

***Interim shortened consolidated financial statement of PROCHEM S.A.
Capital Group as at 30 June 2010 and
for the period from 1 January 2010 to 30 June 2010***

Consolidated Statement of Financial Position

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

	Note No	As at 30 June 2010	As at 31 December 2009 (transformed)	As at 30 June 2009 (transformed)
Fixed assets				
Tangible assets	1	31 994	36 702	39 556
Intangible assets		341	484	691
Real estate investments	2	57 754	56 673	47 443
Shares in subordinated and other entities	3	2 873	3 386	3 386
Shares in associates	4	748	629	682
Assets on account of deferred income tax		3 998	4 055	2 533
Other long-term assets		-	-	1
Total fixed assets		97 708	101 929	94 292
Current assets				
Inventory	5	5 872	6 629	6 244
Trade receivables and other receivables	6	58 081	56 567	92 571
Other financial assets		593	3 432	3 377
Other assets	7	11 786	14 415	16 104
Cash and cash equivalents		6 808	6 042	11 389
Total current assets		83 140	87 085	129 685
Total assets		180 848	189 014	223 977
Liabilities				
Equity				
Share capital	8	3 900	3 900	3 900
Own shares		-5	-5	-5
Retained profits		100 571	99 840	97 949
Parent entity's equity		104 466	103 735	101 844
Minority capital		13 682	13 781	13 611
Total equity		118 148	117 516	115 455
Long-term liabilities				
Long-term bank credits		378	1 033	1 471
Provision on account of deferred income tax		6 337	5 815	3 824
Retirement liabilities		1 862	1 829	2 405
Other reserves		175	12	207
Other long-term liabilities		370	695	1 219
Total long-term liabilities		9 122	9 384	9 126
Current liabilities				
Short-term bank credits	9	5 083	5 088	6 507
Short-term loans		762	776	777
Trade debt	10	40 318	47 019	78 745
Liabilities on account of current income tax		-	212	21

Other liabilities	11	7 198	8 733	12 872
Deferred income		217	286	474
Total current liabilities		53 578	62 114	99 396
Total current and long-term liabilities		62 700	71 498	108 522
Total liabilities		180 848	189 014	223 977

Consolidated Statement of Comprehensive Income for the period from 1 January 2010 to 30 June 2010

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

	Note No	Period of 6 months ended on 30 June 2010	Period of 6 months ended on 30 June 2009 (transformed)
Net revenues from sales of services , goods and materials, including:		51 464	106 877
Net revenues from sale of services		48 875	101 890
Net revenues from sale of goods and materials		2 589	4 987
Costs of services, goods and materials sold, including:		42 678	99 817
Cost of services sold	12	40 378	95 294
Cost of goods and materials sold		2 300	4 523
Gross profit (loss) from sale		8 786	7 060
Other operating revenues		1 787	3 594
Other operating costs		989	1 495
General management costs		7 988	7 479
Operating profit (loss)		1 596	1 680
Financial revenues		244	997
Finance costs		529	666
Share in profit of associated entities		80	-33
Profit (loss) before tax		1 391	1 978
Income tax :		625	1 323
- current income tax		33	157
- deferred income tax		592	1 166
Net profit(loss)		766	655
Net profit (loss) assigned to :			
Shareholders of parent entity		694	0
Minority shareholders		72	655
Other comprehensive income (net)		-	-
Total comprehensive income		766	655
Total comprehensive income assigned to:			
Shareholders of parent entity		694	0
Minority shareholders		72	655
Weighted average number of ordinary shares (units)		3 895 000	3 895 000
Profit (loss) per one ordinary share (in PLN per one share)			
Diluted profit per one ordinary share (in PLN) assigned to shareholders of parent entity		0,18	0,00

Interim Consolidated Statement of Changes in Equity Capital

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

	Share capital	Shares of parent entity	Retained earnings	Equity, assigned to shareholders of parent entity	Minority shareholders' equity,	Total equity
As at the beginning of the period on 1 January 2010 (transformed)	3 900	-5	99 840	103 735	13 781	117 516
Payment of dividend				0	-10	-10
Net profit (loss)			785	785	72	857
Net other comprehensive income				0		
Total comprehensive income	0	0	785	785	62	847
Other movements			-54	-54	-161	-215
As at the end of period on 30 June 2010	3 900	-5	100 571	104 466	13 682	118 148
As at the beginning of the period on 1 January 2009	3 900	-2	99 124	103 022	13 421	116 443
Payment of dividend			-506	-506	-1 922	-2 428
Net profit (loss)			1 251	1 251	2 282	3 533
Net other comprehensive income			-29	-29		-29
Total comprehensive income	0	0	716	716	360	1 076
Own shares purchased with the aim of redemption		-3		-3		-3
As at the end of the period on 31 December 2009 (transformed)	3 900	-5	99 840	103 735	13 781	117 516
As at the beginning of the period on 1 January 2009	3 900	-2	99 124	103 022	13 421	116 443
Payment of dividend			-506	-506	0	-506
Net profit (loss) – transformed			0	0	655	655
Net other comprehensive income			-30	-30		-30
Total comprehensive income	0	0	-536	0	655	655
Other movements			-639	-639	-465	-1 104
Own shares purchase with the aim of redemption		-3		-3		-3
As at the end of the period 30 June 2009 (transformed)	3 900	-5	97 949	101 844	13 611	115 455

Interim Consolidated Statement of Cash Flows for the period from 1 January 2010 to 30 June 2010 (indirect method)

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

	Period of 6 months ended on 30 June 2010	Period of 6 months ended on 30 June 2009 (transformed)
Cash flows from operating activities		
Gross profit	1 391	1 978
Adjustments for:	-4 221	-6 590
Shares in profit of associated entities	-80	33
Amortisation and depreciation	2 135	2 370
Interests and profit sharing (dividends)	602	309
(Profit) loss on disposal of fixed tangible assets	238	-102
(Profit) loss from investment activity	-1 260	-
Movement in provisions	-968	-3 236
Change in inventory	757	454
Movement in receivables	1 115	27 723
Movements in current liabilities, with the exception of loans and credits	-6 689	-32 080
Other adjustments	-71	-2 061
Operating cash	-2 830	-4 612
Income tax paid	-250	-1 772
Net cash provided by operating activities	-3 080	-6 384
Investment cash flows		
Inflows	6 018	123
Sales of intangible assets and fixed tangible assets	2 688	123
From financial assets, including:	3 330	-
a) in affiliates	3 327	-
- dividends received	91	-
- repayment of loans	2 797	-
- repayment of interest on loans granted	439	-
b) in other entities	3	-
- other inflows from financial assets	3	-
Outflows	-647	-2 824
Purchase of intangible assets and fixed tangible assets	-145	-495
Investments in real estates and intangible assets	-194	-2 291
For financial assets, including:	-308	-38
a) in affiliates	-308	-38
- purchase of financial assets	-301	-30
- other expenditures.	-7	-8
Net cash from investment activity	5 371	-2 701
Financial cash flows		
Inflows	1 248	4 671
Bank credits	1 244	4 669
Other financial inflows	4	2

Outflows	-2 773	-2 914
Purchase of own shares (stocks)	-	-3
Other outflows under distribution of profit than payments to shareholders	-10	-880
Repayment of credits and loans	-1 801	-1 184
Payments done from the title of finance lease	-601	-508
Interest	-361	-339
Net cash flow from financial activity	-1 525	1 757
Total net cash flows	766	-7 328
Increase (decrease) of net cash flow and cash equivalents	766	-7 328
Cash and cash equivalents at the beginning of period	6 042	18 717
Cash and cash equivalents at the end of period	6 808	11 389

Notes on assumed accounting principles (policy) and other explanatory remarks to Interim Shortened Consolidated Financial Statement of Prochem S.A. Capital Group

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

Prochem S.A. capital group (called " Capital Group ", "Group "), apart from data of dominant entity (hereinafter called,, Issuer ") comprises the following subsidiaries directly and indirectly and associated companies:

Subsidiaries covered by full consolidation

- Prochem Inwestycje Sp. z o.o. with registered office in Warsaw – subsidiary directly (100.0%);
- Irydion Sp. z o.o. with registered office in Warsaw – subsidiary directly (100.0%);
- PRO-INHUT Sp. z o.o. with registered office in Dąbrowa Górnicza– subsidiary indirectly (99,0%);
- Pro-Organika Sp. z o.o. with registered office in Warsaw – subsidiary directly (91.4%);
- Prochem Serwis Sp. z o.o. with registered office in Warsaw – subsidiary indirectly (90.0%);
- PREDOM Sp. z o.o. with registered office in Wrocław – subsidiary indirectly (81.1% of capital and profit, 69.4% in votes);
- ASI Polska Sp. z o.o. with registered office in Gliwice– subsidiary indirectly (90.0%);
- Prochem Zachód Sp. z o.o. with registered office in Słubice – subsidiary directly (60.0%);
- PROTRADE Sp. z o.o. with registered office in Gdynia– subsidiary indirectly (72%) (ASI Polska Sp. z o.o. subsidiary in 90.0% holds 80.0%)
- ELPRO Sp. z o.o. Kraków – subsidiary indirectly (77.9%, including 55.9% share in 50% share of Elektromontażu Kraków)
- Elmont Inwestycje Sp. z o.o. Kraków – subsidiary indirect (77.9%, including 55.9% share in 50% share of Elektromontaż Kraków)
- Elektromontaż Kraków S.A. – subsidiary direct (55.9%) – the company id drawing up consolidated financial statement, which contains data of the subsidiary in 100%:
ELMONT-POMIARY Sp. z o.o. with registered office in Krakow and two associates ELPRO Sp. z o.o. and Elmont Inwestycje Sp. z o.o.
- IRYD Sp. z o.o. with registered office in Warsaw – subsidiary indirectly 100%
- ATUTOR Integracja Cyfrowa Sp. z o.o. with registered office in Warsaw – subsidiary indirectly (97.2% of share holds company Prochem Inwestycje Sp. z o.o. subsidiary in 100%).
- Prochem RPI Sp. z o.o. with registered office in Warsaw – subsidiary directly and indirectly in 100%

Associated entities covered by consolidation under the equity method:

- PRO PLM Sp. z o.o. with registered office in Warsaw – associated indirectly (50% of shares belongs to company Prochem Inwestycje Sp. z o.o. subsidiary in 100%),
- PROMIS Sp. z o.o. with registered office in Warsaw – associated indirectly (45% of right of vote and 97.6 % of share capital belongs to company Prochem Inwestycje Sp. z o.o. subsidiary in 100%),
- ITEL Sp. z o.o. Gdynia – 42.0% of shares (18.7% of right of vote and capitals belongs directly to Prochem S.A. and 23.31% belongs to Prochem RPI Sp. z o.o. subsidiary in 100%) since 23 February 2010 ..TEOMA S.A. with registered office in Warsaw – associated indirectly (12.9% of shares , including Prochem Inwestycje Sp. z o.o. subsidiary in 100% holds 5% of shares).

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

2. Accepted Accounting Principles Applied by Capital Group

Declaration about conformity and base for presentation

Interim shortened consolidated financial statement of Prochem S.A. Capital Group in the first half of 2010 was drawn according to International Accounting Standards 34 (MSR 34) “Interim Financial Reporting” and Regulation of the Minister of Finance of 19 February 2009 on current and periodical data to be submitted by issuers of securities (Journal of Laws of 2009 No 33, item 259). The accounting principles adopted at drawing up this interim shortened consolidated financial statement are in conformity with principles applied at drawing up annual report in the financial year ended on 31 December 2009. This interim shortened consolidated financial statement is not containing information and disclosures required for complete financial reports and should be read including the consolidated financial statement for the financial year ended on 31 December 2009.

This interim shortened consolidated financial statement of Prochem S.A. Capital Group was prepared at assuming continuing economic activity in a foreseeable future and it is stated that circumstances pointing out to the threat to continuing activity by the Issuer’s Capital Group don’t exist.

The duration of activities of individual entities being included in a capital group isn’t limited. Financial statements of all subordinated entities were drawn up for the same reporting period as the financial statement of the dominant entity, with the application of consistent accounting rules.

Interim shortened consolidated financial statement is being presented in Polish zlotys („zloty” or „PLN”) which is functional and reporting currency.

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

The operational activity of the parent company and companies belonging to the group doesn’t have seasonal character and it isn’t subject to cyclical trends.

Principles of drawing up consolidated financial statement

At drawing up the interim shortened consolidated financial statement of Prochem S.A. Capital Group the following procedures were applied:

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

Subsidiaries covered by consolidation were included in the consolidated financial statement starting from the day of taking over the control by the parent company.

The goodwill of subsidiaries is a surplus of the purchase price of components of financial assets taken up by the dominant entity above the market value of net assets of the subsidiary, proportionally to the acquired share in the equity capital of this entity.

The negative goodwill of subsidiary is a surplus of the market value of net assets of the subsidiary above the purchase price of financial assets carried by the dominant entity, proportionally to the acquired share in the equity capital of this entity. For the day of purchasing the subsidiary (of including the control), assets, liabilities and contingent liabilities of the subsidiary are being evaluated at fair value.

Subsidiaries sold in the financial year are subject to a consolidation to the day of the sale. Minority capital is being shown according to assigned value.

Entities are being regarded as associated companies, in which Prochem S.A. has between 20% and 50% of the total number of votes in constituting organs or in other way can exert a significant influence on their financial and operating policy.

Investments in associated companies are being accounted with method of the ownership transfer and at first are included according to the purchase price. Share in the profit or loss of the associated company is shown in the Statement of comprehensive income. When the participation in the loss of the associated company is equal to or exceeds a participation of the Group of Prochem in this entity the Group doesn't recognize further losses, unless assumed an obligation to do it. Unrealised gains among the Group and the associated company are being eliminated to the level of the participation of the Group in the entity.

The price of acquiring shares in associated companies is subject to adjustments reflecting all effects of changes of the fair value of net assets, falling on the value of the held share from the moment of purchase to the date of financial statement as well as effects of impairment. In the presented interim shortened consolidated financial statement undermentioned adjustments and exclusions were made:

Within the scope of exclusions:

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

Within the scope of adjustments:

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

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

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

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

transactions and balance sheet valuations of assets and obligations expressed in foreign currencies are included in the Statement of the Comprehensive Income.

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

Essential Accounting Principles

At drawing up this Interim Shortened Financial Statement the same accounting principles and the same accounting methods were applied as in the Financial Statement of Prochem S.A. Capital Group for the year ended on 31 December 2009.

New standards, changes and interpretations to existing standards didn't have the significant influence on this Financial Statement.

Changes in Accounting Estimates

There were no changes in principles and methods of accounting applied for establishing estimates in the period of the first half of 2010.

Transformation of Financial Statements

Interim Shortened Financial Statement of Prochem S.A. Capital Group for the period from 1 January to 30 June 2010 is keeping a comparability in relation to data of the Statement for the period from 1 January to 30 June 2009. For keeping the comparability reclassifications of given items of equity capitals was effected which were presented in the following table.

Changes as below result from the adaptation of onomastics and disclosures to widely accepted and required by International Financial Reporting Standards in the shape being in effect for financial statements drawn up for periods starting on 1 January 2009 and later.

Liabilities - transformation (in PLN thousand)	As at 31 Dec. 2009	Adjustment/ transformation	As at 31 Dec. 2009 (after transformation)
Spare capital	50 574	-50 574	-
Revaluation capital	13 663	- 13 663	-
Other reserve capitals	36 836	-36 836	-
Net profit (loss) from previous years	- 1 397	1 397	-
Net profit (loss) for the current year	164	-164	-
Retained profit	-	99 840	99 840
Total	99 840	-	99 840

Liabilities- transformation (in PLN thousand)	As at 30 June 2009	Adjustment/ transformation	As at 30 June 2009 (after transformation)
Spare capital	50 336	-50 336	-
Revaluation capital	13 687	- 13 687	-
Other reserve capitals	36 836	-36 836	-
Net profit (loss) from previous years	-2 910	2 910	-
Net profit (loss) for the current year	167	-167	-
Adjustment of the result – elimination of social activities from the items of financial statements	-	167	167
Retained profit	-	97 949	97 949
Total	98 116	-	98 116

Changes as below result from adjustment of flows between activities and from elimination of means concerning social activity (Company's Employee Benefit Fund). Elimination of the Company's Employee Benefit Fund have an effect on items in the Consolidated Statement of Financial Position and on items presented in the Statement of Comprehensive Income.

Statement of Financial Position - transformation (in PLN thousand)	As at 31 December 2009	Adjustment/ transformati on	As at 31 Dec. 2009 after transformation	As at 30 June 2009	Adjustmen t/ transform ation	As at 30 June 2009 after transformation
Assets						
Trade receivables and other receivables	57 138	-571	56 567	93 211	-640	92 571
Other assets	14 415	-	14 415	16 282	-178	16 104
Cash and cash equivalents	6 192	-150	6 042	11 742	-353	11 389
Total current assets	87 806	-721	87 085	130 856	-1 171	129 685
Total assets	189 735	-721	189 014	225 148	-1 171	223 977
Liabilities						
Equity						
Net profit (loss) of current year	164	-	164	167	-167	-
Parent entity's equity	103 735	-	103 735	102 011	-167	101 844
Minority capital	13 781	-	13 781	13 660	-49	13 611
Total equity	117 516	-	117 516	115 671	-216	115 455
Other liabilities	9 454	-721	8 733	13 827	-955	12 872
Total short-term liabilities	62 835	-721	62 114	100 351	-955	99 396
Total long-term and short-term liabilities	72 219	-721	71 498	109 477	-955	108 522
Total liabilities	189 735	-721	189 014	225 148	-1 171	223 977

Transformation of Consolidated Statement of Cash Flow in the first half of 2009 (in PLN thousand)	Period ended on 30 June 2009	Adjustment/ transformation	Period ended on 30 June 2009 (transformed)
Cash flow from operating activities			
Gross profit (loss)	2 194	-216	1 978
Total adjustments for:	-7 261	671	-6 590
Amortisation and depreciation	2 370	-	2 370
Interests and profit sharing (dividends)	313	29	342
Gain on disposal of fixed assets	-146	44	-102
Movements in provisions	-193	-3 043	-3 236
Change in stock	454	-	454
Movements in receivables	28 376	-653	27 723
Movements in short-term liabilities, with the exception of loans and credits	-38 313	6 233	-32 080
Other adjustments	-122	-1 939	-2 061
Operating cash	-5 067	455	-4 612
Income tax paid	-1 772	-	-1 772
Net cash provided by operating activities	-6 839	455	-6 384
Investment cash flows			
Inflows	243	-120	123
Sales of intangible assets and fixed tangible assets	243	-120	123
Outflows	-2 825	1	-2 824
Purchase of intangible assets and fixed tangible assets	-2 496	2 001	-495
Investments in real estates and intangible assets	-291	-2 000	-2 291

For financial assets, including:			
a) in affiliates	-38	-	-38
- for purchase of financial assets	-38	-	-38
- other outflows	-30	-	-30
	-8	-	-8
Net cash flow from investment activity	-2 582	-119	-2 701
Financial cash flows			
Inflows	9 793	-5 122	4 671
Bank credits	9 791	-5 122	4 669
Other inflows	2	-	2
Outflows	-7 470	4 556	-2 914
Buy-back of own shares (stocks)	-	-3	-3
Other outflows under distribution of profit than payments to shareholders	-880	-	-880
Repayment of bank credits	-6 305	5 121	-1 184
Payment of obligations on account of finance lease	-137	-371	-508
Interest	-148	-191	-339
Net cash flow from financial activity	2 323	-566	1 757
Total net cash flow	-7 098	-230	-7 328
Increase (decrease) of net cash flow and cash equivalents	-7 098	-230	-7 328
Cash and cash equivalents at the beginning of period	18 840	-123	18 717
Cash and cash equivalents at the end of period	11 742	-353	11 389

Consolidated Statement of Comprehensive Income - transformation (in PLN thousand)	For the period of 6 months ended on 30 June 2009	Adjustment/transformation	For the period of 6 months ended on 30 June 2009 (transformed)
Continuing operations			
General management costs	7 263	216	7 479
Profit (loss) from operating activities	1 896	-216	1 680
Profit (loss) before tax	2 194	-216	1 978
Net profit (loss)	871	-216	655
Net profit (loss) of :	871	-216	655
shareholders of parent's entity	167	-167	-
minority capital	704	-49	655

Amendment to Note No 1 – tangible fixed assets, concerning opening balance-sheet as at 30 June 2009, it results from incorrect inserting of amounts from the closing balance as at 31 December 2008. Below conversion was presented:

Transformation of data to Note No. 1 - tangible fixed assets (in PLN thousand)	Change in fixed assets for the period from 1 January 2009 to 30 June 2009	Adjustments / transformation	Change in fixed assets for the period from 1 January 2009 to 30 June 2009
Gross value			
As at opening balance-sheet	55 693	-1 660	54 033
increase (on account of)	3 126	-	3 126
- purchase of fixed assets	3 126	-	3 126
decrease (on account of)	144	-	144
- sale of fixed assets	119	-	119
- liquidation of fixed assets	22	-	22
- other movements (elimination entries on consolidation)	3	-	3
Gross value as at closing balance	58 675	-1 660	57 015

Depreciation and impairment			
Accumulated depreciation – as at opening balance-sheet	17 190	-1 660	15 530
Depreciation in the period (from the title)	1 902	-	1 902
- increase (calculated depreciation)	2 018	-	2 018
- decrease on account of sale of fixed assets	116	-	116
Accumulated depreciation –as at closing balance	19 092	-1 660	17 432
Impairment write off	-27	-	-27
Net value of fixed assets – as at closing balance	39 556	-	39 556

3. Non-financial other information

Non-financial other information among others, such as objectives and the politics of the financial risk management of Issuer were described in the management board's report on the capital group activities.

4. Explanatory Notes to Interim Shortened Financial Statement as at the day and for the period ended on 30 June 2010.

Note No 1 – Tangible Fixed assets

	Changes in tangible assets in the period from 1 January 2010 to 30 June 2010	Changes in tangible assets in the period from 1 January 2009 to 31 December 2009	Changes in tangible assets in the period from 1 January 2009 to 30 June 2009 (transformed)
Gross value			
As at opening balance-sheet	55 415	54 033	54 033
increase (on account of)	668	2 502	3 126
- purchase of tangible fixed assets	185	1 197	3 126
- other movements	483	1 305	-
decrease (on account of)	3 288	1 120	144
- sale of tangible fixed assets	3 270	1 120	119
- liquidation of tangible fixed assets	18	-	22
- other movements			3
Gross value as at closing balance	52 795	55 415	57 015
Depreciation and impairment			
Accumulated depreciation – as at opening balance-sheet	18 740	15 571	15 530
Depreciation in the period (from the title)	2 034	3 142	1 902
- increase (calculated depreciation)	1 963	3 997	2 018
- increase on account of other movements	483	27	-
- decrease on account of sale of tangible fixed assets	412	855	116
Accumulated depreciation – as at closing balance	20 774	18 740	17 432
Impairment write off	27	27	27
Net value of tangible fixed assets –			
As at closing balance	31 994	36 702	39 556

Note No 2 –Investment properties

	As at 30 June 2010	As at 31 December 2009	As at 30 June 2009
value of the perpetual usufruct of ground	16 122	16 454	10 156
buildings and structures	15 282	14 871	11 939
value of land	26 350	25 348	25 348
Total investment properties	57 754	56 673	47 443

Note No 3 –Shares and stocks in subordinated entities and others

SHARES AND STOCKS IN SUBORDINATED ENTITIES	As at 30 June 2010	As at 31 December 2009	As at 30 June 2009
a) in subsidiaries	-	493	493
b) in associated companies not under consolidation	-	20	20
c) in other entities	2 873	2 873	2 873
Gross value of shares and stocks	2 873	3 386	3 386
Revaluating write off covering value of financial fixed assets	1 160	1 160	1 160
Gross value of shares and stocks	4 033	4 546	4 546

MOVEMENT IN SHARES AND STOCKS IN SUBORDINATED ENTITIES	As at 30 June 2010	As at 31 December 2009	As at 30 June 2009
a) at the beginning of period	3 386	3 386	3 386
b) decrease (on account of)	513	-	-
- elimination entry on consolidation of company Prochem RPI sp. z o.o. as result of being covered by consolidation	513	-	-
c) as at the end of period	2 873	3 386	3 386

MOVEMENT IN REVALUATING WRITE OFF OF THE VALUE OF SHARES AND STOCKS IN SUBORDINATED ENTITIES	As at 30 June 2010	As at 31 December 2009	As at 30 June 2009
As at the beginning of period	1 160	1 160	1 160
As at the end of period	1 160	1 160	1 160

As at 30 June 2010 an appraisal was made whether premises pointing to the diminution of value of shares and stocks in given entities exist. Upon carrying out analysis the premises which would appoint to the need to recognize impairment write off weren't identified.

Note No 4 – Shares and stocks in associates

	As at 30 June 2010	As at 31 December 2009	As at 30 June 2009
- net value of shares and stocks	748	629	682
- revaluating write off covering value of shares and stocks	1 518	1 518	1 106
Gross value of shares and stocks	2 266	2 147	1 788

As at 30 June 2010 an appraisal was made whether premises pointing to the diminution of value of shares and stocks in given entities exist. Upon carrying out analysis the premises which would appoint to the need to recognize impairment write off weren't identified.

Note No 5 - Inventory

	As at 30 June 2010	As at 31 December 2009	As at 30 June 2009
Materials	4 637	5 229	4 784
Semi-finished products and products in process	391	610	828
Goods	844	790	632
Total net value of inventory	5 872	6 629	6 244
Revaluating write off	508	169	-

Note No 6 – Trade receivables and other receivables

	As at 30 June 2010	As at 31 December 2009 (transformed)	As at 30 June 2009 (transformed)
Trade receivables			
a) from affiliated entities	-	-	58
- on account of supplies and services with repayment period:	-	-	58
- up to 12 months	-	-	58
b) from other entities	56 268	54 738	89 252
- on account of supplies and services with repayment period:	55 261	54 608	89 186
- up to months	46 790	44 759	77 352
- above 12 months	8 471	9 849	11 834
- customer advances	961	90	66
- pursued on the legal action	46	40	-
Total net trade receivables	56 268	54 738	89 310
Revaluating write off covering value of trade receivables	5 743	5 616	5 167
Total gross trade receivables	62 011	60 354	94 477
Other receivables			
a) from affiliated entities	-	11	-
- with repayment period	-	1	-
- up to 12 months	-	1	-
- pursued on the legal action	-	10	-
b) from other entities	1 813	1 818	3 261
- with repayment period	1 566	747	983
- up to 12 months	1 566	747	983
- on account of taxes, subsidy, customs, social insurance and health-care and other benefits	222	1 071	2 278
- other	25	-	-
Total net other receivables	1 813	1 829	3 261
Revaluating write off covering value of other receivables	2 141	2 171	2 185
Total gross other receivables	3 954	4 000	5 446
Total net trade receivables and other receivables	58 081	56 567	92 571
Revaluating write off covering receivables	7 884	7 787	7 352
Total gross trade receivables and other receivables	65 965	64 354	99 923

The balance of amounts due from supplies and services includes also overdue amounts of the balance value of PLN 17,364 thousand from the title of bail on account of statutory warranties, to which the parent company didn't establish revaluating write off, since a substantial change of the quality of this debt didn't take place in relation to previous financial periods, in connection with what they are still being regarded as recoverable. Parent company has a hedge in the form of seized bails from the title of statutory warranty from subcontractors in the amount of PLN 16,515 thousand.

More information to this topic was placed in the note – *Information about significant legal proceedings pending in the court.*

Note No 7 – Other assets

OTHER ASSETS (BY TYPES)	As at 30 June 2010	As at 31 December 2009	As at 30 June 2009 (transformed).
a) prepayments	1 143	673	1 096
- cost of property and personal insurance	467	259	438
- maintenance costs of softwares	165	231	220
- subscriptions	14	29	18
- costs accounted in the time	33	-	344
- initial rent from lease agreement	71	76	66
- other	381	78	-
- annual charge for stock exchange quotations	12	-	10
b) accruals	10 118	12 826	14 970
- surplus of the receivables on account of production not completed above advance payments	10 083	12 779	14 954
- other	35	47	16
c) remaining	525	916	38
-other	525	916	38
Total other assets	11 786	14 415	16 104

In the item – accruals – an evaluation of contracts for construction was included being under accomplishment as at the reporting day.

Note No 8 – Share capital

SHARE CAPITAL (STRUCTURE)							
Series/ emission	Type of the share	Nature of the share preferences	Number of shares	Value of series/emission at nominal value	Capital coverage	Registration date	Dividend right (from the date)
founding	registered	3 votes per	1 840	1 840	cash	23-07-1991	01-10-1991
founding	registered	1share	15 754	15 754	cash	23-07-1991	01-10-1991
founding	bearer		1 799 906	1 799 906	cash	23-07-1991	01-10-1991
B	registered		5 250	5 250	cash	29-07-1993	01-01-1993
B	bearer		677 250	677 250	cash	29-07-1993	01-01-1993
C	bearer		530 000	530 000	cash	20-04-1994	01-01-1994
D	bearer		870 000	870 000	cash	05-09-1994	01-01-1994
Total number of shares			3 900 000				
Total share capital				3 900 000			
Nominal value of 1 share = PLN 1							

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

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

In the period from transmitting the last report there wasn't changes in the structure of the ownership of considerable block of shares of the issuer.

On 12 June 2010 General Meeting of Prochem S.A. passed Resolution No 7 about the redemption of 5,000 ordinary bearer shares of D series (issued as registered) of the total nominal value of PLN 5,000 acquired by the Company for the amount of PLN 87,032.65. On the basis of the above resolution District Court for the capital city of Warsaw in Warsaw in decision of 9 July 2010 made change/reduced the amount of the share capital from PLN 3,900,000 to PLN 3,895,000. As at the day of drawing the information up share capital of the company Prochem S.A. amounts to PLN 3,895,000.

Note No 9 -Short-term bank credits

	As at 30 June 2010	As at 31 December 2009	As at 30 June 2009
Credit in overdraft on current account - security	5 083	5 088	6 507

As at 30 June 2010 the Company is using the revolving credit in PLN of the amount not exceeding PLN j 25 m, charged interest of the WIBOR for deposits 1 – monthly plus profit margin of the bank. Real estate mortgage securing an existing or future claim established on the real estate being a property of the 100% subsidiary Irydion Sp. z o.o. is a hedge of this credit. - employing from this title amounts to PLN 3,577 thousand. The value of credit contracted by related entities amounts to PLN 1,506 thousand charged interest of the WIBOR amount for deposits 1 - monthly plus profit margin of the bank. A mortgage, a deposit or a bill of exchange constitute the credit collateral.

Note No 10 – Trade liabilities

	As at 30 June 2010	As at 31 December 2009	As at 30 June 2009
a) to subsidiaries	-	-	202
- on account of supplies and services of the maturity period	-	-	202
- up to 12 months	-	-	202
b) to remaining entities	40 318	47 019	78 543
- on account of supplies and services of the maturity period:	40 318	47 019	78 543
- up to 12 months	32 554	29 799	66 648
- above 12 months	7 764	17 220	11 895
Total trade liabilities	40 318	47 019	78 745

Note no 11 – Other liabilities

	As at 30 June 2010	As at 31 December 2009. (transformed)	As at 30 June 2009 (transformed)
a) to remaining entities	5 900	6 271	6 395
- on account of taxes, customs, social insurance and other benefits	3 537	3 273	3 018
-on account of remuneration	664	995	669
- other(by types)	1 699	2 003	2 708
to employees	190	93	140
to shareholders	24	35	911
liabilities arising from the lease	702	1 085	1 081
other	392	777	576
accounting from the title of the participation in a joint undertaking	384	-	-
liabilities arising from insurance	7	13	-
b) remaining short-term reserves	1 298	2 462	6 477
- reserve to costs entered in the books to the current year on the basis of invoices received in the next year	13	54	-
- reserve to costs entered in the books to the previous year, applying to long-term contracts	623	1 404	-
- reserve for accounting for long-term contracts in Hungary entered in the books to the current year	-	-	5 909
- provision for future expenses - movable part of the remuneration	21	65	-
- audit fees	95	94	30
- short-term reserve to pensionary benefits	398	463	153
- reserve to outstanding leaves	148	382	385
Total other liabilities	7 198	8 733	12 872

Note No 12 – Cost of services sold

	Period of 6 months ended on 30 June 2010	Priod of 6 months ended on 30 June 2009 (transformed)
Total costs by types		
a) amortisation and depreciation	2 135	2 373
b) materials and energy consumption	7 396	7 303
c) out-sourced services	15 433	68 624
d) taxes and fees	382	328
e) remuneration	18 743	21 834
f) social insurance and other benefits	3 349	3 907
g) other costs by types (according to titles)	1 762	2 573
- insurnace of property and personal	523	532
- business trips	292	1 083
- PFRON (State Fund for Rehabilitation of Disabled Persons)	252	185
- other	695	773

Total costs by types	49 200	106 942
Movement in stock, products and accruals	-788	-4 094
Production cost of products for entity's own purposes (negative value)	-46	-75
General and administrative expenses (negative value)	-7 988	-7 479
Cost of services sold	40 378	95 294

Note No 13 –Operation sections

Activity of Prochem S.A. Capital Group for the purposes of management was divided into ten basic operating sections such as: realization (general contracting), design services and other engineering services the rental of construction equipment, electrical installations and assembly services, lease of the office space, management of real estates, maintenance, commercial activity, development activities, remaining IT services and other activity covering among others the income from the sublet, sale of photocopy services and other.

In comparing to previous reporting periods the Management Board decided about merging the design section and section of supervisions into one section. According to the Management Board the presentation of design services and supervision services among others author's and investor's supervision is reflecting better the activity as well as it lets for more accurate decision making about allocating of stores and for the evaluation of results of activities.

All assets used by the section were ranked among assets of the sections which comprise mainly receivables, supplies and tangible fixed assets after deducting value of reserves and write offs.

Operation segments – continuation

Period of 6 months ended on 30 June 2010	General contracti ng	Engineering and design and other engineering services	Rental of construction equipment	Assembly of electrical installations	Lease of the office space	Management of real estates	Maintenan ce	Commercial activity	Developme nt activity	Other IT services	Other	Items not assigned	Total
Sale to external customers	7 258	13 644	1 076	11 618	2 340	2 537	7 893	2 336	1 591	415	700	56	51 464
Total income of the segment	7 258	13 644	1 076	11 618	2 340	2 537	7 893	2 336	1 591	415	700	56	51 464
Result													
Profit(loss) of the segment	1 156	-2 083	213	713	717	0	-9	110	-32	107	-19	-75	798
Financial income													244
Finance costs													529
Net financial income													-285
Profit (loss) on other operating activity													798
Share in profit of associates													80
Profit (loss) before taxes													1 391
Income tax													625
Profit (loss) for the current period													766
Profit (loss) assigned to minority shareholders													72
Net profit (loss) assigned to shareholders of parent entity													694
Assets													
Assets of the segment (associated with activity)	30 199	11 490	1 050	20 854	7 077	1 213	8 518	2 124	44 320	0	50		126 895
Not assigned assets / not allocated (among others shares, stocks and remaining financial assets)												53 953	53 953
Total assets	30 199	11 490	1 050	20 854	7 077	1 213	8 518	2 124	44 320	0	50	53 953	180 848
Other information related to segment													
Depreciation of tangible fixed assets	82	192	251	234	349	63	248			32	5	507	1 963
Amortization of intangible assets		7		42		1	5		1			116	172

Operation segments – continuation

Period of 6 months ended on 30 June 2009	General contracting	Engineering and design and other engineering services	Rental of construction equipment	Production of electrical equipment	Assembly of electrical equipment	Lease of office space	Management of real estate	Maintenance	Commercial activity	Development activity	Remaining IT service	Other	Items not assigned	Total
Sale to external customers	59 174	16 526	2 991	252	12 729	1 855	2 496	6 620	2 815	0	528	891	0	106 877
Total income of the segment	59 174	16 526	2 991	252	12 729	1 855	2 496	6 620	2 815	0	528	891	0	106 877
Result														
Profit (loss) of the segment	-3 152	2 617	5	-11	-266	471	-31	-226	396	-12	40	-250	0	-419
Financial income														997
Finance costs														666
Net financial income														331
Profit (loss) on other operating activity														2 099
Share in profit of associates														-33
Profit (loss) before tax														1 978
Income tax														1 323
Profit (loss) for the current period														655
Profit (loss) assigned to minority shareholders														655
Net profit (loss) assigned to shareholders of parent entity														0
Assets														
Assets of the segment (associated with activity)	68 098	12 726	2 723	237	23 069	16 591	1 566	11 446	2 831	32 234	210	59	0	171 790
Not-assigned assets / not-allocated (among others shares, stocks and remaining financial assets)						2 821			224	13 856			35 286	52 187
Total assets	68 098	12 726	2 723	237	23 069	19 412	1 566	11 446	3 055	46 090	210	59	35 286	223 977
Other information related to segment														
Depreciation of tangible fixed assets	194	229	268	115	502	317	73	228	16	7	35	0	86	2 070
Amortization of intangible assets		3			29			24	3	0			241	300

Note No 14 – Transactions with affiliates

Data for the reporting period

Transactions with associates

In the period from 1 January 2010 to 30 June 2010 the following transactions with associates took place:

- sale and acquisition of building services,
- sale of other services (lease of the area) to associates

Total income from these transactions amounts to PLN 21 thousand.

Received dividends amounted to PLN 91 thousand..

Share in net profit (loss) in the first half of 2010 of entities consolidated with equity method amounted to PLN 80 thousand.

Net profit (loss) in the first half of 2010 assigned to minority shareholders amounted to PLN (72) thousand.

Comparable data

Transactions with associated entities

As at 30 June 2009 settlements of the issuer with associates directly and indirectly ended with the zero balance.

In the period from 1 January 2009 to 30 June 2009 the following transactions between associates took place.

- sale and acquisition of building services,
- sale of other services (lease of the area) to associates.

Total income from these transactions amounted to PLN 31 thousand.

Share in net profit (loss) of associates in the first half of 2009 amounted to PLN (23) thousand.

Net profit (loss) in the first half of 2009 assigned to minority shareholders amounted to PLN 655 thousand.

Transactions with associates

In the period from 1 January 2009 to 30 June 2009 transactions of the Issuer with associates from the title of lease contract took place. Total income from these transactions amounted to PLN 31 thousand.

Note No 15 – Contingent liabilities and contingent assets

Contingent liabilities – these are bank performance guarantees, of return of the advance payment, payments, tender guarantees and b/e guarantees of the good performance of the agreement amounting to :

Specification (in PLN thousand)	As at 30 June 2010	As at 31 Dec. 2009	As at 30 June 2009
Bank performance guarantee	13 518	10 673	19 493

Guarantee of return of the advance payment	-	1 753	3 333
B/e guarantee of the good performance of the agreement	197	197	12 127
Guarantee of payment	827 -		883
Tender guarantee	3 417	445	562
Guaranteeing a credit for associated companies	500	500	500
Total	18 459	13 568	36 898

Guaranteeing bank credits by the Issuer for associate amounts to PLN 500 thousand with time of payment in 2011.

Contingent assets – are bank performance guarantees amounting to:

As at 30 June 2010	Asa at 31 Dec. 2009	As at 30 June 2009
9 289	10 258	12 619

In the first half of 2010 decrease in contingent assets for the amount of PLN 969 thousand took place.

Note No 16 - Information about significant legal proceedings pending in the court:

PROCHEM SA is still a party in the lawsuit regarding accounting for the contract given up on 10 November 2005 for construction management of an investment project under the name „Pipeline in a section from the ST-1 Adamowo to raw material base Plebanka” concluded with PERN S.A. PROCHEM S.A. filed a suit demanding the payment of PLN 41,301 thousand as the final settlement of the contract. On 18 January 2008 District Court in Warsaw delivered a judgment regarding this case, admitting a claim as being rightful as for the principle, at the same time stated that this liability wasn't still due.

On 26 AUGUST 2008 Court of Appeal in Warsaw delivered valid judgment regarding an appeal lodged by PROCHEM S.A. from a/m judgment of District Court, admitting in it, that claim of PROCHEM S.A. concerning the final settlement of contract is not premature ordering simultaneously the District Court to make accounting for the contract mentioned above pursuant to the provisions of the contract. This establishment is in compliance with position in a case of PROCHEM S.A.

On 12 August 2010 the case held before the Court District in Warsaw, during which the Court decided about appointing the expert, who will make final accounting for arguable contract according to recommendations of the Court of Appeal.

The value of these proceedings exceeds the 10 % of equity of the Capital Group of the Issuer.

Apart from that total value of other proceedings separately for the group of obligations as well as the group of the debts, doesn't exceed the 10% of equity of Capital Group of Issuer.

Note No 17 – Events after the reporting day

On 21 July 2010 the Issuer signed agreement on sale of shares, on basis of which purchased 1,000 shares of subsidiary of nominal value PLN 5 each for total amount of PLN 30,000 (say: thirty thousand of zlotys). The ownership of the share was transferred to the Issuer with the pay-day for shares, i.e. 15 August 2010. After the effected transaction the participation of PROCHEM S.A. in capital and votes of the company Elektromontaż Kraków S.A. decreases by 0.31% i constitutes 56.17%.

On 26 August 2010 a procedure of the redemption of 5,000 of bearer shares of PROCHEM S.A. was finished. The number of votes corresponding to redeemed shares is amounting to 5,000. After discontinuing of mentioned above shares the equity of the company amounts to PLN 3,895,000. The total number of votes from all shares amounts to 3,898,660. Structure of equity of the company PROCHEM S.A. after the redemption:

- founding series – 1.817.500,
- B series – 682.500,

- C series– 530.000,
 - D series– 865.000
- Total equity 3.895.000

Note No 18 - Approval of the financial statement

Shortened Interim Financial Statement was approved for publications by the Management Board on 30 August 2010.

Notes to Financial Statement

1. Managing body and supervising body of the Issuer

As at the day of drawing up of this financial statement Management Board of the parent company Prochem S.A. comprises the following persons:

- Jarosław Stępniewski - Chairman
- Marek Kiersznicki - Vice Chairman
- Krzysztof Marczak - Management Board Member

On 6 June 2009 Supervisory Board of Prochem S.A. appointed all listed persons from the Management Board for the next three-year-old term of office. As at the day of drawing up of this financial statement Supervisory Board of Prochem S.A. comprises the following persons:

- Andrzej Karczykowski - Chairman
- Marek Garliński – Vice Chairman
- Dariusz Krajowski-Kukiel
- Krzysztof Oblój

On 11 June 2010 r. the company was informed about the resignation of Mr. Steven Tappan from acting as a member of the Supervisory Board of Prochem S.A. with the day of 13 of June 2010 r.

On 24 July 2010 Extraordinary General Meeting of Prochem S.A. passed a resolution No. 1 by virtue of which Mr. Adam Parzydeł was chosen as the Supervisory Board member of Prochem S.A. of the VII joint term of office.

2. Executive compensation

The remuneration paid in the first half of 2010 in the enterprise of the Issuer to members of the Management Board amounted to PLN 542 thousand and to Supervisory Board members PLN 73 thousand. Remuneration paid to members of the Management Board in first half of 2010 on account of performing functions in the Management Boards and Supervisory Boards in companies being included in a capital group amounted to PLN 32 thousand.

Signatures of Management Board members

30 August 2010 date	Jarosław Stepniewski full name	Chairman position signature
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30 August 2010 date	Marek Kiersznicki full name	Vice Chairman position signature
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30 August 2010 date	Krzysztof Marczak full name	Member of the Board position signature
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Signature of the person to whom the bookkeeping was entrusted

30 August.2010 date	Krzysztof Marczak full name	Member of the Board position signature
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