

**REPORT OF THE MANAGEMENT BOARD
ON THE BUSINESS ACTIVITY OF THE COMPANY
PROCHEM S.A. IN THE YEAR 2010**

Warsaw, 29 April 2011

1. Description of principles of drawing up the financial statement

The description of principles according to which the individual financial statement of the company for 2010 was drawn up was placed in the additional information to this report.

2. Review of economic-financial basic volumes revealed in the annual financial report and the show of prospects of the development of the Issuer in 2010

In 2010 Company achieved revenue of PLN 51 million. Revenue from basic activity i.e. sales of services constitutes 92% of total revenue and are PLN 57 million lower than those achieved in 2009. Such significant decrease results from significant reduction of the income from contracts for implementation.

Reducing the income as well as incurring extra costs associated with contracts settled in 2009 with the Hungarian customer were a reason of carrying of the loss of PLN 0.9 million on the operational level. Profits on financial transactions and assets established to deferred income tax wipe out this loss what in effect allowed to get PLN 1.3 million of the net profit in 2010.

The macroeconomic surrounding of the company will have the significant effect on the operations of PROCHEM S.A. in 2010, particularly the leaving by the Polish economy the financial crisis lasting in previous years. In relation to the slow return by banks to financing of investment projects, many prospective customers of PROCHEM S.A. (in particular industrial companies) are beginning work in this respect and are making decisions about taking new investment objectives. A preparatory work being aimed at starting the accomplishment of large-scale investments in the energy, gas industry and the environmental protection is also being conducted. It will be reflected in the number of orders won over by the company, and in the end on financial results achieved in 2010. The Management Board of PROCHEM S.A. is monitoring the current situation with the particular attention and if necessary is prepared for taking proper action being aimed at adapting its potential to new opportunities.

3. Description of essential risk factors and threats to activity of the Issuer

The company PROCHEM S.A. is exposed in its activity to the following kinds of risks and threats:

3.1 Economic fluctuations on the investment market

The company provides services on the investment market of the construction sector, being characterized by a large scale of hesitations of the demand strongly connected with the general macroeconomic situation of the country. Methods of limiting the adverse impact of this factor on financial results (concentrating reserves, diversification of provided services) applied by the Company cannot fully neutralize this risk.

3.2 Dependence on the staff

The refinement of provided services, undertaking the completion of complicated technological projects, using modern computer systems and the work for customers of high reputation requires the highest professional qualifications from employees. Recruiting this sort of persons, peculiarly in the situation of the liberalization of the European labour market can be difficult. The company is trying to minimize this threat by raising qualifications of the employed staff and applying incentive programs associating employees with the company.

3.3 Exchange rate risk

Part of contracts for sale of services is concluded with foreign companies in foreign currencies (EUR, USD). In case of considerable fluctuation of the rate of the domestic currency it can have influence on the performance of the company. Partly this risk is being wiped out in the natural way through the purchase of devices and the services necessary for the accomplishment of these contracts abroad, as well as through the purchase of relevant financial instruments.

3.4 Risk of dependence on important buyers of services

The accomplishment of contracts for implementation of the considerable value by the Company requires the considerable expenses to be borne on the purchase of services and devices which subsequently in the form of the finished building are being sold to the customer. The lack of appropriate correlation between incurred expenses, and income on account of the execution of the contract with customer may create the necessity of using the external financing by the company, and in particular circumstances may cause even temporary loss of the financial liquidity by Issuer. Relevant stipulations of a contract by

virtue of which the customer is obliged to a successive refund of the incurred expenses during fulfilment of an order protect to a large extent against such a risk.

3.5 Risk connected with the protraction the proceedings in the dispute with PERN SA

In the face of considerable extending of judicial proceedings in the dispute with PERN SA which was begun in 2006 and is conducted currently by the District Court in Warsaw concerning settlement of accounts 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", a risk exist of the necessity to fulfil obligations towards sub-suppliers by PROCHEM S.A. concerning seized guarantee deposits before regaining them from PERN SA. Such a risk according to the opinion of the Company is minimal however the Management Board of PROCHEM S.A. is taking into account the need to accumulate adequate financial means for this purpose.

4. Declaration about applying corporate governance standards in the company PROCHEM S.A. in 2010

The Management Board of PROCHEM S.A. is declaring hereby that in the year 2010 the principles of corporate governance accepted in the company in the wording according to the Attachment to the Resolution No 12/1170/2007 of July 4th 2007 of the Council of the Stock Exchange were fully respected. The full text - of principles of corporate governance to which the issuer is subject is available on the website of PROCHEM S.A. – www.prochem.com.pl.

Description of the internal control system of the Issuer

The internal control is one of functions of current managing the company exercised directly by the company's Management Board, directors, proxy holders and other employees on managerial positions or which such a function was entrusted.

PROCHEM S.A. has the comprehensive internal control system that guarantees timely and accurate revealing facts concerning essential elements of company's activity. It contributes to getting the full knowledge about the financial standing, operating performances, the state

of the company's assets as well as the effectiveness of the management. Scope of supervision covers above all:

- basic and support business activity of the company,
- the financial reporting and accounting settlements,
- compliance of the company's activity with effective laws and regulations and internal regulations,
- the employment and remuneration.

The institutional internal control examines undertakings already carried out and relevant documentation. The main task of such control is the conducting comprehensive inspections within the scope of the most important issues for the company as well as collecting and preparing the information concerning activities of organizational units of the company, chosen economic problems and other issues which in the given period were regarded as most significant by the company's Management Board. Apart from the institutional internal control also so - called functional control made by managers of different ranks exists in the company. The managers supervise employees being subject to a control, consisting in checking the accomplishment of set tasks.

The institutional internal control in PROCHEM S.A. is mainly conducted by financial and accounting services and employees of the legal and organizational department. The part of the tasks of the internal control is being led by appointed teams and committees

The control is exercised in all phases of activity as the preliminary, current and successive inspection. Financial and accounting documents are being subjected to the technical, formal and account control. The information about the formal and technical and accounting correctness is accompanied with the signature made in the identifiable way (full name) provided with the personal stamp of the authorized person and the date of approving the document.

The control system functioning in PROCHEM S.A. guarantees the completeness of the approach to business transactions, correct classification of source documents, as well as correct evaluation of stock in possession on individual stages of the registration, and hence ensures the correctness of drawing up a financial statement and it let the Management Board conduct company's activity based on the verified and complete information.

Description of the system of managing the risk in the enterprise of the Issuer

The following risks are appearing in company's activity:

- risk of economic fluctuations on the investment market,
- risk of losing of key employees,
- foreign exchange risk,
- risk of making conditional on important buyers of services,
- risk of the payment unreliability,
- risk of disadvantageous settling the litigation with PERN S.A.

The risk management in individual areas consists on:

- monitoring of generating phenomena,
- taking action aiming at lowering the level of risk.

In the scope of individual risks the situation is as follows:

- risk of economic fluctuations on the investment market
 - monitoring of the macroeconomic situation and in chosen industries,
 - object diversification (development of the activities related to engineering services - maintenance and development undertakings),
 - field diversification (expanding of export)
 - collecting reserves.
- risk of losing of key employees,
 - monitoring of the level of employment, rewarding and fluctuation of the staff,
 - monitoring of the labour market and the level of the remuneration on the market,
 - maintaining the system of trainings and raising qualifications,
 - incentive programs for key employees,
 - active system of the recruitment - the environmental cooperation and maintaining relations with colleges.
- foreign exchange risk,
 - monitoring and forecasting the courses of exchange,
 - dealing in foreign exchange,

- purchase of devices and services in currencies of contracts,
 - maintaining high-level domestic sales.
- risk of making conditional on important buyers of services,
 - monitoring of the performance of contracts with important buyers of services, stipulations of a contract containing amortizing elements,
 - maintaining the partnership relations with regular customers.
- risk of the payment unreliability
 - monitoring of the financial standing of key contracting parties before and in the process of the execution of the contracts,
 - applying special debt collection procedures.
- risk of disadvantageous settlement of action against PERN S.A.
 - monitoring of the legal status by the Management Board and the team of lawyers.

Both the identification of risk factors and monitoring them as well as an applied system of actions reducing the risk are in PROCHEM S.A. on the good level and implemented strategy of development and diversification is supporting the reducing the part of risks and is leading to the professionalism in applied instruments.

Information about shareholders having considerable packages of the Issuer's share

According to the information in possession of Management Board as at the day of drawing up this report the shareholders with more than 5 % votes on the General Meeting of Shareholders are as follows:

Detailed list	Qty of shares (units)	% of votes in total qty of votes	% of share capital
1. Prochem Holding Sp. z o.o.	962.341	24,68	24,71
2. Steve Tappan	382.751	9,82	9,83

3. ING Towarzystwo Funduszy Inwestycyjnych SA, Including: ING Parasol Specjalistyczny Fundusz Inwestycyjny Otwarty	358.312 228.950	9,19 5,87	9,20 5,88
4. Union Investment Towarzystwo Funduszy Inwestycyjnych S.A.	345.000	8,85	8,86
5. PTE PZU SA	325.521	8,35	8,36
6. Legg Mason Zarządzanie Aktywami S.A.	201.948	5,18	5,19

No securities which would give special prerogatives to control the Issuer exist.

No restrictions concerning transfer of ownership of securities of the Issuer and the exercising the right to vote exist.

Managing personnel of the Issuer are being appointed by the Supervisory Board.

The term of office of the Management Board of the Issuer lasts three years. Rights of managing persons are determined by Statutes of the PROCHEM S.A. and they aren't going beyond the framework marked out by the Commercial Companies Code. In particular the right to make a decision about emission or the share redemption has only a General Meeting of Shareholders.

Principles of the amendment to the company's statute of the Issuer are pursuant to the provisions of the Commercial Companies Code.

The way of acting of the General Meeting of Shareholders of PROCHEM S.A. and their fundamental entitlements and the description of rights of shareholders and the way of its exercising are entered into Statutes of PROCHEM S.A. as well as into Bylaw of the General Meeting of Shareholders of PROCHEM S.A. A/m documents are available on a website of PROCHEM S.A.

As at the day of drawing this financial statement up the following persons are members of PROCHEM S.A. Management Board:

Mr. Jarosław Stępniewski – Chairman of the Management Board

Mr. Marek Kiersznicki - Vice Chairman of the Management Board

Mr. Krzysztof Marczak - Member of the Management Board

On 11 June 2010 the Company obtained information about the resignation of Mr. Steven Tappan from the membership of the Supervisory Board of PROCHEM S.A., in the result of what on 24 July 2010 the Extraordinary General Meeting appointed Mr Adam Parzydeł to the Supervisory Board.

As at the day of drawing this financial statement up the following persons are members of the PROCHEM S.A. Supervisory Board:

- Mr. Andrzej Karczykowski – Chairman
- Mr. Marek Garliński - Vice Chairman
- Mr Dariusz Krajowski-Kukiel
- Mr Krzysztof Oblój
Mr Adam Parzydeł.

5. Records of proceedings at law, competent authority for the arbitration or administrative body

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

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

After getting acquainted with the grounds for the judgment in writing PROCHEM S.A. lodged an appeal from this judgement in this part, in which the District Court declared claim for the payment of the amount of PLN 41,301 thousand by PERN "Przyjaźń" S.A. premature and still undue and in this part in which PROCHEM S.A. demanded taking over by PERN "Przyjaźń" S.A. obligation towards contractors/ suppliers to return guarantee deposits.

PERN "Przyjaźń" S.A. lodged too an appeal from the judgement, in which District Court rejected their claim from filed counter-claim.

On 26 August 2008 Court of Appeal in Warsaw delivered a judgement regarding an appeal lodged by PROCHEM S.A. from the judgement of District Court of 18 January 2008 regarding case at law against PERN S.A. for payment of amount of PLN 41 301 495.22 as the final settlement of contract for construction management of an investment project under the name "Pipeline in a section from the ST- 1 Adamowo - to raw material base Plebanka".

Court of Appeal in mentioned above judgement decided to relegate the case to the District Court for decision by making settlement of accounts for the mentioned above contract. It results among others from the grounds delivered by Court of Appeal that claim filed by PROCHEM S.A. regarding settlement of accounts for contract is not premature as it was earlier recognised by the District Court. Apart from that the Court of Appeal stated that settlement of accounts for the contract should be made pursuant to the provisions of the contract. This establishment is in compliance with position in a case of PROCHEM S.A.

From the part of this sentence PERN S.A. lodged the petition for the cassation into the Supreme Court. On the meeting on 15 January 2010 the Supreme Court dismissed the petition for the cassation stating the lack of reasonable bases in it, requiring the evaluation with reference to the appealed part of the judgment.

On 12 August 2010 the case was held before the district court in Warsaw, during which the court decided upon appointing the expert, who will finally make accounting for arguable contract according to recommendations of the court of appeal. In April 2011 case records were sent to the expert appointed by the court who within three months should issue the appropriate opinion.

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

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

6.1 Information on basic products and services provided by the Issuer

PROCHEM S.A. is an engineering company dealing with engineering and design, general contracting, project management and with technical consulting. Above all the Company is specialized in services rendered to clients in following segments: industrial construction, environmental protection facilities and infrastructural projects. Revenues from sales of these services constituted 92% of total revenue of the Company achieved in 2010, and their total value in 2010 is almost 55% lower than those achieved in previous year.

The breakdown of revenues achieved on each type of activity and their structure is presented below:

(Revenues in PLN thousand)

DESCRIPTION	Revenues in PLN thousand		% + increase - decrease	Structure of revenues %	
	2010	2009		2010	2009
1. Sales of services	47,202	103,980	- 54.6%	92.3	93.7
2. Sales of goods and materials	392	1,728	- 77.3%	0.8	1.6
3. Revenues from other operating activities	1,812	1,915	- 5.4%	3.5	1.7
4. Revenues from financial transactions	1,720	3,395	- 49.3%	3.4	3.0
Total	51,126	111,18	- 54.0%	100.0	100.0

The below table shows that in 2010 revenues from design and engineering dropped PLN 10 million in comparison with the previous year and revenues from implementation projects dropped almost PLN 47 million. In Item Other services mainly an income from the lease of cranes and shorings was included which amounted to PLN 3.1 million in 2010.

DESCRIPTION	Total revenue from sales of services and goods		+ increase - decrease 2010/2009
	2010	2009	
1. Design and engineering	22,398	32,367	-30.8%
2. Implementation projects	20,652	67,520	-69.4%
3. Other services	4,152	4,093	+1.4%
4. Sales of goods	392	1,728	
TOTAL	47,594	105,708	-54.6%

6.2 Information on market.

The breakdown of markets of the sale of services in 2010 was as follows:

- domestic market 95.9%
- foreign market 4.1%.

Buyers of the services of the Company which the participation in the income from sales in 2010 exceeded 10 % were as follows:

- Institute of Building Technology - 15% of participation in the income from sales.
- Coperion GmbH – 14% of participation in the income from sales.

Other formal connections with the subjects mentioned above apart from the trade agreement aren't appearing.

6.3 Information on concluded agreements important for Issuer's activity.

As of today the main income of the Issuer expected in 2011 will be achieved in the consequence of the execution of the contracts for providing services for companies Goodrich Aerospace Poland Sp. z o.o. and Zachem S.A.

Any agreements concluded between shareholders of PROCHEM S.A. which would be important for the company's business activity aren't known to the Company.

6.4 Information on organizational or capital connections of the Issuer and his main investments projects

The company PROCHEM S.A. is a dominant entity of the Capital Group as at 31 December 2010 composed of companies among other:

Subsidiaries:

- Prochem Inwestycje Sp. z o.o. Warszawa – subsidiary directly (100.0%);
- Irydion Sp. z o.o. Warszawa – subsidiary directly (100.0%);
- Iryd Sp. z o.o. Warszawa – subsidiary indirectly (100.0%);
- PRO-INHUT Sp. z o.o. Dąbrowa Górnicza – subsidiary indirectly (98.0%);
- ATUTOR Integracja Cyfrowa Sp. z o.o. Warszawa – subsidiary indirectly (97.2%);
- Pro-Organika S.A. Warszawa - subsidiary directly (91.4%);

- Prochem Serwis Sp. z o.o. Warszawa - subsidiary indirectly (90.0%);
- ASI Polska Sp. z o.o. Gliwice – subsidiary indirectly (90.0%);
- PREDOM Sp. z o.o. Wrocław – subsidiary indirectly (81.1% of participation in capital and profit, 69.4% of participation in votes);
- Prochem Zachód Sp. z o.o. Słubice - subsidiary directly (60.0%);
- Elektromontaż Kraków S.A. – subsidiary directly (56.5%);
- ELPRO Sp. z o.o. Kraków – subsidiary indirectly (78.3%, including 56.5% participation in 50% of shares belonging to Elektromontaż Kraków);
- ELMONT Inwestycje Sp. z o.o. Kraków – subsidiary indirectly (78.3%, including 56.5% of share in 50% of shares belonging to Elektromontaż Kraków);
- PROTRADE Sp. z o.o. Gdynia – subsidiary indirectly (72%) (ASI Polska Sp. z o.o. subsidiary in 90.0% holds 80.0%);
- PRO PLM Sp. z o.o. Warszawa – 100% of shares;
- PROCHEM RPI - subsidiary indirectly (100.0%).

Associated:

- PROMIS Sp. z o.o. Warszawa – 45.0% in votes, 97.6 in capital;
- ITEL Sp. z o.o. Gdynia – 42.0% of shares;
- TEOMA S.A. Warszawa –12.9% of shares.

6.5 Description of the transaction with affiliated entities

In 2010 significant transactions among companies from the capital group of the Issuer weren't concluded on other conditions than market conditions.

6.6 Information on contracted loans and credits

Name of the unit	Registered office	Amount of the credit according to the agreement (in PLN th.)	Amount of the credit for the repayment (in PLN th.)	Terms of the interest	Time of paymenty	Security
BRE Bank	Warszawa	8.000	277	WIBOR for O/N	30 June 2011 .	Mortgage placed on a real

Polska SA				deposits in PLN + profit margin		estate belonging to company IRYDION Sp. z o.o. being subsidiary in 100%
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6.7 Information on given loans.

In the period from 1 January to 31 December 2010 Issuer granted to associated company Itel sp. z o.o. a short term loan in the amount of PLN 393 thousand. The interest on a loan was established at the annual rate of 7%. Time of payment is falling on 31 January 2011.

6.8 Information on granted and received warrantees and guarantees

The value of given warrantees and guarantees connected with the operational activity of the Issuer amounts to PLN 11,195 thousand, and includes

- a) own bank guarantees of the good performance of services – PLN 9,805 thousand;
- b) b/e guarantee of the good performance of a contract – PLN 197 thousand,
- c) guarantee of the payment of the rent – PLN 827 thousand
- d) warranty given for tenders - PLN 366 thousand.

The total sum of conditional amounts due by way of received guarantees of the good performance and the statutory warranty amounts to PLN 6,933 thousand as at 31 December 2010.

In 2009 the Issuer granted to affiliated entities guarantees of the credit repayment to the total amount of PLN 1,050 thousand.

6.9 Description of the use of takings from the issue

In 2010 the Company didn't issue any securities.

6.10 Explaining differences between achieved financial results and the forecast

In 2009 the Company didn't publish the forecast of financial results.

6.11 Evaluation of the management of financial means

During the year 2009 disturbances to financial liquidity in PROCHEM S.A. didn't appear. The Company is keeping such a state of own financial means which enables timely to acquit of incurred liabilities. No circumstances exist which would make the meeting of undertaken obligation impossible for the Company.

6.12 Appraisal of opportunity for realization of investment objectives

In a Capital Group are included special purpose companies (Irydion, Elmont Inwestycje, Elpro, Iryd), formed for implementation of development projects, on which in the nearest period the investment activity of Capital Group of PROCHEM S.A. will focus. At present these companies are in possession of appropriate real estates and have or are conducting the intensive preparatory work being aimed at obtaining essential permits for the implementation of an investment project. These projects will be financed in a large measure based on the external financing. At present advanced negotiations are being led by companies Elmont Inwestycje and Irydion to the point of acquisition of possible co-investor for the construction of office and commercial buildings in Warsaw and Cracow.

6.13 Evaluation of factors and untypical events affecting achieved financial results

In the assets of balance sheet of PROCHEM S.A. an amount of PLN 17,363,930 is appearing in the item of the trade receivables from the title of guarantee deposits seized by PERN S.A. as security for any claims towards the Consortium Prochem/ Megagaz (GRI) on account of the statutory warranty and contractual guarantees resulting from Agreement no 20047 of 27 August 2002. The existence of this amount due and its sum in previous years were confirmed by PERN S.A.

Simultaneously because of the fact that the whole of work and supplies connected with the completion of a contract No 20047 was executed by the Consortium with the help of subcontractors and suppliers, as security for warranties given by these companies a part of their remuneration was seized by PROCHEM S.A. as the guarantee deposit in total amount similar to those seized by PERN S.A. Pursuant to agreements concluded with mentioned above companies return of guarantee deposits seized by GRI to subcontractors and

suppliers will be done after the expiry of statutory warranty and guarantee period, but not earlier than after the return of the guarantee deposit seized by PERN to PROCHEM S.A.

According to GRI the time of the statutory warranty and the guarantee expired on 13 February 2009. Therefore PROCHEM S.A. demanded return of the seized amount of the guarantee deposit from PERN S.A. Above request remained unanswered. Irrespective of it, from the trial carefulness, the amount of the seized guarantee deposit was filed for judicial proceedings being aimed at final settlement of accounts for the contract No. 20047 of 27 August 2002 which at present is being led again before the District Court in Warsaw.

Creating the revaluating write-off covering the value of the amount due on account of seized guarantee deposits in the opinion of the Management Board is unjustified, since the above amount is in the indissoluble way connected and protected (both as for the amount as well as the date) with guarantee deposits given by subcontractors and suppliers and seized by GRI.

According to the evaluation of the Management Board of PROCHEM SA even if PERN will not return the seized guarantee deposits, there is a great probability of regaining these amounts due even this year within the framework of final settlement of accounts for the contract which is an subject matter of judicial proceedings being in progress.

6.14 Characteristics of outside and internal factors essential for the development of the enterprise of the Issuer in 2011

For the operations of PROCHEM S.A. in 2011 macroeconomic surrounding of the company will have the significant effect, particularly the leaving financial crisis lasting in previous years by the Polish economy. In relation to the slow return by banks to financing of investment projects, many prospective customers of PROCHEM S.A. (in particular industrial companies) begin to work in this respect and are making decisions about taking new investment objectives. A preparatory work is also being conducted aiming at starting the accomplishment of large-scale investments in the energy, gas industry and the environmental protection. It will reflect on the number of orders won over by the company, and in the end on financial results achieved in 2011. The Management Board of PROCHEM S.A. is monitoring the current situation with the particular attention and if necessary is prepared for taking proper action being aimed at adapting its potential to new opportunities.

6.15 Changes in basic principles of management of the Issuer and Capital Group

In 2010 any substantial changes affecting principles of management of the Issuer and Capital Group didn't take place.

6.16 Description of the agreements concluded between the Issuer and managing persons providing compensation

Contract of employment concluded by the Issuer with managing persons provide for the compensation in the amount of remuneration in the period of six months in case of dismissing the member of the Management Board from office except for the situation when the cancellation results for reasons being an evident guilt of the managing person.

6.17 Value of the remuneration of persons managing and supervising the Issuer

Remuneration paid in 2010 in the enterprise of the Issuer:

Members of the Management Board:

1. Jarosław Stępniewski - PLN 393thousand
2. Marek Kiersznicki - PLN 284 thousand,
3. Krzysztof Marczak - PLN 284 thousand.

Members of the Supervisory Board:

1. Andrzej Karczykowski – PLN 30 thousand,
2. Krzysztof Obłój - PLN 30 thousand
3. Marek Garliński - PLN 30 thousand,
4. Dariusz Krajowski-Kukiel - PLN 30 thousand,
5. Steven Tappan - PLN 14 thousand,
6. Adam Parzydeł – PLN 13 thousand

Remuneration paid in 2010 on account of serving in the Management Boards and Supervisory Boards of companies being included in a Capital Group received:

1. Jarosław Stępniewski - PLN 54 thousand,
2. Marek Kiersznicki – PLN 62 thousand,
3. Krzysztof Marczak – PLN 108 thousand.

6.18 Total amount of the shares of the Issuer and affiliated entities in the possession of persons managing and supervising the Issuer

As at the day of drawing the financial statement up the following members of the Management Board and Supervisory Board of the company are in the possession of shares of PROCHEM S.A.:

- Jarosław Stępniewski – 37,787 units.;
- Marek Kiersznicki – 17, 500 units.;
- Krzysztof Marczak – 9,030 units.;
- Andrzej Karczykowski – 20,000 units.;
- Marek Garliński – 35,548 units.

Nominal value of 1 share is PLN 1.

Persons managing and supervising don't possess shares of affiliated entities.

6.19 Information on agreements as a result of which changes can take place in proportion of shares possessed by previous shareholders

Any agreements, as a result of which changes can in the future take place in proportion of shares possessed by previous shareholders aren't known to the Company.

6.20 Information on the system of the control of the programmes of workers' shares

In the company no program of workers' shares is functioning.

6.21 Information on the agreement with the entity authorized to audit financial statements of the Issuer

Agreement with company KPMG Audyt Sp. z o.o. being the entity authorized to audit financial statement for auditing and reviewing of individual and consolidated reports of PROCHEM S.A. for 2010 was concluded on 2 August 2010. The agreement was concluded only for examining statements for 2010. The total contractual amount of remuneration of KPMG amounts to PLN 65,000 net. Neither it wasn't paid nor isn't due to company KPMG the remuneration from other titles. On account of the examination and the review of financial statements for 2009 company Mistery Auditor received the remuneration in the net amount of PLN 76,000. In the year 2009 remuneration from other titles neither wasn't paid nor wasn't due to Company Mistery Auditor

Management Board Member

Krzysztof Marczak

Vice Chairman

Marek Kiersznicki

Chairman

Jarosław Stępniewski