

**CONSOLIDATED QUARTERLY REPORT OF PROCHEM S.A.
CAPITAL GROUP FOR THE FIRST QUARTER OF 2015**

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I. Selected financial data

Revenues from sales and profits 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 2015 - 4.1489 PLN/EURO
- For the first quarter of 2014 - 4.1894 PLN/EURO

The data disclosed in the Statement of financial position are 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 amounted to:

- 4.0890 PLN/EURO as at 31 March 2015
- 4.2623 PLN/EURO as at 31 December 2014

The selected data of PROCHEM S.A. Capital Group

Description	Reporting period ended 31 March		Reporting period ended 31 March	
	2015	2014	2015	2014
	In PLN thousand		In PLN thousand	
Consolidated profit and loss account				
Revenues from sales	27 079	32 092	6 527	7 660
Gross profit on sales	3 750	4 324	904	1 032
Results from operating activities	639	949	154	227
Profit/Loss before tax	1 495	909	360	217
Profit for the period assigned to :	868	289	209	69
Shareholders of parent company	856	343	206	82
Non-controlling interest	12	-54	3	-13
Profit/diluted profit per one share (in PLN//EURO)- assigned to shareholders of parent company	0.22	0.09	0.05	0.02
Consolidated statement of cash flows				
Net cash provided by (used in) operating activities	302	-2 525	73	-603
Net cash provided by (used in) investing activities	66	-965	16	-230
Net cash provided by (used in) financing activities	926	1 615	223	385
Total cash flow, net	1 294	-1 875	312	-448
Consolidated statement of financial position				
Description	As at		As at	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
	In PLN thousand		In PLN thousand	
Total assets	185 816	202 337	45 443	47 471
Total non-current assets	99 712	99 961	24 386	23 452
Total current assets	86 104	102 376	21 057	24 019
Owners' equity	114 281	113 436	27 948	26 614
Non-controlling interest	9 216	9 243	2 254	2 169
Total equity	123 497	122 679	30 202	28 782
Total non-current liabilities	5 056	6 884	1 236	1 615
Total current liabilities	57 263	72 774	14 004	17 074
Book value per one ordinary shares (in PLN/EURO)- assigned to shareholders of parent entity	29.34	29.12	7.18	6.83
Weighted average number of ordinary shares	3 895 000	3 895 000	3 895 000	3 895 000

The selected data of PROCHEM S.A.

Description	Reporting period ended 31 March		Reporting period ended 31 March	
	2015	2014	2015	2014
	In PLN thousands		In EURO thousands	
Separate profit and loss account				
Revenues from sales	17 692	20 262	4 264	4 836
Gross profit on sales	2 053	2 483	495	593
Results from operating activities	684	735	165	175
Profit before tax	1 629	955	393	228
Profit for the period	1 095	564	264	135
Profit per one ordinary share (in PLN/EURO)	0.28	0.14	0.07	0.03
Separate statement of cash flows				
Net cash provided by (used in) operating activities	-443	-2 378	-107	-568
Net cash provided by (used in) investing activities	-188	-587	-45	-140
Net cash provided by (used in) financing activities	1 992	1 799	480	429
Total cash flow, net	1 361	-1 166	328	-278

Description	As at		As at	
	31 March 2015	31 December 2014	31 March 2014	31 December 2014
	In PLN thousand		In EURO thousand	
Separate statement of financial position				
Total assets	124 878	139 683	30 540	32 772
Total non-current assets	50 299	50 609	12 301	11 874
Total current assets	74 579	89 074	18 239	20 898
Total equity	79 877	78 827	19 535	18 494
Total non-current liabilities	728	2 558	178	600
Total current liabilities	44 273	58 298	10 827	13 678
Book value per one ordinary share (in PLN/EURO)	20.51	20.24	5.02	4.75
Weighted average number of ordinary shares (units)	3 895 000	3 895 000	3 895 000	3 895 000

I. Interim condensed consolidated financial statements of Capital Group

Consolidated statement of financial position as at 31 March 2015

(all amounts in PLN thousands if not stated otherwise)

	As at 31 March 2015	As at 31 December 2014
A s s e t s		
Non-current assets		
Property, plant and equipment	24 997	25 238
Intangible assets	195	190
Investment properties	33 258	32 960
Shares	830	830
Shares valued using equity method	25 184	25 136
Deferred tax assets	1 638	1 998
Other financial assets	13 610	13 609
Total non-current assets	99 712	99 961
Current assets		
Inventories	5 880	4 483
Trade and other receivables	49 255	66 534
Other financial assets	9 926	11 209
Other assets	13 143	13 544
Cash and cash equivalents	7 900	6 606
Total current assets	86 104	102 376
Total assets	185 816	202 337
E q u i t y a n d l i a b i l i t i e s		
Equity		
Share capital	3 895	3 895
Revaluation reserve	11 939	11 973
Retained earnings	98 447	97 568
Owners' equity	114 281	113 436
Non-controlling interest	9 216	9 243
Total equity	123 497	122 679
Non-current liabilities		
Provision for deferred income tax	2 645	2 656
Provision for retirement and similar benefits	1 988	1 985
Deferred income	40	1 867
Other non-current liabilities	383	376
Total non-current liabilities	5 056	6 884
Current liabilities		
Bank loans	15 115	14 050
Loans	-	60
Trade payables	19 329	31 229
Liabilities for current income tax	30	407
Other liabilities	4 560	7 809
Deferred income	18 229	19 219
Total current liabilities	57 263	72 774
Total liabilities	62 319	79 658
Total equity and liabilities	185 816	202 337
<hr/>		
Book value – equity attributable to owners of the Parent Entity	114 281	113 436
Number of shares (units)	3 895 000	3 895 000

Book value per one share (in PLN) 29.34 29.12

Consolidated profit and loss account for the period from 1 January 2015 to 31 March 2015

(all amounts in PLN thousands if not stated otherwise)

	Period ended 31 March 2015	Period ended 31 March 2014
Revenues from sales, including :	27 079	32 092
Revenues from sale of services	26 069	30 538
Revenues from sale of goods and materials	1 010	1 554
Costs of sales, including :	-23 329	-27 768
Cost of services sold	-22 510	-26 473
Cost of merchandise and materials sold	-819	-1 295
Gross profit on sales	3 750	4 324
General and administrative expenses	-3 295	-3 445
Other operating income	216	88
Other operating expenses	-32	-18
Results from operating activities	639	949
Financial income	1 081	252
Finance costs	-273	-299
Profit sharing in entities valued under equity method	48	7
Before tax profit	1 495	909
Income tax :	627	620
- current tax	276	313
- deferred tax	351	307
Profit for the period	868	289

Profit for the period assigned to:

Shareholders of Parent Entity	856	343
Non-controlling interest	12	-54
Weighted average number of ordinary shares (units)	3 895 000	3 895 000
Profit per one ordinary share (in PLN per one share) assigned to owners of the Parent Entity	0.22	0.09

Consolidated statement of comprehensive income For the period from 1 January 2015 to 31 March 2015

(all amounts in PLN thousands if not stated otherwise)

Profit for the period	868	289
Other comprehensive income net	-45	-
<i>Other comprehensive income that will be reclassified to profit or loss under certain conditions:</i>	-45	-
Foreign exchange translation differences of the entity operating abroad	-45	-
Total comprehensive income	823	289

Total comprehensive income assigned to:

Shareholders of Parent Entity	811	343
Non-controlling interest	12	-54
Weighted average number of ordinary shares (units)	3 895 000	3 895 000
Total comprehensive income per one ordinary share (in PLN per share) assigned to owners of the Parent Entity	0.21	0.09

Consolidated statement of changes in equity
For the period from 1 January 2015 to 31 March 2015
(all amounts in PLN thousands if not stated otherwise)

The reporting period from 1 January 2015 to 31 March 2015

	Share capital	Revaluation reserve	Retained earnings	Equity assigned to shareholders of parent entity	Equity assigned to non-controlling interest	Total equity
As at the beginning of the period	3 895	11 973	97 568	113 436	9 243	122 679
Net profit (loss) of the given period	-	-	856	856	12	868
Net other comprehensive income	-	-45	-	-45	-	-45
Total comprehensive income	-	-45	856	811	12	823
<i>Transactions with shareholders</i>						
Repurchase of own shares for redemption (Elektromontaż) – change in the structure of shareholding	-	11	19	30	-39	-9
Other changes	-	-	4	4	-	4
As at the end of the period	3 895	11 939	98 447	114 281	9 216	123 497

The reporting period from 1 January 2014 to 31 March 2014

	Share capital	Revaluation reserve	Retained earnings	Equity assigned to shareholders of parent entity	Equity assigned to non-controlling interest	Total equity
As at the beginning of the period	3 895	10 954	92 573	107 422	12 337	119 759
Net profit (loss) of the given period	-	-	343	343	-54	289
Net other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	343	343	-54	289
<i>Transactions with shareholders</i>						
Repurchase of own shares for redemption (Elektromontaż) – change in the structure of shareholding	-	7	10	17	-27	-10
Other changes – among others sale of shares in subsidiaries	-	283	757	1 040	-1 640	-600
As at the end of the period	3 895	11 244	93 683	108 822	10 616	119 438

Consolidated statement of cash flows for the period from 1 January 2015 to 31 March 2015
(all amounts in PLN thousands if not stated otherwise)

	Period ended 31 March 2015	Period ended 31 March 2014
Cash flows – operating activities		
Profit (loss) before tax	1 495	909
Total adjustments	-534	-2 877
Share in profit in entities valued using equity method	-48	-7
Amortization and depreciation	589	599
Interest and profit sharing (dividends)	72	-38

Interim condensed consolidated financial statements as at and for the three months ended March 31, 2015

Change in provisions	-299	-330
Change in inventories	-1 397	701
Change in receivables and other assets	18 228	-374
Change in current liabilities except for borrowings and loans	-14 882	-2 170
Other adjustments (including change in deferred income)	-2 797	-1 258
Cash provided by (used in) operating activities	961	-1 968
Income tax paid	-659	-557
Net cash provided by (used in) operating activities	302	-2 525
Cash flows - investing activities		
Inflows	369	6
Disposal of intangible assets and PPE	57	6
Other inflows from investing activities	312	-
Outflows	-243	-971
Acquisition of intangible assets and PPE	-243	-366
For financial assets, including:	-	-605
a) in related entities	-	-605
- acquisition of assets	-	-605
Net cash provided by (used in) investing activities	126	-965
Cash flows – financing activities		
Inflows	2 163	2 006
Bank loans	2 145	2 003
Other financial inflows	18	3
Outflows	-1 297	-391
Other than payments to shareholders, expenses under profit distribution	-9	-10
Repayment of bank loans	-1 068	-135
Repayment of borrowings	-60	-
Payment of liabilities under finance lease	-	-133
Commission and interest paid	-160	-113
Net cash provided by (used in) financing activities	866	1 615
Total cash flows (net)	1 294	-1 875
Net increase /(decrease) in cash and cash equivalents	1 294	-1 875
Cash and cash equivalents as at the beginning of the period	6 606	8 249
Cash and cash equivalents as at the end of the period	7 900	6 374

II. Interim condensed separate financial statements of PROCHEM S.A.

Separate statements of financial position as at 31 March 2015

(all amounts in PLN thousands if not stated otherwise)

	As at 31 March 2015	As at 31 December 2014
A s s e t s		
Non-current assets		
Property, plant and equipment	1 884	1 977
Intangible assets	153	151
Shares in subsidiaries	10 162	10 162
Shares in equity-accounted investees	5 210	5 210

Interim condensed consolidated financial statements as at and for the three months ended March 31, 2015

Deferred tax assets	783	1 073
Other financial assets	32 107	32 036
Total non-current assets	50 299	50 609
Current assets		
Inventories	2 993	2 487
Trade and other receivables	44 677	59 810
Other financial assets	18 241	19 382
Other assets	4 345	4 433
Cash and cash equivalents	4 323	2 962
Total current assets	74 579	89 074
Total assets	124 878	139 683
Equity and liabilities		
Equity		
Share capital	3 895	3 895
Revaluation reserve	1 216	1 261
Retained earnings	74 766	73 671
Total equity	79 877	78 827
Non-current liabilities		
Provisions for retirement and similar benefits	711	711
Deferred income	-	1 827
Other liabilities	17	20
Total non-current liabilities	728	2 558
Current liabilities		
Bank loans	11 545	9 448
Borrowings	957	957
Trade payables	14 439	25 416
Liabilities under current income tax	-	367
Other liabilities	1 912	4 100
Deferred income	15 420	18 010
Total current liabilities	44 273	58 298
Total liabilities	45 001	60 856
Total equity and liabilities	124 878	139 683
Number of shares (units)	3 895 000	3 895 000
Book value per share (in PLN)	20.51	20.24

Separate profit and loss account
For the period from 1 January 2015 to 31 March 2015

(all amounts in PLN thousands if not stated otherwise)

	Period ended 31 March 2015	Period ended 31 March 2014
Revenues from sales, including:	17 692	20 262
Revenues from sale of services	17 692	20 258
Revenues from sale of goods and materials	-	4
Cost of sales, including:	-15 639	-17 779
Cost of services sold	-15 639	-17 777

Interim condensed consolidated financial statements as at and for the three months ended March 31, 2015

Cost of merchandise and raw materials	-	-2
Gross profit on sales	2 053	2 483
General and administrative expenses	-1 502	-1 806
Other operating income	155	70
Other operating expenses	-22	-12
Results from operating activities	684	735
Financial income	1 150	413
Profit on the disposal of shares in subsidiaries	-	-
Finance expenses	-205	-193
Before tax profit	1 629	955
Income tax expense:	534	391
- current tax	244	141
- deferred tax	290	250
Profit for the period	1 095	564

Weighted average number of ordinary shares	3 895 000	3 895 000
Profit/diluted profit per one ordinary share (in PLN per share)	0.28	0.14

**Separate statement of comprehensive income
For the period from 1 January 2015 to 31 March 2015**

Profit for the period	1 095	564
Other comprehensive income, net	-45	-
<i>Other comprehensive income that will be reclassified to profit and loss under certain conditions:</i>	-45	-
Foreign exchange translation differences of the entity operating abroad	-45	-
Total comprehensive income	1 050	564

Weighted average number of ordinary shares (units)	3 895 000	3 895 000
Total comprehensive income per ordinary share (in PLN per share)	0.27	0.14

Separate statement of changes in equity for the period from 1 January 2015 to 31 March 2015
(all amounts in PLN thousands if not stated otherwise)

The reporting period from 1 January 2015 to 31 March 2015

	Share capital	Revaluation reserve	Retained earnings	Total equity
As at the beginning of the period	3 895	1 261	73 671	78 827
Net profit of the given period	-	-	1 095	1 095
<i>Net other comprehensive income</i>	-	-45	-	-45
Total comprehensive income	-	-	-	-
As at the end of the period	3 895	1 216	74 766	79 877

The reporting period from 1 January 2014 to 31 March 2014

Interim condensed consolidated financial statements as at and for the three months ended March 31, 2015

	Share capital	Revaluation reserve	Retained earnings	Total equity
As at the beginning of the period	3 895	950	68 662	73 507
Net profit of the given period	-	-	564	564
<i>Net other comprehensive income</i>	-	-	-	-
Total comprehensive income	-	-	564	564
As at the end of the period	3 895	950	69 226	74 071

Separate statement of cash flows for the period from 1 January 2015 to 31 March 201

(all amounts in PLN thousands if not stated otherwise)

	Period ended 31 March 2015	Period ended 31 March 2014
Cash flows – operating activities		
Before tax profit	1 629	955
Total adjustments	-1 461	-2 963
Amortization and depreciation	231	207
Interest and profit sharing (dividends)	-66	-167
Change in provisions	-210	-274
Change in inventories	-506	571
Change in receivables	15 220	1 367
Change in current liabilities, except for loans and borrowings	-13 028	-3 091
Other adjustments (including deferred income)	-3 102	-1 576
Cash provided by (used in) operating activities	168	-2 008
Income tax paid	-611	370
Net cash provided by (used in) operating activities	-443	-2 378
Cash flows – investing activities		
Inflows	7	3
Disposal of intangible assets and PPE	1	-
Inflows from financial assets in related entities, including:	6	3
- repayment of interest on loans granted	6	3
Outflows	-195	590
Acquisition of intangible assets and PPE	-75	290
For financial assets in related entities, including:	-120	300
- acquisition of financial assets	-	100
- loans granted	-120	200
Net cash provided by (used in) investing activities	-188	-587
Cash flows – financing activities		
Inflows	2 115	1 868
Proceeds from bank loans	2 097	1 868
Other financial proceeds	18	-
Outflows	-123	-69
Commission, interest paid	-123	-69
Net cash provided by (used in) financing activities	1 992	1 799
Total cash flows, net	1 361	-1 166
Net increase/(decrease) in cash and cash equivalents	1 361	-1 166
Cash and cash equivalents at the beginning of the period	2 962	3 725
Cash and cash equivalents at the end of the period	4 323	2 559

IV. Notes on adopted accounting principles (policy) and other explanatory notes to interim condensed consolidated financial statements of PROCHEM S.A Capital Group and Company PROCHEM S.A.

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

1. Establishment of Parent Entity and principal activity

Company PROCHEM S.A.(hereinafter called „PROCHEM”, „Company”, „Issuer” or „Parent Company”) seated in Warsaw, 44C Powązkowska Street. The company is registered in the National Court Register (KRS) by the District Court for the Capital City Warsaw, XII 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 PROCHEM belongs to construction sector. PROCHEM S.A. is a Parent Company of the Capital Group and prepares separate consolidated financial statements. PROCHEM S.A. was established through transformation of a state-owned enterprise under the name of Przedsiębiorstwo Projektowania I Realizacji Inwestycji Przemysłu Chemicznego „PROCHEM”. The notarial deed and Company’s Articles of Association were signed on 1 October 1991. Duration of the Company is unlimited.

In 2013 the Company commenced implementation of investment project „Turnkey construction of system for the production of highly purified paraffin, oils, lubricant and cooling greases and pattern material with the expansion of power complex” in Belarus. Therefore, for the period of implementation of the project the Representation Office was established. Time limit for the activity of Representation Office is limited, i.e. until 30 July 2016.

2. Management Board and Supervisory authorities of the Parent Entity

As at the date of preparation hereby financial statements the Management Board of PROCHEM S.A. comprises of:

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

There were no changes in composition of the Management Board in the period of three months of 2015.

The Supervisory Board comprises of:

- Marek Garliński - Chairman
- Steven Tappan – Vice Chairman
- Andrzej Karczykowski
- Krzysztof Obłój
- Wiesław Kiepiel

This composition of the Supervisory Board is current at the date of these financial statements. There were no changes in the composition of the Supervisory Board during three months of 2015..

3. Employment

In the first quarter of 2015 average employment in PROCHEM Capital Group was 504 FTEs, and in 2014 514 FTEs, including employment in the Parent Entity in the first quarter of 2015 was 232.2 FTEs, and in 2014 225.4 FTEs.

Employment in persons in PROCHEM Capital Group as at 31 March 2015 was 527, and as at 31 March 2014 520, including employment in persons in the Parent Entity as at 31 March 2015 was 237, and as at 31 March 2014 230.

4. Organisation of the Group and indication of entities subject to consolidation

PROCHEM S.A. Capital Group (hereinafter referred to as „Capital Group”, „Group”), in addition to the Parent Company comprises the following subsidiaries directly or 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%);
- Pro-Organika Sp. z o.o. seated in Warsaw – subsidiary directly (91.4%);
- PROCHEM Serwis Sp. z o.o. seated in Warsaw – subsidiary indirectly (89.1%);
- Przedsiębiorstwo Konsultingowo-Inżynieryjne PREDOM Sp. z o.o. seated in Wrocław – subsidiary indirectly (81.1% of the capital and profit, 71.4% of votes);
- PROCHEM Zachód Sp. z o.o. seated in Słubice – subsidiary directly (80.0%);
- ELPRO Sp. z o.o. seated in Kraków – subsidiary indirectly (88.7%, including 77.4% in 50% share of Elektromontaż Kraków);
- Elmont Inwestycje Sp. z o.o. seated in Kraków – subsidiary indirectly (87.7%, including 77.4% in 50% share of Elektromontażu Kraków);
- Elektromontaż Kraków S.A. seated in Kraków – subsidiary directly (77.4%), including 65.5% of the capital and votes belongs to company PROCHEM Inwestycje 100% subsidiary. Company Elektromontaż Kraków S.A. prepares consolidated financial statements, which contains data of 100% subsidiary: ELMONT-POMIARY Sp. z o.o. seated Kraków 100% subsidiary and two associated companies ELPRO Sp. z o.o. and Elmont-Inwestycje Sp. z o.o.;
- IRYD Sp. z o.o. seated in Warsaw – 100% indirect subsidiary;
- ATUTOR Integracja Cyfrowa Sp. z o.o. seated in Warsaw – indirect subsidiary (87.3% of share belongs to company PROCHEM Inwestycje Sp. z o.o. 100% subsidiary);
- PROCHEM RPI Sp. z o.o. seated in Warsaw - 100% direct and indirect subsidiary;

Jointly controlled entities and associates valued using the equity method:

- ITEL Sp. z o.o. seated in Gdynia – 42.0% share (18.7% of votes and capitals directly belongs to PROCHEM S.A., and 23.3% belongs to PROCHEM RPI Sp. z o.o. 100% subsidiary);
- Irydion Sp. z o.o. seated in Warszawie – 50% of share;

Consolidated subsidiaries were included in the consolidated financial statements from the date of acquiring control until the date of cessation of control by the parent company, and jointly controlled entities and associates from the date of exercising of joint control and of exertion of significant influence.

Company Predom Projektowanie Sp. z o.o. was excluded from consolidation. The Company has not commenced activities.

4. The adopted accounting principles applied by the Capital Group and the Issuer

Principles of presentation and a statement of compliance

Interim condensed consolidated financial statements of PROCHEM S.A. Capital Group and separate interim condensed financial statements for the first quarter of 2015 were prepared according to IAS 34 „Interim Reporting” and the Decree of the Minister of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009 No. 33. item 259). The interim condensed financial statements do not contain the information and disclosures required for complete financial statements and should be read together with the financial statements for the financial year ended 31 December 2014.

The interim condensed consolidated financial statements of PROCHEM S.A. Capital Group and separate interim condensed financial statements are compliant with all requirements of IFRS adopted by EU and present true and fair view of financial position as at 31 March 2015 and comparable data, as well as results of operations for the period ended 31 March 2015 and comparable data.

The interim condensed consolidated financial statements of PROCHEM S.A. Capital Group and separate interim condensed financial statements have been prepared assuming a going concern in the foreseeable future and it is stated that there is no evidence indicating that PROCHEM Capital Group and Issuer will not be able to continue their operations as a going concern.

Duration of the activities of separate entities belonging to PROCHEM S.A. Capital Group is not limited.

Financial statements of subsidiaries were prepared for the same reporting period as financial statements of parent entity, using consistent accounting policies.

The financial year of parent company and companies belonging to the Group is the calendar year.

Significant accounting policies and changes in IFRS

The interim condensed consolidated financial statements and separate interim condensed financial statements have been prepared using the same accounting principles and the same calculation methods which were applied in the financial statements as at 31 December 2014.

The Group and the Parent Entity will apply announced changes in IFRS, not yet effective as at the date of presentation of the interim condensed financial statements, in accordance with their effective date. The possible impact of these changes on the future financial statements is being analyzed.

Change in the values of estimates

In the first quarter of 2015 there were no significant changes in the principles and methods of calculation used to determine the estimates and in the estimates.

Principles of preparation of financial statements

The financial statements were prepared based on the principle of the historical cost, apart from:

- land buildings and construction measured at revalued amount,
- Investment properties (land), investment property under construction measured at fair value.

Transactions in foreign currency

Transactions in foreign currencies are initially recognized at the exchange rate of the NBP effective as at the transaction date. Balance sheet items of assets and liabilities expressed in foreign currencies are measured at the average NBP exchange rate effective at the balance sheet date. Gains and losses arising from the settlement of such transactions and carrying value of assets and liabilities expressed in foreign currencies are recognized in the consolidated profit and loss account, with the exception of exchange rate differences relating to assets under construction which are included in the cost of these assets and are treated as adjustments to interest costs of loans in foreign currencies.

Functional currency and presentation currency of financial statements

Interim consolidated financial statements of the Group and separate interim financial statements of PROCHEM S.A. are presented in Polish Zloty („zloty” or ”PLN”), which is the functional currency and the reporting currency.

The financial result and financial position of the Representative Office in Belarus are translated using the following procedures:

- assets and liabilities are translated at the closing rate at the date of statement of financial position,
- revenues and expenses are translated at the average exchange rate, and
- arisen exchange differences are recognized in the statement of comprehensive income.

5. Brief description of achievements and failures of the Issuer during the period covered by the report, together with an indication of the most important events concerning them

In the first quarter of 2015, there were no significant events that would have an impact on the achieved results of PROCHEM S.A. Capital Group and the Issuer.

6. Description of factors and events, especially of untypical nature, which have a significant impact on the achieved financial results

In the first quarter of 2015 the events of untypical nature did not occur.

Other events affecting the financial results of the Capital Group in the first quarter of 2015:

- a) was released provision for deferred income tax created in previous periods in the amount of PLN 167 thousand, and provision was created in the amount of PLN 284 thousand,
- b) deferred tax assets were used in the amount of PLN 493 thousand, and were created in the amount of PLN 72 thousand,
- c) provisions to costs created in the previous years were used in the amount of PLN 759 thousand,
- d) was made write-down for receivables in the amount of PLN 9 thousand, write-down in the amount of PLN 155 thousand was released.

Other events affecting the financial results of the Issuer in the first quarter of 2015:

- a) was created provision for deferred income tax in the amount of PLN 217 thousand,
- b) deferred tax assets were used in the amount of PLN 246 thousand,
- c) provision to costs created in the previous years was used in the amount of PLN 667 thousand,
- e) was made write-down for receivables in the amount of PLN 9 thousand, write-down in the amount of PLN 151 thousand was released.

7. Explanations concerning seasonality and cyclicity of the Issuer’s activities in the presented period

Operational activities of the Group and the Issuer neither have seasonal character nor is subject to cyclic trends, except for the segment of the general contracting and rental of construction equipment, which are characterized by seasonality, which in large extent is caused by the weather conditions.

Weather conditions have an impact on the volume of the revenue generated in these segments. Lower revenues are achieved during the winter season, when the weather conditions do not allow for execution of some construction work.

8. Information concerning the issue, repurchase and repayment of non-equity securities and equity securities

In the first quarter of 2015 the economic operations of this type have not occurred.

9. Information on paid (or declared dividend), total and per share, broken down into ordinary and preference shares

In the first quarter of 2015 the Issuer did not pay dividend.

10. Events which occurred after the date of the condensed quarterly financial statements, which were not included in the statements, but which could have a material impact on future financial results of the issuer

On 20 April 2015 a jointly-controlled company Irydion Sp. z o.o. signed an agreement of the construction and mortgage loan to the amount of PLN 43 469 thousand for the implementation of development project (construction of office building) under the name of Astrum Business Park in Warsaw. Interest on the loan is established as follows: in the Developer's Phase (the period for implementation of the project) according to a floating interest rate WIBOR 3M plus margin, in the investment phase (after conversion of the loan) 3M EURIBOR plus a margin. The repayment date was set for September 22, 2031. The loan will be launched after the establishment of security. The main established security for the loan include among others: the establishment of contractual mortgage, transfer of rights from the insurance policy of the project, transfer of a debt from lease contracts, the establishment of the registered pledge on all shares in the share capital by the Shareholders.

The above loan has the surety of the shareholders of the company Irydion.

Company PROCHEM SA granted to the jointly controlled company Irydion Sp. z o.o. a surety under this agreement of loan up to the amount of PLN 21,735 thousand. (i.e. 50% of the amount of the loan). The remuneration for granted surety has not been established. The guarantee was established up to 20 September 2016.

On April 20, 2015, the company PROCHEM SA entered into an agreement of registered pledge of 4 500 shares with a nominal value of PLN 1 000 each, with a total nominal value of PLN 4 500 thousand. These shares represent 50% of the share capital of the jointly controlled entity and give the right to 4,500 votes at the company's shareholders' meeting. Registered pledge on the shares is to constitute the collateral of the loan as above.

On 20 April 2015, the company Irydion Sp. with o.o. signed a loan agreement for a revolving credit facility to the amount of PLN 2 000 thousand, to be used for financing current activity and VAT in relation to implementation of the investment of building Astrum Business Park in Warsaw. The repayment date was set on 29 June 2018. The interest rate is WIBOR 1M plus margin of the bank.

11. Related party transactions

In the first quarter of there were no transactions of the Group and the Issuer with the Members of the Management Board, Supervisory Board, and also with their spouses, the siblings, the ascendants and descendants, and with other relatives.

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

granted mutually.

Settlements with related entities include trade settlements and financial settlements.

Guarantees and sureties granted to related entities are presented in note 12.

Transactions of the Capital Group with the entities valued using equity method

The reporting period

As at 31 March 2015 the settlements of the Group with the entities valued using equity method developed as follows:

Receivables from non-current loans - PLN 11,569 thousand.

Receivables from current loans - PLN 6,098 thousand.

Trade and other receivables – PLN 1,624 thousand.

Trade payables – PLN 11 thousand

In the period from 1 January 2015 to 31 March 2015 the following transactions with the entities valued using equity method took place:

- revenues from sale of services – PLN 3,000 thousand
- financial revenues from interest on loan – PLN 89 thousand.

Revenues from sale of services entirely concern company jointly-controlled Irydion Sp. z o.o. seated in Warsaw, for benefit of which is implemented an investment project under the name of "Astrum Business Park" in Warsaw.

Share in net profit for the first quarter of 2015 in entities valued under the equity method amounted to PLN 48 thousand.

Comparative data

As at 31 March 2014 the settlements of the Group with the entities valued using equity method developed as follows:

Receivables from non-current loans - PLN 11,373 thousand.

Trade and other receivables – PLN 156 thousand.

Trade payables – PLN 16 thousand.

In the period from 1 January 2014 to 31 March 2014 there were the following transactions with the entities valued using equity method under:

- revenues from sale of services in the amount of PLN 6,658 thousand,
- financial revenues from interest on loans in the amount of PLN 73 thousand.

Share in net profit for the first quarter of 2014 in entities valued under the equity method amounted to PLN 7 thousand

Transactions of the Issuer with subsidiaries

Data for the reporting period

As at 31 March 2015 the settlements of the Issuer with subsidiaries directly and indirectly developed as follows:

Receivables from non-current loans with interest – PLN 18,497 thousand,

Receivables from current loans with interest - PLN 8,315 thousand,

Trade and other receivables - PLN 4,563 thousand

Liabilities under current loan with interest – PLN 957 thousand

Trade payables – PLN 1,597 thousand

In the period from 1 January 2015 to 31 March 2015 the following transactions of the Issuer with subsidiaries directly and indirectly took place:

- sale and purchase of construction services,
- sale of other services (rental of space)

Total income from those transactions amounted to – PLN 114 thousand

Revenues from interest on loans amounted to - PLN 99 thousand.

Expenses on interest on loans amounted to – PLN 7 thousand

As at 31 March 2014 the settlements of the Issuer with subsidiaries directly or indirectly developed as follows:

Receivables from non-current loans with interest - PLN 22,863 thousand.

Receivables from current loans with interest - PLN 3,448 thousand,

Trade and other receivables - PLN 5,772 thousand

Trade payables - PLN 660 thousand

In the period from 1 January 2015 to 31 March 2015 the following transactions of the Issuer with subsidiaries directly and indirectly took place:

- sale and purchase of construction services,
- sale of other services (rental of space),

Total revenues from those transactions amounted to – PLN 56 thousand

Revenues from interest on loans amounted to - PLN 162 thousand

Remuneration under valorization of the contract value – PLN 15 thousand.

Transactions of the Issuer with associated and jointly-controlled entities

The reporting period

As at 31 March 2015 the settlements of the Issuer with associated and jointly-controlled entities developed as follows:

Receivables from non-current loans - PLN 11,569 thousand

Receivables from current loans - PLN 6,098 thousand

Trade and other receivables - PLN 1,624 thousand

Trade payables – PLN 11 thousand.

In the period from 1 January 2015 to 31 March 2015 there were the following transactions with jointly controlled entities, and with associates:

- revenues from sale of services – PLN 3,000 thousand.
- financial revenues under interest on loan – PLN 89 thousand.

Revenues from sale of services entirely concern company jointly-controlled Irydion Sp. z o.o. seated in Warsaw, for benefit of which is implemented an investment project under the name of "Astrum Business Park" in Warsaw.

Comparative data

As at 31 March 2014 there were the following transactions of the Issuer with jointly controlled entities, and with associates:

Receivables from non-current loans with interest - PLN 11,373 thousand

Trade and other receivables - PLN 156 thousand

Trade payables – PLN 16 thousand

In the period from 1 January 2014 to 31 March 2014 the settlements of the Issuer with companies jointly - controlled entities, and associated entities developed as follows:

- revenues from sale of services in the amount of PLN 6,658 thousand,
- financial revenues from interest on loans – PLN 74 thousand.

12. Information concerning changes in contingent liabilities or contingent assets that have occurred since the last financial year

Contingent liabilities and contingent assets and other collateral

	Capital Group As at		Including Issuer As at	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
Collateral				
Bank guarantee of good performance	17 514	16 845	13 528	12 859
Guarantee of return of advance payment	19 917	24 668	19 917	24 668
Guarantee of payment	997	997	997	997
Tender guarantee	-	-	-	-
Total collateral	38 428	42 510	34 442	38 524
Contingent liabilities				
Surety of promissory notes issued by subsidiary Pro-Input Sp. z o.o. seated in Dąbrowa Górnicza for the benefit of investor in order to secure the claims of a good execution	247	247	247	247
Letters of Credit	2 259		2 259	
Total collateral and contingent liabilities	40 934	42 757	36 948	38 771
	As at			
	31 March 2015		31 December 2014	
Collateral received				
Bank guarantee of good performance		2 240		1 547
Bill of exchange for securing terms of the contract		77		77
Total collateral received		2 317		1 624

Collateral received relate only to the Issuer.

Contingent receivables from PERN in item 17.

13. Changes in the structure of the Capital Group since the beginning of the year, including merger of economic entities, acquisition or disposal of subsidiaries and non-current investments, restructuring and discontinued operations

In the first quarter of 2015 subsidiary Elektromontaż Kraków S.A. repurchased 387 own shares for redemption for total amount of PLN 9 thousand. As result of repurchase of own shares for redemption by company Elektromontaż Kraków there has been a change in in the structure of shareholding. The share of the Parent Company increased by 0.1% percentage points and is at 31 March 2015 77.4%.

14. 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

The Management Board of PROCHEM S.A. did not publish any forecasts of financial results, neither for the company nor for the PROCHEM S.A. Capital Group for 2015.

15. Shareholders having directly or indirectly through subsidiaries, at least 5% of the total number of votes at the General Meeting of the Issuer at the date of the quarterly report, including the number of owned shares, their percentage of the share capital, the number of votes from them and their percentage share in the total number of votes at the general meeting, and changes in the ownership of large blocks of shares of the Issuer since the previous quarterly report

According to the Company's knowledge at the date of this report, the following shareholders hold at least 5% of votes at the general meeting of shareholders:

Description	Numer of shares held	% of votes in total number of votes	% of share capital
1. POROZUMIENIE PHC, including: Steven Tappan	1 179 483 510 000	30.31 13.09	30.28 13.09
2. Otwarty Fundusz Emerytalny PZU „Złota Jesień“	387 521	9.94	9.95
3. Legg Mason Towarzystwo Funduszy Inwestycyjnych S.A., including: - Legg Mason Parasol Fundusz Inwestycyjny Otwarty „Legg Mason Parasol FIO”	560 549 284 054	14.39 7.29	14.39 7.29
4. (QUERCUS Parosolowy SFIO, QUERCUS Absolute Return FIZ and QUERCUS Absolutnego Zwrotu FIZ) manager by Quercus Towarzystwo Funduszy Inwestycyjnych S.A.	204 198	5.24	5.24

There has been no change since annual report for 2014.

16. Statement of changes in ownership of the issuer's shares or rights to them (options) by the managing persons and supervisory authorities according to the issuer's knowledge in the period from the last quarterly report

As at the date of quarterly report the following members of the Management Board and the Supervisory Board of the Company held shares of PROCHEM SA:

- Jarosław Stępniewski – 80,943 units.;
- Marek Kiersznicki – 70,393 units.;
- Krzysztof Marczak – 43,700 units.;
- Andrzej Karczykowski – 115,186 units.;
- Marek Garliński – 86,400 units.;
- Steven Tappan – 510,000 units.

The nominal value of 1 share is PLN 1.

Managing persons and supervisory authorities don't hold any shares of affiliated entities.

Since the annual report for 2014 there has been no change in the number of issuer's shares held by the members of the Management Board and the Supervisory Board.

17. Proceedings pending before the court, competent authority for arbitration or public administration including information on:

- proceedings relating to liabilities or receivables of the issuer or its subsidiary which value is at least 10% of the equity of the issuer, with the specification of the subject case, the amount in dispute, date of initiation of proceedings, the parties to the proceedings and the position of the issuer
- two or more proceedings relating to liabilities and receivables with a total value respectively of at least 10% of the equity of the issuer, determining total value of proceedings separately in the group of liabilities and group of receivables together with the position of the issuer in this case and, in relation to the most significant proceedings in the group of liabilities and the group of receivables – an indication of their subject, the amount in dispute, date of initiation of proceedings and the parties to the proceedings.

PROCHEM SA continues to be a party to the proceedings before the court concerning the settlement of the contract which was interrupted on 10 November 2005, for the 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 SA filed a lawsuit to the court for payment of PLN 41, 301 thousand under the final settlement of the contract, of which PLN 17,364 thousand is recognized in the statement of financial position as a receivable from seized guarantee deposit, and the remaining amount is the contingent receivable. On 18 January 2008 District Court in Warsaw issued a judgment in this case considering claim of PROCHEM S.A. as to be right in principle, while stating that this obligation is not yet due.

On 26 August 2008 the Court of Appeal in Warsaw issued a final judgment on the appeal lodged by PROCHEM S.A. from the a/m judgment of the District Court, recognizing in it that the claim filed by PROCHEM S.A. regarding accounting for the contract is not premature, and at the same time has ordered that the District Court will make the accounting for the contract mentioned above pursuant to the provisions of the contract. This finding is in compliance with position in a case of PROCHEM S.A.

On 12 August 2010 the hearing was held before the District Court in Warsaw, where the Court decided to appoint an expert- Warsaw University of Technology – Department of Civil Engineering, who according to the recommendations of Court of Appeal will make an ultimate accounting for in relation to the disputed contract. In April 2011, the case file was forwarded to the expert witness, who in an opinion published in May 2012 confirmed the amount of the claim of PROCHEM S.A. By order of May 31, 2012, the District Court granted the Warsaw University of Technology a remuneration for opinion in the case, in relation to which the defendant PERN lodged a complaint. According to PERN SA the prepared opinion could not be the basis of the findings of facts of the case for the Court, because it is contrary to the thesis of the Court in which was determined the basis and scope of the opinion.

The Court of Appeal in Warsaw, I Civil Division has cancelled the decision of the District Court which was contested by PERN SA and the request for remuneration of an expert for the drafting of an opinion has submitted to the District Court for reconsideration.

On 5 February 2013 before the District Court in Warsaw, a hearing was held with the participation of experts, after which the court decided to oblige the parties to submit the pleadings in which the final the final conclusions of evidence to complement the expert opinions will be clarified, and postponed the hearing until 16 May 2013.

By order dated February 25, 2013, the District Court in Warsaw XXVI Economic Department upheld the previous decision of the Court, and finally has awarded a remuneration for the expert for drafting the opinion. In grounds for the judgment the Court determined that, at the hearing on 5 February 2013, the certified expert has carefully explained the methodology that has been adopted for the preparation of the legal opinion and it is not inconsistent with the thesis of the Court, and there are no legitimate grounds to complaint that the methodology adopted by the experts is not correct.

On 14 May 2013, the Issuer received a notice from the District Court in Warsaw of revocation hearing scheduled for 16 May 2013 and the next date of hearing has not been appointed yet.

On 9 August 2013, the Issuer received from the District Court in Warsaw, the decision as of 1 August 2013, from closed session of the Court. At the meeting, the Court decided to admit evidence of a supplementary opinion of research institute - Warsaw University of Technology in Warsaw, in the circumstance of determining the value of services, supplies, and other liabilities made by PROCHEM S.A. and directly related to the implementation of the agreement that have been made after the date of withdrawal from the contract on the basis of commitments contracted prior to the withdrawal from the contract. In November 2013 the experts appointed by the court have started the work associated with the preparation of the supplementary opinion. On 25 February 2014, the Court received the supplementary opinion that confirms the amount of the claim of PROCHEM SA.

On 24 October 2014 the court suspended of its own motion the hearing until the removal of formal obstacles that have now been removed and on February 6, 2015, a request was made to continue the proceedings and set a date for the next meeting.

On 4 March 2015 the District Court in Warsaw has scheduled a hearing for 30 April 2015.

At the hearing on 30 April 2015, the Regional Court in Warsaw has pledged experts to supplement the opinion. Date of next hearing will be appointed after the supplementation of expert opinions.

The value of this procedure exceeds 10% of the equity of the Capital Group of the Issuer.

Furthermore, the total value of other proceedings separately for group of liabilities and as well as group of receivables does not exceed 10% of the equity of the Capital Group of the Issuer.

18. Information on the one or more transactions concluded by the issuer or its subsidiary with related parties, if separately or jointly they are significant and were concluded on terms other than market terms:

- a) Subject of the transaction,
- b) Connections of the issuer or its subsidiary with the entity which is the party to the transaction,
- c) The material terms of the transaction with particular emphasis on financial conditions and the indication the specific conditions determined by the parties, characteristic of this agreement, in particular different from those commonly applied for such contracts.

In the first quarter of 2015 there were no transactions concluded on other terms than market terms.

In the first quarter of 2015 the Issuer granted a loan in the amount of PLN 120 thousand to a subsidiary with the repayment date until 31 December 2015. Interest rate was set as at 3% annually.

19. Information on surety of loan or borrowing or guarantee granted by the issuer or by its subsidiary, jointly to one entity or its subsidiary, if the total value of existing surety or guarantee is equivalent to at least 10% of the issuer's equity

The company PROCHEM SA granted a surety a jointly controlled entity Irydion Sp. z o.o under the contract of construction and mortgage loan up to the amount of PLN 21,735 thousand (ie. 50% of the loan). Remuneration to have been granted guarantee has been not established. The surety was established until 20 September 2016.

On April 20, 2015, the company PROCHEM SA entered into an agreement on registered pledge to 4 500 shares, with a nominal value of PLN 1 000 each, with a total nominal value of PLN 4 500 thousand. These shares represent 50% of the share capital of the jointly controlled entity and entitle to 4 500 votes at the General Meeting of Partners. Registered pledge on shares constitutes collateral of the mentioned above loan.

20. Other information that in the issuer's opinion is essential to the assessment of the human resources, financial position, financial results and changes in them, and information that is essential to assess the possibility of fulfilment the obligations by the issuer

The low level of debt and the high financial liquidity permit the Companies from the Capital Group for the current and timely handling of obligations with the result that they are a credible partner in trade.

21. Factors which in the opinion of the issuer will have an impact on its financial performance in the prospect of at least the subsequent quarter

In the prospect of the subsequent quarter, the results achieved by the Group will depend mainly on the results obtained in the implementation of the contracts acquired by the Group, as well on results of decisions concerning the offers for sale of services which were submitted. The success of development projects, which have been already started by the Capital Group also will have significant importance.

22. Financial instruments and financial risk management

Financial assets

As at 31 March 2015

(in PLN thousands)	Separate financial statements		Consolidated financial statements	
	As at 31 March 2015	As at 31 December 2014	As at 31 March 2015	As at 31 December 2014
Classes of financial instruments				
Receivables from supplies and services	44 024	59 334	55 166	65 665
Cash	4 323	2 962	7 900	6 606
Loans granted	44 680	44 377	17 865	17 777
Other financial assets – discounted security deposit constituting collateral for a bank guarantee of repayment of advance payment	5 668	7 041	5 668	7 041
Total	98 695	113 714	86 599	97 089

Financial liabilities

As at 31 December 2014

(in PLN thousands)	Separate financial statements			Consolidated financial statements		
	Financial liabilities measured at amortized cost	Liabilities excluded from IAS 39 financial	Total	Financial liabilities measured at amortized cost	Liabilities excluded from IAS 39 financial	Total
Classes of financial instruments						
Loans	11 545	-	11 545	15 115	-	15 115
Borrowings	957	-	957	-	-	-
Finance lease	-	-	-	-	713	713
Payables	14 439	-	14 439	19 329	-	19 329
Total	26 941	-	26 941	34 444	713	35 157

As at 31 December 2014

(in PLN thousands)	Separate financial statements			Consolidated financial statements		
	Financial liabilities measured at amortized cost	Liabilities excluded from IAS 39 financial	Total	Financial liabilities measured at amortized cost	Liabilities excluded from IAS 39 financial	Total
Classes of financial instruments						
Loans	9 448	-	9 448	14 050	-	14 050
Borrowings	957	-	957	60	-	60
Finance lease	-	-	-	-	590	590
Payables	25 416	-	25 416	31 229	-	31 229
Total	35 821	-	35 821	45 339	590	45 929

Impairment allowances of financial assets by categories and classes of financial assets

(in PLN thousands)	Separate financial statements		Consolidated financial statements	
	As at 31 March 2015	As at 31 December 2014	As at 31 March 2015	As at 31 December 2014
Receivables from supplies and services	(5 367)	(5 515)	(5 541)	(6 943)
Other financial assets	(207)	(207)	-	-

Total	(5 574)	(5 722)	(5 541)	(6 943)
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Liquidity risk related to the dispute in court with PERN SA.

In view of the substantial prolongation of legal proceeding in a dispute with PERN SA which was begun in 2006, and currently is pending before the District Court in Warsaw on the accounting for the contract concerning the Management Contracting (GRI) for investment project under the name "Rurociąg w relacji ST-1 Adamowo - Baza Surowcowa Plebanka" which was interrupted on 10 of November 2005, the risk exists of the need of fulfilment of the commitments by PROCHEM in 2014 in relation to seized guarantee deposits of subcontractors, in the amount of PLN 2928 thousand on the balance sheet date, before recovering the security deposits retained by PERN SA. The amount due to PROCHEM S.A. under security deposit from PERN S.A. as at 31 December 2014 amounts to PLN 17 364 thousand. In the Company's opinion the risk is minimal, but the Management Board of PROCHEM SA takes into account a necessity of accumulation of adequate funds for this purpose. A detailed description of the dispute in item 17.

Liquidity risk associated with the concentration of revenues from sales

In the first quarter of 2015 the Capital Group executed the sales amounting to PLN 27,079 thousands, including PLN 6 989 thousands (25.8%) concerned the Belarusian Client. Therefore, the Group disclosed in the statement of financial position the following financial instruments regarding the above client.

Classes of financial instruments	As at 31 March 2015	% share in total assets
Financial assets		
Receivables from supplies and services	12 860	7%
Other financial assets – discounted security deposit constituting collateral for a bank guarantee of repayment of advance payment)	5 668	3%
Total financial assets	18 528	10%
Financial liabilities		
Payables	3 427	2%
Total financial liabilities	3 427	2%

Management of the Group constantly monitors the progress of the contract work, including the cash flows generated by the project and is personally responsible for direct contact with the Investor. Key decisions on contract (e.g. a provider of technology and major system components) are taken in consultation with the investor. On the basis of existing cooperation with the Client and analysis of the current performance of the contract in relation to the budget and the work schedule which were agreed with the Client - Management of the Group considers as low the risk associated with implementation of financial instruments recognized in the statement of financial position as at 31 March 2015.

23. Reporting according to business and geographical segments

Operating segment is a component part of the entity:

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

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

Expenses of the segment constitute the expenses composed of costs relating to the sale to external customers.

Segment result is determined on the level of operating income.

The activity of the Capital Group and the Issuer, for the managing purposes was divided into eleven basic operating divisions such as: implementation (General contracting), design services and other engineering services (supervisions along with the service of project engineer), the rental of the construction equipment, and other operations covering revenues from rental of office space, sale of services of photocopying, and other.

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

Some assets in the joint use are assigned to the segments based on reasonable weight.

In the first quarter of 2015 revenues from activities achieved by the Parent Entity outside Poland (exports) and recognized in consolidated profit and loss account amounted to PLN 6 989 thousand constituting 25,8% of revenues from sales. In the analogous period of the last year such revenues amounted to PLN 3 184 thousand, what constituted 15,7% of the revenues from sales.

Information on major customers of the Group, which share in the sales revenues recognized in in the consolidated profit and loss account for the first quarter of 2015 exceeded 10% in the total amount of revenues from sales:

- Belarusian client – 25.8% of revenues from sale, what was shown in the segment “General Contracting” and “Design services and other engineering services”;
- the jointly-controlled company Irydion Sp. z o.o. – 11.3% of revenues from sale, which was shown in the segment “General Contracting” and “Design services and other engineering services”.

Assets of the Representation Office in Belarus as at 31 March 2015 do not exceed 10% of balance sheet amount disclosed in the separate statement of financial position and in consolidated statement of financial position.

Unallocated assets to segments are the primarily shares in the jointly controlled entities and associated entities, and loans. With respect to the above-mentioned assets don't exist any premises indicating of the possible loss of value as at 31 March 2015. In addition, as at the balance sheet date the Group has carried out the analysis of contracts on construction works in the light of the results budgeted. In all contracts in which the budgeted costs exceeded the budgeted income, the Group recognized provisions to cover losses at the balance sheet day. Detailed data on the activities of the companies belonging to the Group in different segments are shown in the following tables.

Detailed data concerning activities of PROCHEM S.A. and Capital Group in different segments are shown in the following tables.

Operating segments – PROCHEM S.A. for the first quarter of 2015 – revenues and results of the segments

The current period from 1 January to 31 March 2015

	General contracting	Design services and other engineering services	Rental of the construction equipment	Other	Item not assigned	Total
Revenues relating to external customers	11 718	5 231	381	362	-	17 692
Total segment revenues						
Result	1 661	-1 145	10	26	-	552
Profit (loss) of the segment	1 661	-1 145	10	26	-	552
Financial income	-	-	-	-	1 150	1 150
						26

Interim condensed consolidated financial statements as at and for the three months ended March 31, 2015

Finance costs	-	-	-	-	-205	-205
Net financial income	-	-	-	-	945	945
Profit on other operating activities	-	-	-	-	133	133
Before tax profit	-	-	-	-	1 630	1 630
Income tax	-	-	-	-	535	535
Profit for the period	-	-	-	-	1 095	1 095
Assets						
Segment assets (related to activity)	45 193	3 353	641	503	-	49 690
Unallocated assets (among others shares, other financial assets)	-	-	-	-	75 188	75 188
Total assets	45 193	3 353	641	503	75 188	124 878
Depreciation of property, plant and equipment	18	100	22	-	72	212
Amortization of intangible assets	-	-	-	-	19	19

The comparative period from 1 January to 31 March 2014

	General contracting	Design services and other engineering services	Rental of the construction equipment	Other	Item not assigned	Total
Revenues relating to external customers	12 125	6 348	1 529	260	-	20 262
Total segment revenues	12 125	6 348	1 529	260	-	20 262
Result	473	96	178	-70	-	677
Profit (loss) of the segment	473	96	178	-70	-	677
Financial income	-	-	-	-	413	413
Finance costs	-	-	-	-	-193	-193
Net financial income	-	-	-	-	220	220
Profit on other operating activities	-	-	-	-	58	58
Before tax profit	-	-	-	-	955	955
Income tax	-	-	-	-	391	391
Profit for the period	-	-	-	-	564	564
Assets and liabilities						
Segment assets (related to activity)	30 826	3 579	1 926	691	-	37 022
Unallocated assets (among others shares, other financial assets)	-	-	-	-	81 291	81 291
Total assets	30 826	3 579	1 926	691	81 291	118 313
Depreciation of property, plant and equipment	13	3	34	-	132	182
Amortization of intangible assets	-	-	-	-	25	25

Operating segments – PROCHEM S.A. Capital Group for the first quarter of 2015 – revenues and results of the segment

The current period from 1 January to 31 March 2015

	General contracting	Design services and other engineering services	Rental of the construction equipment	Electrical installations	Rental of office space and real estate	Property management	Maintenance	Commercial activity	Other IT services	Other	Items not assigned	Total
Revenues relating to external customers	11 862	5 525	383	4 984	1 239	1 406	281	1 010	41	348	-	27 079
Total segment revenues	11 862	5 525	383	4 984	1 239	1 406	281	1 010	41	348	-	27 079
Result												
Profit (loss) of the segment	1 196	-1 302	8	333	232	99	57	35	-89	-114	-	455
Financial income	-	-	-	-	-	-	-	-	-	-	1 081	1 081
Finance costs	-	-	-	-	-	-	-	-	-	-	-273	-273
Net financial income	-	-	-	-	-	-	-	-	-	-	808	808
Profit sharing in associated entities	-	-	-	-	-	-	-	-	-	-	48	48
Profit on other operating activities	-	-	-	-	-	-	-	-	-	-	184	184
Before tax profit	-	-	-	-	-	-	-	-	-	-	1 495	1 495
Income tax	-	-	-	-	-	-	-	-	-	-	627	627
Net profit for the current period	-	-	-	-	-	-	-	-	-	-	868	868
Net profit assigned to non-controlling interest	-	-	-	-	-	-	-	-	-	-	12	12
Net profit assigned to shareholders of parent entity	-	-	-	-	-	-	-	-	-	-	856	856
Assets												
Segment assets (related to activity)	40 550	6 420	657	6 295	17 989	3 057	141	1 658	-	339	-	77 106
Unallocated assets (among others shares, other financial assets)	-	-	-	-	-	-	-	-	-	-	108 710	108 710
Total assets	40 550	6 420	657	6 295	17 989	3 057	141	1 658	-	339	108 710	185 816
Other information related to segment												
Depreciation of property, plant and equipment	25	114	22	92	169	30	22	8	-	-	81	563
Amortization of intangible assets	-	2	-	3	-	-	-	2	-	-	19	26

The current period from 1 January to 31 March 2014

	General contracting	Design services and other engineering services	Rental of the construction equipment	Electrical installations	Rental of office space and real estate	Property management	Maintenance	Commercial activity	Other IT services	Other	Items not assigned	Total
Revenues relating to external customers	12 209	7 332	1 532	6 415	1 314	1 324	210	1 554	50	152	-	32 092
Total segment revenues	12 209	7 332	1 532	6 415	1 314	1 324	210	1 554	50	152	-	32 092
Result												
Profit (loss) of the segment	437	64	176	91	196	34	1	21	-	-141	-	879
Financial income	-	-	-	-	-	-	-	-	-	-	252	252
Finance costs	-	-	-	-	-	-	-	-	-	-	-299	-299
Net financial income	-	-	-	-	-	-	-	-	-	-	-47	-47
Share in profit of entities valued with equity method	-	-	-	-	-	-	-	-	-	-	7	7
Profit on other operating activities	-	-	-	-	-	-	-	-	-	-	70	70
Before tax profit	-	-	-	-	-	-	-	-	-	-	909	909
Income tax	-	-	-	-	-	-	-	-	-	-	620	620
Net profit for the current period	-	-	-	-	-	-	-	-	-	-	289	289
Net loss assigned to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-54	-54
Net profit assigned to shareholders of parent entity	-	-	-	-	-	-	-	-	-	-	343	343
Assets												
Segment assets (related to activity)	26 692	7 770	1 943	11 867	17 694	3 199	134	1 584	-	356	-	70 239
Unallocated assets (among others shares, other financial assets)	-	-	-	-	-	-	-	-	-	-	116 848	116 848
Total assets	21 049	14 991	3 844	8 860	19 023	2 968	320	1 744	106	230	116 848	187 087
Other information related to segment												
Depreciation of property, plant and equipment	19	26	358	77	167	29	20	-	-	-	166	539
Amortization of intangible assets	-	30	-	2	-	1	1	-	-	-	26	60

PROCHEM S.A. CAPITAL GROUP

Information on geographical areas

The geographical breakdown of revenues from sales of PROCHEM S.A. Group disclosed in consolidated profit and loss account was presented according to the country of registered office of the ordering party

	01.01-31.03.2015	01.01.-31.03.2014
Poland	20 090	28 908
Belarus	6 989	3 184
Other countries	-	
Total revenues from sale	27 079	32 092

	01.01-31.03.2015	01.01.-31.03.2014
Poland	50 056	59 264
Belarus	243	22
Total property, plant and equipment	50 299	59 286

24. Approval of financial statements

Condensed interim financial statements was approved for publication by the Management Board on 15 May of 2015.

Signatures of the Members of the Management Board:

15 May 2015 Jarosław Stępniewski Chairman of the Board
date first name and surname position signature

15 May 2015 Marek Kiersznicki Vice Chairman
date first name and surname position signature

15 May 2015 Krzysztof Marczak Vice Chairman
date first name and surname position signature

Signature of the person responsible for bookkeeping

15 May 2015 Barbara Auguścińska-Sawicka Chief Accountant
date first name and surname position signature