	998
Other comprehensive income net	0	0
Total comprehensive income	-434	998
Total comprehensive income assigned to:		
Shareholders of the Parent Entity	-314	990
Non-controlling interest	-120	8
Weighted average number of ordinary shares (in pcs..)	2 935 000	3 895 000
Total comprehensive income per ordinary share (in PLN per one share) assigned to owners of the Parent Entity	-0.11	0.34

Explanatory notes to interim condensed consolidated financial statements constitute the integral part thereof.

Consolidated statement of changes in equity

(all amounts in PLN thousands if not stated otherwise)

	Share capital	Revaluation reserve	Retained earnings	Equity assigned to shareholders of the Parent Entity	Equity assigned to non- controlling interest	Total equity
Reporting period from 1 January 2020 to 31 March 2020						
As at the beginning of the period	2 935	6 928	81 953	91 816	6 797	98 613
Net profit of the given period	-	-	-314	-314	-120	-434
<i>Other comprehensive income (net)</i>	-	-	-	-	-	-
Total comprehensive income	-	-	-314	-314	-120	-434
Other changes	-	-	-	-	2	2
As at the end of the period	2 935	6 928	81 639	91 502	6 679	98 181

	Share capital	Revaluation reserve	Retained earnings	Equity assigned to shareholders of the Parent Entity	Equity assigned to non- controlling interest	Total equity
Reporting period from 1 January 2019 to 31 March 2019						
As at the beginning of the period	2 935	11 789	69 216	83 940	6 470	90 410
Net profit of the given period	-	-	990	990	8	998
<i>Other comprehensive income (net)</i>	-	-	-	-	-	-
Total comprehensive income	-	-	990	990	8	998
Other changes	-	-	2	2	-	2
As at the end of the period	2 935	11 789	70 208	84 932	6 478	91 410

Explanatory notes to interim condensed consolidated financial statements constitute the integral part thereof..

Consolidated statement of cash flows

(all amounts in PLN thousands if not stated otherwise)

		Period ended 31 March 2020	Period ended 31 March 2019
Cash flows -operating activities			
Before tax profit		172	1 207
Total adjustments		1 257	5 070
Share in net profits of associates		1 015	-569
Amortization and depreciation		1 528	1 526
Interest and profit sharing (dividends)		235	258
Gain on disposal of subsidiaries		-60	-
Change in provisions		-163	57
Change in inventories		3 082	1 469
Change in receivables and other assets		-21 850	-4 337
Change in current liabilities, except for loans and borrowings		17 455	6 646
Other adjustments (including change in deferred income)		15	20
Cash provided by (used in) operating activities		1 429	6 277
Income tax paid		131	41
Net cash provided by (used in) operating activities		1 298	6 236
Cash flows – investing activities			
Inflows		-	-
Outflows		-280	-231
Acquisition of intangible assets and property, plant and equipment		-280	-231
Net cash provided by (used in) investing activities		-280	-231
Cash flows – financing activities			
Inflows		-	621
Bank loans		-	621
Outflows		-1 854	-5 090
Repaid bank loans		-541	-3 830
Interest and commission paid		-95	-68
Payment of liabilities under finance lease		-80	-96
Payment of liabilities under operating lease IFRS 16		-1 138	-1 096
Net cash provided by (used in) financing activities		-1 854	-4 469
Total cash flows, net		-836	1 536
Increase/(decrease) net cash and cash equivalents		-836	1 536
Cash and cash equivalents at the beginning of the period	24	34 781	3 250
Cash and cash equivalents at the end of the period	24	33 945	4 786

Explanatory notes to interim condensed consolidated financial statements constitute the integral part thereof..

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

1. Establishment of the Parent Entity and 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 a Parent Company of the Capital Group and prepares 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 statutes were signed in 1991. Duration of the Company is unlimited.

2. The Management Board and Supervisory authorities of the Issuer

As at the date of preparation of 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 hereby of financial statements the Supervisory Board 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

In the first half of 2020 there were no changes in composition of the Supervisory Board.

3. Employment

Average employment in the Capital Group of Prochem S.A. for the first quarter of 2020 was 385 FTEs, and for the first quarter of 2019 was 378 FTEs.

Level of employment in the Capital Group of Prochem S.A. on 31 March 2020 in persons was 397, and on 31 March 2019 389.

Average employment in Prochem S.A. for the first quarter of 2020 was 204 FTEs, and for the first quarter of 2019 192 FTEs.

4. Description of the Capital Group with indication of the consolidated entities

Prochem S.A. Capital Group (hereinafter referred to as “Capital Group”, „Group”), in addition to the data of the Parent Entity comprises the following subsidiaries directly and indirectly:

Subsidiaries covered by full consolidation:

- Prochem Inwestycje Sp. z o. o. seated in Warsaw – subsidiary directly (100.0%);
- PRO-INHUT Sp. z o. o. seated in Dąbrowa Górnicza – subsidiary indirectly (93.2%)- covered by arrangement proceedings;
- PREDOM Sp. z o. o. seated in Wrocław – subsidiary indirectly (81.7% of share in capital and profit, 72.3% of votes);
- Prochem Zachód Sp. z o. o. seated in Warsaw – subsidiary indirectly (80.0%);
- ELPRO Sp. z o. o. seated in Krakow – subsidiary indirectly (92.7%, including 85.4% share in the 50% share of Elektromontaż Kraków);
- Elmont Inwestycje Sp. z o. o. seated in Krakow – subsidiary indirectly (92.7%, including 85.4% share in the 50% share of Elektromontaż Kraków);
- Elektromontaż Kraków S.A. seated in Krakow – subsidiary indirectly (85.4%), including 73.0% share in capital and voting right belongs to company Prochem Inwestycje subsidiary in 100%. Elektromontaż Kraków S.A. prepares consolidated financial statements, which contains data of the subsidiary in 100%: ELMONT-POMIARY Sp. z o. o. seated in Krakow and two associated companies ELPRO Sp. z o. o. and Elmont-Inwestycje Sp. z o. o.;
- ATUTOR Integracja Cyfrowa Sp. z o. o. seated in Warsaw – subsidiary indirectly (50.14% of share holds company Prochem Inwestycje Sp. z o. o. subsidiary in 100%);
- Prochem RPI Sp. z o. o. seated in Warsaw – subsidiary in 100% (including 3.3% of share in capital and voting right belongs to Prochem Inwestycje).

Jointly-controlled entities and associates valued using the equity method:

- ITEL Sp. z o. o. seated in Gdynia – 42.0% of share (18.7% share in voting right and capital belongs directly to Prochem S.A., and 23.3% holds Prochem RPI Sp. z o.o. subsidiary in 100% 100%);
- Irydion Sp. z o.o. seated in Warsaw – 50% of share, a jointly-controlled company.

Subsidiaries included in consolidation have been included in the consolidated financial statements from the date of including the control until the date of loss of control by the Parent Entity, and the jointly-controlled entities and associated entities from the date of exercising of joint control and exertion of significant influence.

Company Predom Projektowanie Sp. z o. o. with capital of PLN 53 thousand was excluded from consolidation. The company has not commenced activities.

Company Pro-Inhut Sp. z o. o. seated in Dąbrowa Górnicza is covered by the arrangement proceedings.

By order of the District Court for the Capital City of Warsaw in Warsaw, XIII Commercial Division of the National Court Register was liquidated and removed from the National Court Register, a 100% indirect subsidiary - IRYD sp. z o. o with its registered office in Warsaw.

5. Adopted accounting principles

Principles of presentation and statement of compliance

Interim condensed consolidated financial statements of the Capital Group of PROCHEM S.A. for the first quarter of 2020 was prepared according to IAS 34 „Interim Reporting”, in the shape it was approved by European Union, and in accordance with Minister of Finance Regulation of 19 February 2009 on current and periodic information provided by issuers of securities and conditions for recognition as equivalent required by the law of a non-Member State (Official Journal from 2018 item757) („Decree”). Interim condensed consolidated financial statements hereby do not contain information and disclosures required in full financial statements and should be read in conjunction with the consolidated financial statements for the financial year ended 31 December 2019.

The duration of the operations of the individual Group companies is not limited.

Financial statements of all the subsidiaries were prepared for the same period as financial statements of the Parent Entity, using consistent accounting policies.

The financial year of the Parent Company and of the companies belonging to the Group is the calendar year.

Operational activity of the Parent Entity and entities from the Capital Group 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 large extent depends on weather conditions. Weather conditions influence 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.

Interim consolidated financial statements of the Prochem S.A. Capital Group and separate financial statements of Prochem S.A. as at March 31, 2020 were prepared at assuming to continue business operations as a going concern in the foreseeable future.

The Management Boards of the companies from the Prochem S.A. Capital Group analysed the circumstances described in item 6 and, in their opinion, they do not affect the individual companies' ability to continue as a going concern.

Consolidated financial statements was prepared based on the principle of the historical cost, apart from:

- land, buildings and construction measured at revalued amount,
- investment properties and investment properties-in progress measured at fair value.

Significant accounting policies and changes in IFRS

Changes in accounting estimates, and in accounting policies

The preparation of financial statements under of IFRS adopted by EU requires using certain accounting estimates and adoption of assumptions concerning future events. Items of the financial statements set under the estimation are subject to verification if circumstances being base of estimates are changing or as a result of obtaining new information or of progressing course of events or of acquiring greater experience. When preparing the consolidated financial statements hereby, we applied the same accounting principles and the same calculation methods which were applied in the consolidated financial statements of the Prochem Capital Group for the year ended 31 December 2019.

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

Standards announced but awaiting endorsement by the European Union, the Group intends to apply all changes in accordance with the date of their entry into force.

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

Changes in accounting estimates

In the applied accounting principles the biggest importance had, apart from accounting estimates, the professional judgment of the management, which influences the amounts disclosed in the consolidated financial statements. Assumptions of these estimates are based on the best knowledge of the Management Board regarding current and future activities and events in particular areas of activity. They relate to the valuation of retirement benefits, the assessment of the degree of realization and profitability of long-term contracts (of gross margin).

6. Impact of the coronavirus pandemic on the operations of the Prochem S.A. Capital Group

Since the outbreak of the epidemic, Prochem S.A. and companies from the Group have implemented many procedures related to the need to adapt to the constantly changing operating conditions, as well as to prevent the spread of COVID-19 infections,

Actions taken by the Group in relation to the COVID-19 pandemic

Companies belonging to the Prochem S.A. Group have taken a number of steps in connection with the COVID-19 pandemic. When the first cases of COVID-19 appeared in the country, the Prochem S.A. Group developed action plans to ensure the continuity of operation and the provision of key services provided by Prochem S.A. Similar procedures were also implemented in the remaining Group companies. They are constantly adapted to the changing conditions in the environment.

In the first quarter of 2020, there are no disruptions in any of the areas of operation.

In relation to the contracts in progress, the Group has implemented additional measures to mitigate the risk of potential breaches of the terms of the contracts signed by contractors as a result of changes in the economic situation. In particular, in the area of contracts for construction and assembly works and deliveries, additional procedures were implemented in the field of ongoing monitoring of compliance with the terms and dates of contract performance and the contractor's financial situation. The risk of losing financial liquidity by key suppliers is analysed on an ongoing basis and, if necessary, appropriate actions are taken, including shortening payment terms in individual cases.

The Group has taken a number of preventive measures to reduce the possibility of the virus spreading on the premises and protect employees, including.:

- procedures were introduced in the field of personnel and material movement, in particular consisting in minimizing direct contacts - where possible, employees were provided with the possibility of remote work;
- procedures were introduced to ensure the availability of the key personnel of the Group companies;
- it was recommended to limit business trips and participation in business meetings, and instead to use media such as instant messaging and videoconferencing;
- employees were equipped with protective equipment (protective masks, gloves) and disinfectants, and hygienic and sanitary and disinfecting procedures were introduced.

In the first quarter of 2020, the Capital Group did not notice any noticeable impact on sales and the supply chain. As at the date of preparation of interim condensed consolidated financial statements hereby, the Group's financial position is stable.

As a result of the analysis and due to the relatively short duration of the epidemic, there are currently no reliable data available on the basis of which the Group could estimate an additional risk element of debt repayment in the near future.

The Group analyses the situation on the markets on an ongoing basis and signals from contractors that may indicate a deterioration of the financial situation and, if necessary, will update the adopted estimates when preparing the semi-annual financial statements.

Functional currency and presentation currency of financial statements

Consolidated financial statements of the Group is presented in Polish Zloty ('zloty' or "PLN"), which is the reporting currency of the Group, and the functional currency of the Parent Entity.

7. Explanatory Notes

Note 1 – Property, Plant and Equipment

	As at 31 March 2020	As at 31 December 2019
Property, plant and equipment, including:	17 572	17 807
- land	2 014	2 020
- buildings, premises and civil engineering objects	12 682	12 883
- machinery and equipment	668	724
- vehicles	1 401	1 334
- other PPE	807	846
Construction under progress	26	25
Total property, plant and equipment	17 598	17 832
Property, plant and equipment – ownership structure	As at 31 March 2020	As at 31 December 2019
a) own	6 296	6 450
b) used under rental, lease or other agreement, including :	11 302	11 382
- lease	1 049	953
- rental and lease	9 586	9 762
- value of the right of perpetual usufruct	667	667
Total balance sheet property, plant and equipment	17 598	17 832

The Group, pursuant to an agreement dated 23 July 2004 leases property consisting of 3 buildings with an area of 6 227.5 m², on a plot of 3 311 m² located in Warsaw at Emilia Plater 18 and Hoża 76/78. The duration of the contract from the date of its conclusion is 30 years.

Land, buildings and constructions are carried at revalued amount, being its fair value at the date of the revaluation, set by experts, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Pursuant to the Accounting Policy adopted by the Group, fair value is measured with sufficient frequency so that the carrying amount did not significantly differ from fair value, wherein not less frequently than every two years.

Carrying amount as at March 31, 2020 does not significantly differ from fair value. The measurement at fair value as at December 31, 2019 was made by the independent valutors not associated with the Group. The valutors have the right qualifications to carry out valuations of land, buildings and structures, as well as current experience in such valuations in locations where are located assets of the Group. Valuation was carried out by reference to the market transaction prices for similar assets.

	Change in PPE for the period from 01 January 2020 to 31 March 2020	Change in PPE for the period from 01 January 2019 to 31 December 2019
Gross value		
As at opening balance sheet	35 438	40 680
Increase (due to)	277	1 447
- acquisition of PPE	277	1 447
Decrease (due to)	-83	-6 689
- disposal of PPE	-88	-294
- liquidation of PPE	-11	-1 029
- reclassification from non-current assets to non-current assets ready-for-sale	-	-5 364
- changes	16	-2
As at closing balance sheet	35 632	35 438
Depreciation and impairment		
As at opening balance sheet – accumulated depreciation	17 606	17 833
Depreciation for the period (due to)	428	-227
- increase (depreciation accrued)	493	1 945
- decrease under disposal of PPE	-70	-257
- decrease due to liquidation of PPE	-11	-987
- reclassification from non-current assets to non-current assets ready-for-sale	-	-925
- other changes	16	-3
As at closing balance sheet- accumulated depreciation	18 034	17 606
Impairment of PPE		
PPE net value as at closing balance sheet	17 598	17 832

Note 2 – Investment property

	As at 31 March 2020	As at 31 December 2019
Buildings and constructions	6 546	6 546
Land	1 764	1 764
Total investment property	8 310	8 310

Investment property by title	Change in investment property for the period from 1 January 2020 to 31 March 2020	Change in investment property for the period from 1 January 2019 to 31 December 2019
Investment property - land		
As at opening balance sheet	1 764	4 797
- decrease due to reclassification – ready-for-sale assets	-	-3 033
As at closing balance sheet	1 764	1 764
Investment property under progress		
As at opening balance sheet	-	-
As at closing balance sheet	-	-
Property - buildings and constructions		
As at opening balance sheet	6 546	7 193
- change due to:		
a) decrease under reclassification – ready-for-sale assets	-	-647
Total change		-647
As at closing balance sheet	6 546	6 546
Write-down of property	-	-
Total investment property	8 310	8 310

Pursuant to the Accounting Policy adopted by the Group, fair value is measured with sufficient frequency so that the carrying amount did not significantly differ from fair value, wherein not less frequently than every two years.

Carrying amount as at March 31, 2020 does not significantly differ from fair value. The measurement at fair value as at December 31, 2019 was made by the independent valuers not associated with the Group. The valuers have the right qualifications to carry out valuations of land, buildings and structures, as well as current experience in such valuations in locations where are located assets of the Group. Valuation was carried out by reference to the market transaction prices for similar assets.

Details concerning investment property and information on the hierarchy of fair values as at 31 March 2020.

	Level 1	level 2	Level 3	Fair value as at 31 March 2020
	In PLN thousands	In PLN thousands	In PLN thousands	In PLN thousands
Investment property	-	-	8 310	8 310

There were no displacements between the levels 1, 2 and 3 in the first quarter.

Note 3 – The Right-of-Use Assets

Change in the right-of-use assets.

Description	Buildings and constructions	Tools, movables, instruments and equipment	Vehicles	Total
As at 01 January 2020				
Gross book value	27 563	337	2635	30 535
Accumulated depreciation	-3 066	-94	-466	-3 626
Write-downs	-	-	-	-
Net book value as at 01 January 2020	24 497	243	2 169	26 909
Change for the period 01.01.-31.03.2020				
Increase (+)/decrease (-)				
Depreciation for the period	-804	-24	-184	-1 012
Newly concluded contracts	2633	-	113	2 746
As at 31 March 2020				
Gross book value	30 196	337	2 748	33 281
Accumulated depreciation	-3 870	-118	-650	-4 638
Write-downs	-	-	-	-
Book value net as at 31 March 2020	26 326	219	2 098	28 643

Note 4 – Shares Valued Using the Equity Method

Shares in jointly-controlled entities and associated entities	As at 31 March 2020	As at 31 December 2019
-Shares – net value	30 484	31 499
- write-downs of shares	1 011	1 011
Shares, gross value	31 495	32 510

Change in shares in jointly-controlled entities and in associated entities	As at 31 March 2020	As at 31 December 2019
a) as at the beginning of the period	31 499	28 111
- shares at cost	31 499	28 111
b) increase (due to)	-1 015	3 388
- share in the result of current year	-1 015	3 388
c) as at the end of the period net	30 484	31 499
d) write-down	1 011	1 011
e) gross as at the end of the period	31 495	32 510

Change in write-downs of shares in jointly-controlled entities and associated entities	As at 31 March 2020	As at 31 December 2019
As at the beginning of the period	1 011	400
- decrease – use of provision	-	611
As at the end of the period	1 011	1 011

Note 5 – Deferred Income Tax

Changes in the values of provisions and deferred income tax assets for the first quarter of 2020 are shown in the table below.

Deferred tax assets	As at 31 March 2020	As at 31 December 2019
As at the beginning of the period	7 977	7 235
Increase	5 029	5 396
Decrease	-6 257	-4 654
As at the end of the period	6 749	7 977
Provision under deferred income tax	As at 31 March 2020	As at 31 December 2019
As at the beginning of the period	9 227	7 236
Increase	2 459	5 190
Decrease	-4 305	-3 199
As at the end of the period	7 381	9 227
Assets/(Provision) under deferred income tax	As at 31 March 2020	As at 31 December 2019
Deferred tax assets	6 749	7 977
Provision to deferred income tax	-7 381	-9 227
Assets/(Provision) under deferred income tax	-632	-1 250
Presentation in the statement of financial position	As at 31 March 2020	As at 31 December 2019
Deferred tax assets	1 801	1 083
Provision to deferred tax assets	-2 433	-2 333
Assets/(Provision) under deferred income tax	-632	-1 250

Note 6 – Other Financial Assets

Other financial assets	As at 31 March 2020	As at 31 December 2019
a) from jointly-controlled entities:	18 497	18 419
- loans granted	18 497	18 419
b) other financial assets – security deposits constituting security for bank guarantees granted	8 415	8 465
Total other non-current financial assets	26 912	26 884

Loans granted - as at 31 March 2020

- Loans granted to jointly-controlled company Irydion Sp. z o. o. seated in Warsaw:
 - in the amount of PLN 11 777 thousand, including: amount of the loan PLN 11 000 thousand, accrued interest PLN 777 thousand. The interest rate is set annually according to WIBOR 6M rate, loan repayment date with interest 22 September 2031;
 - in the amount of PLN 6 720 thousand, including: amount of the loan PLN 6 000 thousand, accrued interest PLN 720 thousand. The interest rate is set annually at a rate of 3% per annum, loan repayment date with interest 22 September 2031;

Increase:

- Accrued interest on loans granted in the amount of PLN 78 thousand.

Loans granted - as at 31 December 2019

- Loans granted to jointly-controlled company Irydion Sp. z o. o. seated in Warsaw:
 - in the amount PLN 11 743 thousand, including: amount of the loan PLN 11 000 thousand, accrued interest PLN 743 thousand. The interest rate is set annually according to WIBOR 6M rate, loan repayment date with interest 22 September 2031;
 - in the amount of PLN 6 676 thousand, including: amount of the loan PLN 6 000 thousand, accrued interest PLN 676 thousand. The interest rate is set annually at a rate of 3% per annum, loan repayment date with interest 22 September 2031.

Note 7 – Inventories

Inventories	As at 31 March 2020	As at 31 December 2019
Materials	408	3 685
Semi-finished products and work-in-process	668	473
Goods	0	0
Total inventories	1 076	4 158
Write-down of inventories	575	575

Note 8 – Trade and other receivables

Trade and other receivables	As at 31 March 2020	As at 31 December 2019
Trade receivables	107 106	79 869
Write-down of trade receivables	5 177	5 213
Trade receivables net, including	101 929	74 656
- with repayment period up to 12 months	96 272	70 614
- with repayment period over 12 months	5 657	4 042
Receivables from taxes, subsidies, custom duties, social and health insurance and other benefits	111	34
Other receivables	1 282	3 296
Write-downs of receivables	6	6
Other receivables, net	1 276	3 290
Total receivables	103 316	77 980
Trade and other receivables from related entities	As at 31 March 2020	As at 31 December 2019
Trade receivables, including:	749	34
- from jointly-controlled entities and associated entities	749	34
Total trade receivables and other receivables from related entities, net	749	34
Write-downs of receivables from related entities	-	-
Total trade receivables and other receivables from related entities, gross	749	34

Change in write-downs of trade and other receivables	As at 31 March 2020	As at 31 December 2019
As at the beginning of the period	5 219	4 623
a) increase (due to)	-	677
- provision to receivables	-	677
b) decrease (due to)	36	81
- payments received	36	81
Write-downs of current trade receivables and other receivables at the end of the period	5 183	5 219

In the majority of contracts signed by the Group, time of payment for services was established in the range from 14 to 60 days.

Note 9 – Other Assets

Other assets by type :	As at 31 March 2020	As at 31 December 2019
a) prepayments	1 067	943
- cost of property and personnel insurance	219	290
- software maintenance costs	472	456
- subscriptions	9	11
- deferred costs	198	136
- other	169	50
	1 067	943

Note 10 – Share Capital

SHARE CAPITAL (THE STRUCTURE)							
Series / emission	Type of share	Type of shares preference	Number of shares	Series / emission at nominal value	Method of coverage of capital	Registration date	Right to dividend (from the date)
Founding	inscribed	3 votes per 1 share	580	580	Cash	23-07-1991	01-10-1991
Founding	inscribed	-	6 816	6 816	Cash	23-07-1991	01-10-1991
Founding	bearer	-	1 810 104	1 810 104	Cash	23-07-1991	01-10-1991
B	inscribed	-	750	750	Cash	29-07-1993	01-01-1993
B	bearer	-	681 750	681 750	Cash	29-07-1993	01-01-1993
C	bearer	-	435 000	435 000	Cash	20-04-1994	01-01-1994
Total number of shares			2 935 000				
Total share capital				2 935 000			
Nominal value of 1 share = PLN 1.00							

Total number of votes from all shares is 2 936 160.

Changing the rights from the issuer's securities

In accordance with information/notifications received from shareholders, the Company informs that as at the date of hereby report the following shareholders hold at least 5% votes at the general meeting of shareholders:

Name of the shareholder	Number of shares held (in pcs)	Number of votes held	% of votes in total number of votes	% of share capital
1. Steven Tappan	965 000	965 000	32,87	32,88
2.. APUS S.A.	311 769	311 769	10,62	10,62
3. Otwarty Fundusz Emerytalny PZU „Złota Jesień”.	284 900	284 900	9,70	9,71
4. Andrzej Karczykowski	283 391	283 391	9,66	9,66

From April 24, 2020, i.e. from the publication of the consolidated financial statements for 2019, there has been no change in the number of shares giving shareholders at least 5% of votes at the general meeting of shareholders.

Note 11 – Bank Loans

Bank loans	As at 31 March 2020	As at 31 December 2019
- loans	1 245	1 786

Information on incurred bank loans

Name of the bank	Seat	Limit of the loan	Amount engaged	Repayment date	Terms of interest	Collateral
------------------	------	-------------------	----------------	----------------	-------------------	------------

By Prochem S. A.

mBank SA	Warsaw	8,000 Credit in overdraft	-	29.11.2020	WIBOR for O/N deposits in PLN + margin	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
----------	--------	------------------------------	---	------------	--	---

By Elektromontaż Kraków S. A.

mBank S. A.	Warsaw	500	-	26.02.2021	WIBOR for 1-month deposits in PLN + margin	Mortgage
ING BANK Śląski	Katowice	2 500	-	19.11.2020	WIBOR for 1-month O/N deposits in PLN + margin	Mortgage

By Atutor Integracja Cyfrowa sp. z o. o.

Bank Millenium S. A.	Warsaw	150	54	Revolving loan in a bank account from 02.08.2016	WIBOR 1m plus margin	Granting the bank a power of attorney for collection and for the repayment from the accounts, and authorization for the blocking the funds in the case when loan is not repaid in time
----------------------	--------	-----	----	--	----------------------	--

By Pro-Inhut sp. z o. o.

ING Bank Śląski S. A.	Dąbrowa Górnicza	734	734	17.05.2020	WIBOR for 1-month deposits in PLN + margin	BGK Bank guarantee based on a portfolio agreement. Promissory note in blank.
ING Bank Śląski S. A.	Sosnowiec	400	400	30.07.2020	WIBOR for 1-month deposits in PLN + margin	BGK Bank guarantee based on a portfolio agreement. Promissory note in blank.
ING Bank Śląski S. A.	Sosnowiec	200	57	30.07.2020	WIBOR for 1-month deposits in PLN + margin	BGK Bank guarantee based on a portfolio agreement. Promissory note in blank.

Note 12 – Trade Payables

	As at 31 March 2020	As at 31 December 2019
a) to associated entities and to jointly-controlled entities	45	6
- from supplies and services, with maturity period:	45	6
- up to 12 months	45	6
b) to other entities	79 962	69 155
- from supplies and services, with maturity period:	79 962	69 155
- up to 12 months	78 388	68 562
- above 12 months	574	593
Total trade payables	79 007	69 161

Note 13 – Amounts Owed to Recipients under Contracts

Disclosures specified in IFRS 15 are presented in the table below

Description	As at 31 March 2020	As at 31 December 2019
Revenues according to contracts	758 379	757 242
Revenues invoiced	358 681	258 278
Liabilities planned under the implementation of contracts	718 555	712 831
Realized contractual liabilities	349 183	271 654
Amounts due from recipients	19 222	22 851
Amounts owed to suppliers	48 705	42 638

Note 14 – Other Liabilities

	As at 31 March 2020	As at 31 December 2019
a) to other entities	4 158	3 690
- under taxes, duties, insurance and other charges	3 338	2 851
- under remuneration	466	456
- other (by type)	354	383
liabilities to employees	11	6
liabilities to shareholders	16	16
other	327	361
b) other non-current provisions	3 605	4 808
- provision for costs booked to the previous year relating to long-term contracts,	1 653	1 883

- provision for costs	182	993
- cost of audit	41	63
- non-current provision for retirement benefits	354	384
- provision for unused holiday leaves	1 375	1 485
Total other liabilities	7 763	8 498

Note 15 – Deferred Income

	As at 31 March 2020	As at 31 December 2019
Other	324	324
Deferred income at the end of the period, including:	324	324
Non-current liabilities	-	-
Current liabilities	324	324

Note 16 - Revenues from Sale of Services

Revenues from sale of services (type of service and type of activity)	Period ended 31 March 2020	Period ended 31 March 2019
- revenues from sale of services, including:	91 279	40 220
- from related entities	643	1 035
Revenues from sale of services (territorial structure)	Period ended 31 March 2020	Period ended 31 March 2019
Domestic market, including:		
- from related entities	643	1 035
Exports	155	-

Revenues under contracts for construction services (general contracting) and other services are presented in Note 23.

The gross amount due from ordering parties/recipients for the work under the contracts was presented in Note 13.

Information on major customers, whose total value of revenues from sales of services exceeds 10% of the total revenues of the entity for the first quarter of 2020, is included in Note 23.

Note 17 – Cost of Services Sold

Costs by type	Period ended 31 March 2020	Period ended 31 March 2019
a) amortization and depreciation	1 528	1 526
b) consumption of materials and energy	4 333	4 380
c) outsourcing	73 766	23 737
d) taxes and levies	185	204
e) remuneration	9 066	7 910
f) social security and other benefits	1 957	1 524
g) costs by type (under)	794	947
- property and personnel insurance	86	108
- business trips	258	250
- State Fund for Rehabilitation of Disabled Persons (PFRON)	69	58

- car rental	78	165
- other	303	366
Costs by type, total	91 629	40 228
Change in inventories, goods and accruals and prepayments	-1 534	-831
General and administrative expenses (negative value)	-3 433	-3 025
Cost of services sold	86 662	36 372

Note 18- Other Operating Income

	Period ended 31 March 2020	Period ended 31 March 2019
a) gain on sale of non-financial non-current assets	13	-
b) reversal of impairment (under)	36	-
- for receivables	36	-
c) other, including:	70	85
- reimbursement of litigation costs	-	23
- received compensation, fines and penalties	59	54
- other	11	8
Total other operating income	119	85

Note 19 – Other Operating Expenses

	Period ended 31 March 2020	Period ended 31 March 2019
a) other, including:	17	11
- litigation costs	12	0
- other	5	11
Total other operating expenses	17	11

Note 20 – Financial Income

	Period ended 31 March 2020	Period ended 31 March 2019
a) interest under loans granted	78	93
- from jointly-controlled entities	78	93
b) other interest	52	4
- from other entities	52	4
c) surplus of positive exchange rate differences	93	-
d) other, under:	99	51
- other	99	51
Total financial income	322	148

Note 21 – Finance Expenses

	Period ended 31 March 2020	Period ended 31 March 2019
a) interest on bank loans	10	48
b) other interest	240	294
- for other entities	22	11
- under lease	218	283
c) surplus of negative exchange rate differences	2	128

d) other, under :	300	107
- commission on bank guarantees	139	74
- commission on loans	85	21
- other costs	76	12
Total finance expenses	552	577

Note 22– Additional Disclosures to the Statement of Cash Flows

The Group presents restricted cash accumulated in the split payment account in the statement of financial position as cash and cash equivalents. Restricted funds in the statement of financial flows are presented for information in a separate item.

Differences between the amounts established directly from the financial statements and those disclosed in the statement of cash flows result from transfer of individual amounts from operating activity for investing activity and for financing activity.

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

	In 2020	In 2019
Change in current liabilities	-21 850	-4 337
Receivables as at 1 January	77 980	41 472
Amounts due from recipients under contracts as at 1 January	22 851	13 691
Other assets as at 1 January	943	1 202
Receivables under retained security deposits as at 1 January	11	43
Receivables from PPE sold	-	-11
Opening balance sheet after adjustments	101 785	56 397
Receivables as at 31 March	103 316	45 197
Amounts due from recipients under contracts as at 31 March	19 222	14 274
Other assets as at 31 March	1 066	1 176
Receivables under retained security deposits as at 31 March	49	118
Receivables from PPE sold	-19	-11
Closing balance sheet after adjustments	123 635	60 754

	In 2020	In 2019
Change in current liabilities except for current borrowings and special funds	17 455	6 646
Trade payables as at 1 January	69 161	31 626
Other liabilities as at 1 January	8 539	8 620
Amounts owed to suppliers under contracts as at 1 January	42 598	2 863
Liabilities under retained security deposits as at 1 January	5 790	3 569
Provision for current retirement benefits	-384	-445
Provision to holiday benefits	-1 485	-1 471
Provision to audit	-63	-67
Provision to current other costs	-1 550	-1550
Liabilities to shareholders	-17	-17
Opening balance sheet after adjustments	122 590	43 128
Trade payables as at 31 March	79 579	35 763
Amounts owed to recipients under contracts as at 31 March	48 559	6 483
Other liabilities as at 31 March	8 178	8 062
Liabilities under retained security deposits as at 31 March	7 321	3 073
Provision for current retirement benefits	-354	-436
Provision to holiday benefits	-1 375	-1 406
Provision to audit	-41	-61

Provision to current other costs	-1 549	-1 687
Liabilities under discount of non-current liabilities	-256	-
Liabilities to shareholders	-17	-17
Closing balance sheet after adjustments	140 045	49 774
<hr/>		
Change in other adjustments as at 31 March	15	20
Change in deferred income - advanced payments received	50	43
Other	-35	-23

Note 23- Information on Operating Segments

Operating segment is a component part of the Group:

- that engages in business activity from which it can obtain income and incur expenses,
- whose operating results are regularly reviewed by the body responsible for making operating decisions of the Group,
- in case of which a separate financial information is available.

Revenues of the segment are revenues from sale to external customers.

Costs of the segment are the expenses composed of costs relating to the sale to external customers.

Segment result is determined on the level of operating income.

The activities of the companies from Capital Group and the Issuer, for the managing purposes were divided into eight basic operational sectors such as: execution (general contracting), design services and other engineering services (supervisions along with the project engineer service), lease of the construction equipment, assembly of electrical installations, lease of office space, maintenance, commercial activity and other activity.

Segment assets include all assets used by a segment, consisting primarily of receivables, inventories and property, plant and equipment less the value of provisions and impairment losses.

Some assets in the joint use are assigned to the segment based on reasonable weights.

Revenues achieved beyond Polish border (Exports) in the period from 1 January 2020 to 31 March 2020 amounted to PLN 155 thousand (i.e. 0.2% of sales revenue), and in the period from 1 January 2019 to 31 March 2019 revenues from sale beyond border of the country did not occur.

Information on major customers, which share in the sales revenue for the first quarter of 2020 exceeded 10% of the total sales revenue:

- A Client who deals in the production of chemical raw materials – sales revenue PLN 66 492 thousand, representing 72.6% share in sales revenue, which was shown in the segment „General contracting” and „Design services and other engineering services”.
- A Client involved in the production of artificial fertilizers – sales revenue PLN 20,010 thousand, representing 21.8% share in sales revenue, which was shown in the segment „General contracting”.

Detailed data on the activities of the companies from the Group in the individual segments are shown in the tables below.

Interim condensed consolidated financial statements of the Prochem S. A. Capital Group as at and for the period of three months ended 31 March 2020

**For the period
from 1 January 2020 to 3 March
2020**

	General contracting	Design services, and other engineering services	Rental of construction equipment	Assembly of electrical installations	Rental of office space and real estate	Maintenance	Commercial activity	Other IT services	Other	Items not assigned	Total
Revenues from external clients	72 377	11 402	224	5 083	1 241	153	352	49	750	-	91 631
Total segment revenues	72 377	11 402	224	5 083	1 241	153	352	49	750	-	91 631
Result											
Profit (loss) of the segment	-124	888	-116	448	202	16	71	-189	59		1 255
Financial income										382	382
Finance costs										-552	-552
Net financial income										-170	-170
Profit sharing in entities valued using the equity method										-1 015	-1 015
Profit (loss) on other operating activity										102	102
Before tax profit										172	172
Income tax										606	606
Profit for the current period										-434	-434
Loss assigned to non-controlling interest										-120	-120
Profit for the period assigned to shareholders of the Parent Entity										-314	-314
Segment assets (related to activity)	87 155	10 434	311	14 861	29 749	-	52	479	90	-	143 131
Unallocated assets (among others shares and other financial assets)	-	-	-	-	-	-	-	-	-	135 409	135 409
Total assets	87 155	10 434	311	14 861	29 749	-	52	479	91	135 409	278 540
Depreciation of property, plant and equipment	9	39	16	162	422	13	-	14	-	832	1 507
Amortization of intangible assets	-	1	-	5	-	-	-	2	-	13	21

Note - operating segments continuation

For the period from 1 January 2019 to 31 March 2019	General contracting	Design services, and other engineering services	Rental of construction equipment	Assembly of electrical installations	Rental of office space and real estate	Maintenance	Commercial activity	Other IT services	Other	Items not assigned	Total
Revenues from external clients	23 119	7 152	643	7 514	1 293	146	1 955	38	315	-	42 175
Total segment revenues	23 119	7 152	643	7 514	1 293	146	1 955	38	315	-	42 175
Result of the segment	228	318	180	131	227	-	170	-163	-99	-	993
Financial income										148	148
Finance costs										-577	-577
Income/finance costs net										-429	-429
Profit sharing in associated entities										569	569
Profit on other operating activities										74	74
Before tax profit										1 207	1 207
Income tax										209	209
Profit for the current period										998	998
Profit assigned to non-controlling interest										-8	-8
Profit for the period assigned to shareholders of the parent entity										990	990
Assets as at 31 March 2019											
Segment assets (related to activity)	25 262	6 857	463	9 323	14 286	211	-	228	320	-	57 689
Unallocated assets (among others shares and other financial assets)										122 925	122 925
Total assets	25 262	6 857	463	9 323	14 286	211	-	228	320	122 925	180 614
Other information related to segments for the period from 1 January 2019 to 31 March 2019											
Depreciation of property, plant and equipment	14	26	20	151	183	10	-	16	-	59	479
Amortization of intangible assets	-	2	-	4	1	-	-	-	-	14	21

Information on geographical areas

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

	1 January-31 March 2020	1 January-31 March 2019
Poland	91 476	42 175
Other countries	155	-
Total sales revenue	91 631	42 175

Geographical breakdown of property, plant and equipment and intangible assets.

	31 March 2020	31 March 2019
Poland	26 021	34 760
Total property, plant and equipment and intangible assets	26 021	34 760

Note 24 - Collateral Granted and Received and Contingent Liabilities and Contingent Assets

Collateral granted	As at	
	31 March 2020	31 December 2019
Bank guarantee of good performance	15 306	51 383
Guarantee of return of advance payment	3 730	7 869
Payment guarantee	1 050	1 050
Total guarantees issued	20 086	60 302
loan surety agreement for the company from the Prochem S. A. Capital Group	-	36 975
Total collateral granted	20 086	97 277

Collateral received	As at	
	31 March 2020	31 December 2019
bank guarantees of good performance	17 892	8 738
bill of exchange guarantees securing the terms of the contract	450	1 777
Total contingent assets	18 342	10 515

Note 25 - Profit Distribution

The Group's financial result is not subject to distribution.

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

The Issuer's net profit for 2019 in the amount of PLN 3 697 951.01 the Management Board proposes to allocate for supplementary capital.

Note 26 - Dividends

Dividend was not paid.

Note 27- Financial Instruments and Financial Risk Management

Financial assets

As at 31 March 2020

(in PLN thousands)

	Categories of financial instruments		
	note	Loans, receivables and other	Total
Classes of financial instruments			
Receivables from supplies and services	8	101 929	101 929
Cash		33 945	33 945
Loans granted	6	18 497	18 497
Security deposits constituting collateral		9 816	9 816
Total		164 187	164 187

As at 31 December 2019

(in PLN thousands)

	Categories of financial instruments		
	note	Loans, receivables and other	Total
Classes of financial instruments			
Receivables from supplies and services	8	74 656	74 656
Cash		34 781	32 781
Loans granted	6	18 419	18 419
Security deposits constituting collateral		9 866	9 866
Razem		137 722	137 722

Financial liabilities

As at 31 March 2020

(in PLN thousands)

	Categories of financial instruments		
	note	Financial liabilities measured at amortized cost	Total
Classes of financial instruments			
Loans	11	1 245	1 245
Amounts due under contracts		48 705	48 705
Trade payables	12	86 900	86 900
Total		136 850	136 850

As at 31 December 2019

(in PLN thousands)

	Categories of financial instruments		
	note	Financial liabilities measured at amortized cost	Total
Classes of financial instruments			
Loans	11	1 786	1 786
Amounts due under contracts		42 638	42 638
Trade payables	12	69 161	69 161
Total		113 585	113 585

The fair value of financial instruments – does not differ from book value.

Note 28 - Related Party Transactions and Transactions with Key Management Personnel

Related entities include entities controlled and jointly-controlled entities, as well as those on which the Issuer has an influence or is a member of key management personnel of the entity or the Parent Entity. Key managing personnel comprise the Members of the Management Board of the Parent Entity, and the Members of the Supervisory Board of the Parent Entity.

In the first quarter of 2020 key management personnel and persons related to key management

personnel, in addition to remuneration did not conclude other transactions with the companies from the Capital Group of PROCHEM S. A.

Remuneration of the Key Management Personnel

In the first quarter of 2020 in the Issuer's enterprise was paid:

1. Remuneration to the Members of the Management Board in total amount of PLN 315.9 thousand,
2. Remuneration to the Members of the Supervisory Board in total amount of PLN 85.2 thousand.

In the first quarter of 2020 remuneration for performing functions in the Supervisory Boards of companies belonging to the Capital Group, paid to members of the Management Board amounted to PLN 40.4 thousand, and to members of the Supervisory Board PLN 36.5 thousand.

Below are presented transactions with related entities, which include the jointly-controlled entities or associated entities, as well as with ones, on which the Issuer has an influence or is a member of the key management personnel of the entity or the parent Company. All transactions of related entities were concluded on market conditions and they relate to sale and purchase of services, among others - of construction and assembly services, and rental, as well as of loans granted mutually.

Settlements with related entities include trade settlements and under loans.

Guarantees and sureties granted to related entities are presented in Note 23.

Reporting period

(in PLN thousands)

from 1 January to 31 March 2020

	Sale of services	Purchase of services	Financial income – interest on loans	Financial income – dividends received
Jointly-controlled entities and associated entities	643	817	78	-

As at 31 March 2020

	Trade receivables	Receivables under loans granted	Other receivables	Trade payables
Jointly-controlled entities and associated entities	749	18 497	-	45

Comparative period

(in PLN thousands)

From 1 January to 31 March 2019

	Sale of services	Purchase of services	Financial income – interest on loans	Financial income – dividends received
Jointly-controlled entities and associated entities	1 035	772	93	-

at 31 March 2019

	Trade receivables	Receivables under loans granted	Other receivables	Trade payables
Jointly-controlled entities and associated entities	668	19 193	-	5

Note 29 – Events After the Reporting Date

They did not occur.

Note 30 – Other Explanatory Notes to Interim Condensed Consolidated Financial Statements

Description of factors which in the issuer’s estimation will have an impact on the financial results achieved in the prospects of at least subsequent quarter

The Issuer is conducting intensive activities that will lead to the signing of several significant orders in the near future. These orders in subsequent quarters will cause improving both in terms of revenues from sales of services and results on activities. The completion of the construction and commercialization of the Astrum Business Park project in Warsaw will have a large impact on the results of the Issuer and the Capital Group.

Pursuant to the contract for the sale of shares in Atutor Integracja Cyfrowa Sp. z o. o. with its registered office in Warsaw on September 17, 2019, the subsidiary Prochem Inwestycje Sp. z o. o. based in Warsaw by April 30, 2020, is to sell the second block of shares, comprising 178 shares. The ownership of the shares is transferred to the buyer on the date of payment.

Position of the Management Board in relation to the possibility of accomplishment of previously published forecast of results for the given year, in the light of results presented in the quarterly report with respect to the forecasted results

Company Prochem S. A. did not publish any forecast of financial results neither for the Company nor for the Capital Group of Prochem S.A. for 2020.

Information on granting by the company or its subsidiary sureties for a credit or loan or granting a guarantee to another entity or a subsidiary of this entity, if the total value of the existing sureties or guarantees is equivalent to at least 10% of equity

In the first quarter of 2020 the companies belonging to the Capital Group did not grant any sureties and guarantees to related entities.

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

As at the date of the financial statements hereby, the following members of the Management Board and Supervisory Board of the company held shares of Prochem S.A.

- Jarosław Stępniewski – 68,383 units;
- Marek Kiersznicki – 59,474 units;
- Krzysztof Marczak – 36,908 units;
- Marek Garliński – 83,996 units;
- Andrzej Karczykowski – 283,391 units.

The nominal value of 1 share is PLN 1.

Financial information of PROCHEM S.A.

Unconsolidated statement of financial position

(all amounts in PLN thousands if not stated otherwise)

	As at 31 March 2020	As at 31 December 2019
A s s e t s		
Non-current assets		
Property, plant and equipment	1 085	1 180
Intangible assets	76	89
Right-of-use assets	13 244	13 875
Shares	8 478	8 478
Shares in equity-accounted investees	4 502	4 502
Deferred tax assets	1 576	765
Receivables under retained security deposits	49	11
Other financial assets	45 294	45 709
Total non-current assets	74 304	74 609
Current assets		
Inventories	38	2 456
Trade and other receivables	92 288	61 035
Amounts due from customers under contracts	12 554	15 997
Other financial assets	1 383	1 383
Other assets	620	718
Cash and cash equivalents	21 167	21 703
Total current assets	128 050	103 292
Total assets	202 354	177 901
E q u i t y a n d l i a b i l i t i e s		
Equity		
Share capital	2 935	2 935
Revaluation reserve	-390	-390
Retained earnings	44 911	43 928
Total equity	47 456	46 473
Non-current liabilities		
Provision for retirement and similar benefits	691	691
Non-current liabilities under retained security deposits	8 621	6 284
Liabilities under lease	9 831	11 097
Amounts due from customers under contracts	9 373	11 643
Non-current loans	957	950
Total non-current liabilities	29 473	30 665
Current liabilities		
Trade payables	76 450	61 168
Amounts owed to customers under contracts	39 332	30 955
Liabilities under current income tax	1 102	-
Liabilities under lease	3 527	2 858
Other liabilities	5 014	5 782
Total current liabilities	125 425	100 763
Total liabilities	154 898	131 428
Total equity and liabilities	202 354	177 901

Weighted average number of ordinary shares (units.)	2 935 000	2 935 000
Book value per one share (in PLN)	16.17	15.83

**Unconsolidated statement of profit and loss
for the period from 1 January 2020 to 31 March 2020**
(all amounts in PLN thousands if not stated otherwise)

	Period ended March 2020	31	Period ended 31 March 2019
Revenues from sale, including :	84 196		32 226
Revenues from sale of services	84 032		30 380
Revenues from sale of goods and materials	164		1 846
Cost of sales, including:	-81 052		-29 752
Cost of services sold	-80 923		-27 972
Cost of merchandise and materials	-129		-1 780
Gross profit on sales	3 144		2 474
General and administrative expenses	-1 913		-1 782
Other operating income	89		64
Results from operating activities	1 320		756
Financial income	356		219
Finance expenses	-402		-417
Before tax profit	1 274		558
Income tax :	291		186
- current tax	1 102		-
- deferred tax	-811		186
Profit for the period	983		372

Weighted average number of ordinary shares	2 935 000	3 895 000
Profit/diluted profit per one ordinary share	0.33	0.13

Unconsolidated statement of comprehensive income

	Period ended March 2020	31	Period ended 31 March 2019
Profit for the period	983		372
Other comprehensive income net	0		0
Total comprehensive income	983		372

Weighted average number of ordinary shares	2 935 000	3 895 000
Total comprehensive income per ordinary share (in PLN per one share)	0.33	0.13

Unconsolidated 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 2020 to 31 March 2020				
As at the beginning of the period	2 935	-390	43 928	46 473
Net profit of the given period	-	-	983	983
<i>Other comprehensive income (net)</i>	-	-	-	-
Total comprehensive income	-	-	983	983
Other changes	-	-	-	-
As at the end of the period	2 935	-390	44 911	47 456

	Share capital	Revaluation reserve	Retained earnings	Total equity
Reporting period from 1 January 2019 roku do 31 marca 2019 roku				
As at the beginning of the period	2 935	-343	40 230	42 822
Net profit of the given period	-	-	372	372
<i>Other comprehensive income (net)</i>	-	-	-	-
Total comprehensive income	-	-	372	372
Other changes	-	-	-	-
As at the end of the period	2 935	-343	40 602	43 194

**Unconsolidated statement of cash flows
for the period from 1 January 2020 to 31 March 2020**

(all amounts in PLN thousands if not stated otherwise)

	Period ended March 2020	31	Period ended 31 March 2019
Cash flows – operating activities			
Before tax profit		1 274	558
Total adjustments		-1 390	5 316
Amortization and depreciation		876	929
Interest and profit sharing (dividends)		54	46
Change in provisions		-76	123
Change in inventories		2 418	674
Change in receivables		-27 750	-7 076
Change in current liabilities, except for borrowings and loans		23 034	10 575
Other adjustments (including change in deferred income)		54	45
Cash provided by (used in) operating activities		-116	5 874
Income tax paid		-	-
Net cash provided by (used in) operating activities		-116	5 874
Cash flows – investing activities			
Inflows		495	-
Inflows from financial assets in related entities, including:		495	-
- repayment of interest on loans granted		495	-
Outflows		-22	-214
Acquisition of intangible assets and property, plant and equipment		-22	-214
Net cash provided by (used in) investing activities		473	-214
Financing activities			
Inflows		-	-
Outflows		-893	-4 676
Repayment of bank loans		-	-3 830
Payment under lease		-805	-804
Interest and commission paid (loan)		-88	-42
Net cash provided by (used in) financing activities		-893	-4 676
Total cash flows, net		-536	984
Increase/(decrease) in cash and cash equivalents net		-536	984
Cash and cash equivalents at the beginning of the period		21 703	1 336
Cash and cash equivalents at the end of the period		21 167	2 320
Including restricted cash		176	1 178

Approval of the financial statements

Interim condensed consolidated financial statements hereby of the Capital Group of Prochem S.A. for the period from 1 January 2020 to 31 March 2020, containing the financial information of the company Prochem S.A. were approved for publication by the Management Board of the Parent Company Prochem S.A. on May 15, 2020.

Signatures of the Members of the Management Board

15 May 2020	Jarosław Stępniewski	President of the Management Board
date	First name and surname	position	signature

15 May 2020	Marek Kiersznicki	Vice President of the Management Board
date	First name and surname	position	signature

15 May 2020	Krzysztof Marczak	Vice President of the Management Board
date	First name and surname	position	signature

Signature of the person responsible for bookkeeping

15 May 2020	Barbara Auguścińska-Sawicka	Chief Accountant
date	First name and surname	position	signature