

**INTERIM SHORTENED INDIVIDUAL FINANCIAL STATEMENT OF
PROCHEM S.A.
AS AT AND FOR THE PERIOD ENDED ON 30 JUNE 2010**

**PROCHEM S.A.
44C Powązkowska Str.,
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***Interim Shortened Individual Financial Statement of PROCHEM S.A.
as at 30 June 2010 and for the period from 01 January 2010
to 30 June 2010***

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)	Stan na 30 czerwca 2009 r. (transformed)
Assets				
Fixed assets				
Tangible assets	1	4 069	4 853	5 750
Intangible assets		245	398	570
Shares of subordinated entities and other entities	2	10 543	10 430	10 430
Shares of associates	3	708	708	708
Assets on account of deferred income tax		1 610	1 597	244
Other financial assets	4	18 672	21 072	19 150
Total fixed assets		35 847	39 058	36 852
Current assets				
Stock	5	2 931	3 302	3 388
Trade receivables and other receivables	6	52 457	52 430	94 013
Other financial assets	7	1 861	1 783	1 570
Other assets	8	10 538	13 181	15 498
Cash and cash equivalents		2 174	2 940	5 405
Total current assets		69 961	73 636	119 874
Total assets		105 808	112 694	156 726
Liabilities				
Equity				
Share capital	9	3 900	3 900	3 900
Shares (stocks) of parent entity (negative value)		-5	-5	-5
Retained earnings		59 234	58 903	62 954
Total Equity		63 129	62 798	66 849
Long-term Liabilities				
Deferred tax provision		1 704	1 481	922
Retirement liabilities		309	283	284
Other long-term liabilities		23	253	613
Total Long-term Liabilities		2 036	2 017	1 819
Current Liabilities				
Short-term credits	10	3 577	2 620	3 809
Trade liabilities	11	34 650	41 724	75 187
Other liabilities	12	2 305	3 310	8 654
Deferred income		111	225	408
Total Current Liabilities		40 643	47 879	88 058
Total Liabilities		42 679	49 896	89 877
Total equity and liabilities		105 808	112 694	156 726

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 ended on 30 June 2010	Period ended on 30 June 2009 (transformed)
Net revenues from sales of services, goods and materials including :		19 150	76 894
Net revenues from sale of services		19 127	75 170
Net revenues from sale of goods and materials		23	1 724
Costs of services, goods and materials sold including :		15 458	74 848
Costs of services sold	13	15 437	73 158
Cost of goods and materials sold		21	1 690
Gross profit (loss) from sale		3 692	2 046
Other revenues		259	1 155
Other operating costs		600	1 400
General management costs		3 571	3 310
Profit (loss) from operating activity		-220	-1 509
Financial revenues		1 270	3 305
Financial costs		509	297
Profit (loss) before tax		541	1 499
Income tax :		210	566
- current		1	3
- deferred		209	563
Net profit (loss)		331	933
Other comprehensive income (net)		0	0
Total comprehensive income		331	933
Weighted average number of ordinary shares (units)		3 895 000	3 895 000
Net profit (loss) per one ordinary share (in PLN per one share)			
Diluted profit per one share (in PLN per one share)		0,08	0,24
Total comprehensive income per one ordinary share (in PLN per one share)		0,08	0,24

Statement of Changes in Equity Capital

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

	Share capital	Shares of parent entity	Retained earnings	Total equity
As at the beginning of the period on 1 January 2010 (after the transformation)	3 900	-5	58 903	62 798
Dividend payment				-
Net profit (loss)			331	331
Net other comprehensive income			0	0
<i>Total comprehensive income</i>			331	331
As at the end of the period on 30 June 2010	3 900	-5	59 234	63 129
As at the beginning of the period on 1 January 2009	3 900	-2	62 558	66 456
Dividend payment			-506	-506
Net profit (loss)			-3 118	-3 118
Net other comprehensive income			-31	-31
<i>Total comprehensive income</i>			-3 655	-3 655
Own shares purchase with aim of redemption		-3		-3
As at the end of the period on 31 December 2009 (after the transformation)	3 900	-5	58 903	62 798
As at the beginning of the period on 1 January 2009	3 900	-2	62 558	66 456
Dividend payment			-506	-506
Net profit (loss) – after the transformation			933	933
Net other comprehensive income			-31	-31
<i>Total comprehensive income</i>			396	396
Own shares purchased with aim of redemption a		-3		-3
As at the end of the period on 30 June 2009 (after the transformation)	3 900	-5	62 954	66 849

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 ended on 30 June 2010	Period ended on 30 June 2009 r (transformed)
Cash flows from operating activities		
Profit (loss) before tax	541	1 499
Adjustments for	-4 192	-11 031
Amortisation and depreciation	989	1 173
Interests and profit sharing (dividends)	-536	-2 199
(Profit) loss on account of investment activity	-39	-43
Movements in provisions	-734	-2 414
Change in stock	371	346
Movements in receivables	2 913	18 516
Movement in current liabilities with the exception of loans and credits	-7 042	-24 392
Other adjustments (including deferred income)	-114	-2 018

Operating cash	-3 651	-9 532
Income tax paid	-	-
Net cash provided by operating activities	-3 651	-9 532
Investment cash flows		
Inflows	2 797	1 984
Sales of intangible assets and tangible assets	45	108
From financial assets in affiliated entities on account of:	2 752	1 876
- repayment of loans granted	2 600	-
- payment of loans interest	150	-
- dividends and profit sharing	2	1 876
Outflows	-136	-745
Purchase of intangible assets and tangible assets	-23	-65
For financial assets in affiliated entities:	-113	-680
- purchase of financial assets	-113	-30
- loans granted	-	-650
Net cash flow from investment activity	2 661	1 239
Financial cash flows		
Incomings from received credit	957	3 808
Repayment of credits	-	-
Interest and commission paid	-194	-190
Payment on account of finance lease	-539	-371
Purchase of own shares with the aim of redemption	-	-3
Net cash flow from financial activity	224	3 244
Total net cash flows	-766	-5 049
Increase(decrease) of net cash and cash equivalents	-766	-5 049
Cash and cash equivalents at the beginning of period	2 940	10 454
Cash and cash equivalents at the end of period	2 174	5 405

Notes on assumed accounting principles (policy) and other explanatory remarks to Interim Shortened Individual Financial Statement of the company Prochem S.A.

1. Reporting Entity

Company PROCHEM S.A. (hereinafter called "Prochem", "Company", "Issuer") with the registered office in Warsaw at 44c Powązkowska Str. The company is entered into the National Court Register (KRS) by the District Court for the capital city of Warsaw, XII Commercial Division of the National Court Register under KRS number 0000019753. Basic activity according to Polish Business Classification (PKD 2007) determines symbol 7112Z – operations in the scope of engineering services and associated with it technical consulting. According to Warsaw Stock Exchange Classification the company is being ranked among the construction sector. Company Prochem S.A. is a parent entity in the Capital Group and is drawing up separate consolidated financial statement. Company Prochem S.A. was established as a result of transformation of a state enterprise under the name Przedsiębiorstwo Projektowania i Realizacji Inwestycji Przemysłu Chemicznego "Prochem" (Designing and the Implementation of an Investment Project of the Chemical Industry Office). The notarial deed and statutes were signed on 1 October of 1991. The company's duration is indefinite.

2. Applied Accounting Principles

Declaration about conformity and base for the presentation

Interim Shortened Individual Financial Statement of PROCHEM S.A. for the first half of 2010 and comparable financial data is not containing joint data, because organizational units drawing up independent financial statements aren't members of the Company. In the period for which the Financial Statement was drawn up an amalgamation didn't take place.

Interim Shortened Financial Statement of Prochem S.A. for the period from 1 January to 30 June 2010 was drawn up 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 Financial Statement are in conformity with principles applied at drawing up annual report for the financial year ended on 31 December 2009. This Financial Statement is not containing information and disclosures required for complete financial reports and should be read including the Financial Statement for the financial year ended on 31 December 2009.

This Interim Shortened Financial Statement of Prochem S.A. was prepared at assuming continuing economic activity in a foreseeable future and it is stated that circumstances pointing out to the threat of continuing activity by the Issuer don't exist.

The operational activity of the company doesn't have seasonal character or it isn't subject to cyclical trends.

The Interim Shortened Financial Statement is being presented in Polish zlotys ("zloty" or "PLN") which are functional currency and presentation currency.

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,
- real estates (land) investments,
- 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 Comprehensive Income, except for differences of exchange concerning assets under construction which are being included in costs of these assets and treated as adjusting of interest costs of credits in foreign currencies.

Items of the 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. 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 year of 2010.

Transformation of Financial Statements

Interim Shortened Financial Statement of Prochem S.A. 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	14 812	-14 812	-
Revaluation capital	766	-766	-
Other reserve capitals	46 443	-46 443	-
Net profit(loss) for the current year	-3 118	3 118	-
Retained profit	-	58 903	58 903
Total	58 903	-	58 903

Liabilities- transformation (in PLN thousand)	As at 30 June 2009.	Adjustment/ transformation	As at 30 June 2009 . (after transformation)
Spare capital	14 812	-14 812	-
Revaluation capital	766	-766	-
Other reserve capitals	46 443	-46 443	-
Net profit(loss) for the current year	1 011	-1 011	-
Adjustment of the result - elimination of social activity from the items of financial statements	-	78	78
Retained profit	-	62 954	62 954
Total	63 032	-	63 032

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 Statement of the Financial Position and on items presented in the Statement of Comprehensive Income.

Statement of Cash Flows - transformation (in PLN thousand)	Period ended on 30 June 2009	Adjustment/ transformation	Period ended on 30 June 2009 (after transformation)
Cash flows from operating activities			
Gross profit (loss)	1 577	-78	1 499
Total adjustments	-11 682	651	-11 031
Amortisation and depreciation	1 173	-	1 173
Interests and profit sharing (dividends)	-2 306	107	-2 199
(Profit)loss on disposal of fixed assets	-87	44	-43

Movements in provisions	629	-3 043	-2 414
Change in stock	346	-	346
Movements in receivables	18 335	181	18 516
Movement in current liabilities, with the exception of loans and credits	-29 786	5 394	-24 392
Other adjustments	14	-2 032	-2 018
Cash from operations	-10 105	573	-9 532
Income tax paid	-	-	-
Net cash provided by operating activities	-10 105	573	-9 532
Investment cash flows			
Inflows	2 104	-120	1 984
Sales of intangible assets and tangible assets	228	-120	108
From financial assets, including:	1 876	-	1 876
a) in affiliates	1 876	-	1 876
- dividends and profit sharing	1 876	-	1 876
Outflows	-746	1	-745
Purchase of intangible assets and tangible assets	-66	1	-65
For financial assets including:	-680	-	-680
a) in affiliates	-680	-	-680
- purchase of financial assets	-30	-	-30
- loans granted	-650	-	-650
Net cash from investment activity	1 358	-119	1 239
Financial cash flows			
Inflows	8 930	-5 122	3 808
Bank credits	8 930	-5 122	3 808
Outflows	-5121	4 557	-564
Repayment of credits	-5121	5 121	-
Interest	-	-190	-190
Payment on account of finance lease	-	-371	-371
Purchase of own shares with the aim of redemption	-	-3	-3
Net cash from financial activity	3 809	-565	3 244
Total net cash flow	-4 938	-111	-5 049
Increase (decrease)of net cash and cash equivalents	-4 938	-111	-5 049
Cash and cash equivalents at the beginning of period	10 509	-55	10 454
Cash and cash equivalents at the end of period	5 571	-166	5 405

Statement of Comprehensive Income - transformation (in PLN thousand)	Period ended on 30 June 2009	Transformation/ Elimination of Company's Employee Benefit Fund (ZFŚS)	Period ended on 30 June 2009 (after transformation)
Continuing operations			
General management cost	3 232	78	3 310
Profit (loss) from operating activity	-1 431	-78	-1 509
Profit (loss) before tax	1 577	-78	1 499
Net profit (loss)	1 011	-78	933

Statement of Financial Position – transformation (in PLN thousand)

Assets	As at 31 December 2009	Transformation/ Elimination of Company's Employee Benefit Fund (ZFŚS)	As at 31 December 2009 after transformation	As at 30 June 2009	Transformation/ Elimination of Company's Employee Benefit Fund (ZFŚS)	As at 30 June 2009 after transformation
Current assets						
Trade receivables and other receivables	52 913	-483	52 430	94 561	-548	94 013
Other assets	13 181	-	13 181	15 576	-78	15 498
Cash and short-term deposits	3 045	-105	2 940	5 571	-166	5 405
<i>Total current assets</i>	<i>74 224</i>	<i>-588</i>	<i>73 636</i>	<i>120 666</i>	<i>-792</i>	<i>119 874</i>
Total assets	113 282	-588	112 694	157 518	-792	156 726
Liabilities						
Net profit (loss) of current year	-3 118	-	-3 118	1 011	-78	933
Total equity	62 798	-	62 798	66 927	-78	66 849
Current liabilities						
Other liabilities	3 898	-588	3 310	9 368	-714	8 654
Total current liabilities	48 467	-588	47 879	88 772	-714	88 058
Total liabilities	113 282	-588	112 694	157 518	-792	156 726

Amendment to Note 1 – tangible fixed assets applying to an opening balance-sheet as at 30 June 2009 results from incorrect put of amounts from a closing balance as at 31 December 2008. Below transforming was presented.

	Change in capital assets for the period from 1 January 2009 to 30 June 2009	Transformation/ adjustment	Change in capital assets for the period from 1 January 2009 to 30 June 2009 (after transformation)
Gross value			
As at opening balance-sheet	17 686	-43	17 643
increases (on account of)	135	-	135
- purchase of capital assets	65	70	135
-other movements	70	-70	-
decreases (on account of)	8	-	8

- liquidation of capital assets	8		8
Gross value at closing balance	17 813	-43	17 770
Amortisation and depreciation			
Accumulated depreciation/amortisation – as at opening balance-sheet	11 101	-5	11 096
Amortisation for the period (on account of)	962	-38	924
- increases (calculated amortisation)	955	-23	932
- other movements	7	-7	-
- decreases on account of liquidation	-	8	8
Accumulated depreciation/amortisation- as at closing balance	12 063	-43	12 020
Net value of capital assets – as at closing balance	5 750	-	5 750

3. Description of factors and events having the significant effect on achieved financial results in the current reporting period

In 2009 transactions of untypical character, having the significant effect on achieved financial results weren't concluded.

4. 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 company's activities.

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

Note No 1 – Tangible assets

	Changes in tangible assets for the period from 1 January 2010 to 30 June 2010	Changes in tangible assets for the period from 1 January 2009 to 31 December 2009	Changes in tangible assets for the period from 1 January 2009 to 30 June 2009 (after transformation)
Gross value			
As at opening balance-sheet	17 293	17 643	17 643
increases (on account of)	55	190	135
- purchase of tangible assets	55	190	135
decreases (on account of)	212	540	8
- sales of tangible assets	205	76	-
- liquidation of tangible assets	7	464	8
Gross value at closing balance	17 136	17 293	17 770

Amortisation and depreciation

Accumulated depreciation/amortisation – as at opening balance-sheet	12 440	11 096	11 096
Amortisation for the period (on account of)	627	1 344	924
- increases (calculated amortisation)	836	1 818	932
- decreases on account of sales of tangible assets	203	403	-
- decreases on account of liquidation of tangible assets	6	71	8
Accumulated depreciation/amortisation- as at closing balance	13 067	12 440	12 020
Net value of tangible assets			
As at closing balance	4 069	4 853	5 750

Note No 2 – Shares and stocks in subordinated entities and others

Shares and stocks in subordinated entities and others	As at 30 June 2010	As at 31 December 2009	As at 30 June 2009
a) in subsidiaries	10 050	9 937	9 937
b) in associated companies	493	493	493
Shares and stocks, net value	10 543	10 430	10 430
Revaluating writing-off of value of financial fixed assets	160	160	160
Shares and stocks, gross value	10 703	10 590	10 590

Movements in shares and stocks in subordinated entities and other entities	As at 30 June 2010	As at 31 December 2009	As at 30 June 2009
a) at the beginning of period	10 430	10 400	10 400
b) increases (on account of)	113	30	30
- purchase of shares of subsidiaries	113	30	30
d) at the end of period	10 543	10 430	10 430

Movements in revaluating write offs of the value of shares and stocks in subordinated entities and remaining entities	As at 30 June 2010	As at 31 December 2009	As at 30 June 2009
At the beginning of period	160	160	160
At the end of period	160	160	160

On 19 March 2010 the Issuer signed the contract of sale of shares on the basis of which the Issuer purchased 4,520 shares of the subsidiary of the nominal value of PLN 5 each, in total amount of PLN 113,000 (say: one hundred thirteen thousand of zlotys). Ownership of the shares to the Issuer was transferred on the pay-day for shares that is on 1 April 2010. After the effected transaction participation of PROCHEM S.A. in capital and votes of the company Elektromontaż Cracow is 55.86%.

As at 30 June 2010 the company's Management Board made an appraisal whether premises pointing out to the depreciation of shares held in given individuals exist. After carrying out analysis, the premises which would appoint to the need to recognize allowance for depreciation weren't identified.

Note No 3 – Shares and stocks in associates

Shares and stocks in associates	As at 30 June 2010	As at 31 December 2009	As at 30 June 2009
Shares and stocks – net value	708	708	708
Revaluating writing-off of shares and stocks value	918	918	918
Shares and stocks – gross value	1 626	1 626	1 626

In the first half of 2010 change of value of shares and stocks in associates didn't take place. As at 30 June 2010 Company's Management Board made an appraisal whether premises pointing out to the depreciation of value of shares and stocks in given entities exist.

After carrying out analysis the premises pointing out to the depreciation weren't identified.

Note No 4 -Other financial assets

	As at 30 June 2010	As at 31 December 2009	As at 30 June 2009
In subordinated entities	18 672	21 072	19 150
- loans granted	18 672	21 072	19 150
Total other financial assests	18 672	21 072	19 150

Loans granted – as at 31 December 2009:

- Loan granted to subsidiary IRYDION Sp. z o.o. with registered office in Warsaw in the amount of PLN 17,715 thousand, including: loan amount is PLN 16,150 thousand. Interest is set annually according to the WIBOR 6M, term of a loan – 31 Dec. 2012. The amount of the accrued interest for the reporting day amounts to PLN 1,565 thousand,
- Loan granted to subsidiary Prochem Inwestycje Sp. z o.o. in the amount of PLN 3,357 thousand including: loan amount is PLN 3,000 thousand, the amount of accrued interest is PLN 357 thousand. Interest is set annually according to the WIBOR 6M in force at the end of every calendar year, term of a loan - 31 Dec. 2013

Increases:

- Accrued interest on the loan granted to the subsidiary Irydion sp. z o.o. – PLN 287 thousand,
- Accrued interest on the loan granted to the subsidiary Prochem Inwestycje sp. z o.o. – PLN 63 thousand

Decreases:

- Repayment a loan by the subsidiary Irydion sp. z o.o. with registered office in Warsaw contracted on 11 August 2008 in the amount of PLN 1,615 thousand , including : loan amount is PLN 1.500 thousands , and interest PLN 115 thousand,
- Part repayment a loan by the subsidiary Irydion sp. z o.o. with registered office in Warsaw, contracted on 15 April .2009 in the amount of PLN 454 thousand, including: loan amount is PLN 450 thousand , and interest PLN 4 thousand,
- Part repayment a loan by the subsidiary Irydion sp. z o.o. with registered office in Warsaw contracted on 24 September 2009 in the amount of PLN 681 thousand, including : loan amount – PLN 650 thousand, and interest PLN 31 thousand.

Loans granted – as at 30 June 2010:

- Loan granted to subsidiary IRYDION Sp. z o.o. with registred office in Warsaw in the amount of PLN 15,252 thousand, including: loan amount is PLN 13.550 thousand. Interest is set annually according to WIBOR 6M, term of a loan - 31 December .2012. Amount of accrued interest for the reporting day amounts to PLN 1,702 thousand,
- Loan granted to subsidiary Prochem Inwestycje Sp. z o.o. in the amount of PLN 3,420 thousand including: loan amount is PLN 3,000 thousand; amount of accrued interest is PLN 420 thousand. Interest is set annually according to WIBOR 6M in force at the end of every calendar year, term of a loan – 31 December 2013

Note No 5 - Stock

	Stan na 30 czerwca 2010 r.	Stan na 31 grudnia 2009 r.	Stan na 30 czerwca 2009 r.
Materials	2 931	3 302	3 388
Stock, net value o	2 931	3 302	3 388
Revaluating writing-off	508	169	-

Note No 6 - Trade receivables and other receivables

	As at 30 June 2010	As at 31 December 2009 (after transformation)	Stan na 30 czerwca 2009 r. (after transformation)
Trade receivables			
a) from affiliated entities	13 282	14 525	17 513
- from sales of service ,with repayment:	13 282	14 525	17 513
- up to 12 months	1 800	2 502	4 395
- above 12 months	11 482	12 023	13 118
b)from other entities	37 923	36 936	74 943
- from sales of services, with repayment:	37 923	36 936	74 943
- up to 12 months	31 182	28 214	65 834
- above 12 months	6 741	8 722	9 109
Total net short-term trade receivables	51 205	51 461	92 456
- revaluating write off covering value of trade receivables	3 377	3 248	3 185
Total gross trade receivables	54 582	54 709	95 641
Other receivables			
a) from affiliated entities	28	48	83
- with repayment:	28	48	83
- up to 12 months	28	48	83
b) from other entities	1 224	921	1 474
- with repayment:	1 137	279	440
- up to months	1 137	279	440
- on account of taxes, subsidy, customs, social insurance and health and other benefits	87	642	1 034
Total net short-term other receivables	1 252	969	1 557
- revaluating write-off covering other receivables	2 141	2 164	2 308
Total gross short-term other receivables	3 393	3 133	3 865
Total net short-term trade receivables and other receivables	52 457	52 430	94 013
- revaluation write-off covering value of receivables	5 518	5 412	5 493
Total gross short-term trade receivables and other receivables	57 975	57 842	99 506
Trade receivables and other receivables from affiliated entities			
a) trade receivables from subordinated entities	13 282	14 525	17 513
b) other, including:			
- from subordinated entities	28	47	83
- from associates	-	1	-

Total net trade receivables and other receivables from affiliates	13 310	14 573	17 596
- revaluating write-offs covering value of receivables from affiliated entities	532	508	506
Total gross trade receivables and other receivables from affiliates	13 842	15 081	18 102

Change in revaluating write off covering value of trade receivables and other receivables	As at 30 June 2010	As at 31 December 2009 (after transformation)	As at 30 June 2009 (after transformation)
At the beginning of period	5 412	5 680	5 683
a) increases (on account of)	133	79	7
- creating write-off covering receivables	133	79	7
b) decreases (on account of)	27	347	197
- received payments	27	347	197
Revaluating write-off covering value of short-term trade receivables and other at the end of the period	5 518	5 412	5 493

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 Company didn't establish reserves, since a substantial change of the quality of this debt didn't take place in relation to previous financial periods, in the connection with what they are still being regarded as recoverable. The Company has security 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 financial assets

	As at 30 June 2010	As at 31 December 2009	As at 30 June 2009
a) from indirect and direct subsidiaries :	1 631	1 561	1 357
- short-term loans	1 631	1 561	1 357
b) from other entities :	230	222	213
- short-term loans	230	222	213
Total other financial assets	1 861	1 783	1 570

Loans granted as at 31 December 2009

- Loans granted to subsidiary PROCHEM ZACHÓD Sp. z o.o. with registered office in Ślubice:
 1. Loan in the amount of PLN 50 thousand, interest on a loan established according to the rate of the rediscount credit on an annual basis, term of a loan – 31 Dec. 2010.
 2. Accumulated loan in the amount of PLN 30 thousand, interest set according to the rate of the rediscount credit on an annual basis, term of a loan – 31 Dec.2010.
- Loan granted to subsidiary PRO ORGANIKA Sp. z o.o. in the amount of PLN 252 thousand, including: loan amount is PLN 155 thousand, amount of the accrued interest as at the reporting day is PLN 97 thousand, interest set in the amount of 7 % annually, term of a loan - 31 December 2010.
- Loan granted to indirect subsidiary IRYD Sp. z o.o. in the amount of PLN 1,045 thousand including: loan amount PLN 935 thousand, amount of the accrued interest as at the reporting day is PLN 110 thousand, interest set annually according to the WIBOR 6M in force at the end of every calendar year, term of o loan – 31 Dec. 2010.
- Loan granted to the Civil Committee of the Construction of the Cardiological Hospital of the Marshal Józef Piłsudski in Warsaw in the amount of PLN 222 thousand, including; loan amount being PLN 133 thousand, amount of the accrued interest is PLN 89 thousand, interest set in the amount of statutory interest, term of a loan – 30 June 2008. Amount due is hedged in a way of the

establishing a mortgage on the perpetual usufruct covered by land and mortgage register - KW No. 136324,

- Loan granted to indirect subsidiary IRYD Sp. z o.o. with registered office in Warsaw in the amount of PLN 184 thousand, including: loan amount PLN 170 thousand, interest set annually according to the WIBOR 6M, term of a loan 31 Dec. 2010. Amount of accrued interest as at the reporting day is PLN 14 thousand.

Increases

1. Interest accrued on the loan granted to IRYD sp. z o.o. – PLN 20 thousand,
2. Interest accrued on the loan granted to Pro Organika sp. z o.o. – PLN 6 thousand,
3. Interest accrued on the loan granted to the Civil Committee of the Construction of the Cardiological Hospital – PLN 8 thousand,
4. Interest accrued on the loan granted to company Prochem Zachód sp. z o.o. – PLN 44 thousand,
5. Interest accrued on the loan granted to company Teoma S.A. – PLN 59 thousand.

Decreases

6. Creating the revaluating write-off of the interest on the loan granted to company Teoma S.A. – PLN 59 thousand.

Loans granted as at 30 June 2010

- Total amount of loans granted to Company Prochem Zachód Sp. z o.o. with registered office in Słubicach is PLN 124 thousand, including interest PLN 44 thousand. Interest set according to rate of the rediscount credit on an annual basis, term of a loan – 31 Dec. 2010 ,
- Loan granted to subsidiary PRO ORGANIKA sp. z o.o.- PLN 258 thousand , including : loan amount being PLN 155 thousand, amount of accrued interest as at the balance sheet day is PLN 103 thousand, interest set in the amount of 7 % annually, term of a loan 31 December 2010 ,
- Loan granted to indirect subsidiary IRYD sp. z o.o.- PLN 1.062 thousand, including : loan amount being PLN 935 thousand, amount of accrued interest as at the balance-sheet day is PLN 127 thousand, interest set annually according to WIBOR 6M in force at the end of every calendar year, term of a loan - 31 Dec. 2010 ,
- Loan granted to the Civil Committee of the Construction of the Cardiological Hospital of the Marshal Józef Piłsudski in Warsaw in the amount of PLN 230 thousand, including; loan amount being PLN 133 thousand, amount of the accrued interest is PLN 97 thousand, interest set in the amount of statutory interest, term of a loan – 30 June 2008.,
- Loan granted to indirect subsidiary IRYD Sp. z o.o. with registered office in Warsaw – PLN 187 thousand, including : loan amount being PLN 170 thousand, interest set annually according to WIBOR 6M, term of a loan - 31 Dec. 2010. Amount of accrued interest as at reporting day amounts to PLN 17 thousand.

Note No 8 – Other assets

Other assets (by types)	As at 30 June 2010	As at 31 December 2009	As at 30 June 2009 (after transformation)
a) active accrued costs and prepayments	455	402	544
- cost of property and personal insurance	263	120	269
- maintenance costs of softwares	145	223	213
- subscriptions	13	28	16
- initial rent from lease agreements	12	21	32
- other	10	10	4
- annual charge for stock exchange quotations	12	-	10
b) other accrued costs and prepayments	10 083	12 779	14 954
- surplus of the receivables on account of production not completed above advance payments	10 083	12 779	14 954
Total other assets	10 538	13 181	15 498

In the item - other accrued costs and prepayments – an evaluation of construction contracts was included, being under accomplishment as at the reporting day.

Note No 9 – Share capital

SHARE CAPITAL (THE STRUCTURE)							
Series/ emission	Type of the share	Nature of share preferences	Number of shares	Value of series/emission at nominal value	Way of covering capital	Registration date	Dividend right(from the date)
Founding	registered	3 votes	1 840	1840	gotówka	23-07-1991	01-10-1991
Founding	registered	per 1 share	15 754	15 754	gotówka	23-07-1991	01-10-1991
Founding	bearer		1 799 906	1 799 906	gotówka	23-07-1991	01-10-1991
B	registered		5 250	5 250	gotówka	29-07-1993	01-01-1993
B	bearer		677 250	677 250	gotówka	29-07-1993	01-01-1993
C	bearer		530 000	530 000	gotówka	20-04-1994	01-01-1994
D	bearer		870 000	870 000	gotówka	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 Shareholders Meeting.

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, of which: ING Parasol Specjalistyczny	358.312	9,18	9,19
Fundusz Inwestycyjny Otwarty	228.950	5,86	5,87
4. Union Investment Towarzystwo Funduszy Inwestycyjnych S.A.	345.000	8,84	8,85
5. PTE PZU S.A.	325.521	8,34	8,35
6. Legg Mason Zarządzenie 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 share packets 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 09 July 2010 made change/reduced the amount of the share capital from PLN 3,900,000 up 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 10 – short-term bank credits

	As at 30 June 2010	As at 31 December 2009	As at 30 June 2009 .
Credits	3 577	2 620	3 809

As at 30 June 2010 the Company is using the revolving credit in PLN of the amount not exceeding PLN 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 oo. is a hedge of this credit

Note No 11 – Trade liabilities

	As at 30 June 2010	As at 31 December 2009	As at 30 June 2009
a) to subsidiaries	1 140	2 071	3 022
-on account of supplies and services of the maturity period:			
- up to 12 months	668	1 673	2 036
- above 12 months	472	398	986
b) to associates	21	21	-
- on account of supplies and services of the maturity period:			
- up to 12 months	21	21	-
c) to remaining entities	33 489	39 632	72 165
- on account of supplies and services of the maturity period:			
- up to 12 months	25 737	22 426	60 303
- above j 12 months	7 752	17 206	11 862
Total trade liabilities	34 650	41 724	75 187

Note No 12 –Other liabilities

	As at 30 June 2010	As at 31 December 2009 (after transformation)	As at 30 June 2009 (after transformation)
a) to remaining entities	1 403	1 648	2 209
- on account of taxes, customs, social insurance and other benefits	668	541	652
- on account of remuneration	-	135	27
- other (by types)	735	972	1 530
to shareholders		2	508
liabilities arising from the lease	414	723	704
other	321	247	318
b) remaining short-term reserves	902	1 662	6 445
- reserve to costs of contracts (subcontractor/supplier),	623	1 124	-
- reserve to contract accounting in Hungary	-	-	5 909
- audit fees	65	44	30
- short-term reserve to post-retirement benefits	66	112	153
- reserve to back leaves	148	382	353
Total other liabilities	2 305	3 310	8 654

Note No 13 – Costs of services sold

	For the period ended on 30 June 2010	For the period ended on 30 June 2009 (after transformation)
Total costs by types		
a) amortisation	989	1 173
b) materials and energy consumption	331	615
c) out-sourced services	7 766	64 438
d) taxes and fees	35	78
e) remunerations	8 220	9 983

f) social insurance and other benefits	1 619	1 833
g) other costs by types (according to titles)	759	796
- insurance of property and personal	387	368
- business trips	89	153
- PFRON (State Fund for Rehabilitation of Disabled Persons)	86	93
- other	197	182
Total costs by types	19 719	78 916
Movement in stocks, products and accruals	-711	-2 448
General and administrative expenses(negative value)	-3 571	-3 310
Cost of services sold	15 437	73 158

Note No 14 – operation sections

Company's activity for the purposes of the management was divided into three basic operating sections such as: realization (general contracting), design services and other engineering services (supervisions with the service of the engineer of the project), the rental of construction equipment and the other activity as which we recognize the income from the sublet among others, sale of photocopy services and other.

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

Some assets being in the shared use are being assigned up to these segments based on sensible weight. Income from activity reached outside borders of Poland in period from 1 January 2010 to 30 June 2010 amounted to PLN 1,921 thousand, i.e. 9.9 % of sales revenue of products, services and goods, and in the corresponding period of the previous year PLN 1,794 thousand, i.e. 2.3 % of income from this sale.

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 investment supervisions is reflecting better activity as well as it lets for more accurate decision making about allocating of stores and for the evaluation of results of the activities. Data presented in the comparative period - profit (loss) of section – in the section remaining, are influenced by including the transformations associated with the elimination of social activity (ZFŚS) from the item of financial statements.

Analysis of the income and the performance of the Company in individual sections provided with the reporting was described below.

Operation segments - continuation.

For the period from 1 Jan. 2010 to 30 June 2010	General contracting	Engineering and design and other engineering services	Rental of construction equipment	Other	Items not assigned	TotalSales
Sale to external customers	5 116	12 258	1 076	700		19 150
Total income of the segment	5 116	12 258	1 076	700		19 150
Result						
Profit (loss) of the segment	1 501	-1 755	213	162		121
Financial income						1 270
Financial costs						509
Net financial income						761
Profit (loss)from other operating activity						-341
Profit (loss) before taxes						541
Income tax						210
Profit (loss) for the current period						331
Assets						
Assets of the segment (associated with activity)	42 114	12 403	1 050	50		55 617
Not-assigned assets / not-allocated (among others shares, stocks and remaining financial assets)					50 191	50 191
Total assets	42 114	12 403	1 050	50	50 191	105 808
Other information related to segment						
Depreciation of fixed assets	19	136	251	5	425	836
Amortisation of intangible assets					153	153

Operation segments - continuation.

For the period from 1 January 2009 to 30 June 2009	General contracting	Engineering and design and other engineering services	Rental of construction equipment	Other	Items not assigned	Total
Sales to external customers	56 146	17 099	2 991	658		76 894
Total income of the segment	56 146	17 099	2 991	658		76 894
Result						
Profit (loss) of the segment	-3 857	2 668	5	-80		-1 264
Financial income						3 305
Financial costs						297
Net financial income						3 008
Profit (loss) from other operating activity						-245
Profit (loss) before tax						1499
Income tax						566
Profit (loss) for the current period						933
Assets						
Assets of the segment (associated with activity)	88 300	10 373	2 723	59		101 455
Not-assigned assets / not-allocated (among others shares, stocks and remaining financial assets)					55 271	55 271
Total assets	88 300	10 373	2 723	59	55 271	156 726
Other information related to segment						
Depreciation of fixed assets	115	186	268		363	932
Amortisation of intangible assets					241	241

Note No 15 - Dividends

For 2009 the company incurred a loss, in this period they didn't pay a dividend.

Note No 16 – Transactions with affiliates

Data in the reporting period

Transactions with subsidiaries

As at 30 June 2010 settlements of the Issuer with subsidiaries directly and indirectly developed as follows:

Long-term loans receivables – PLN 18,672 thousand (including interest PLN 2,122 thousand)
Short-term loans receivables – PLN 1,861 thousand (including interest PLN 388 thousand)
Trade receivables and other receivables – PLN 1,310 thousand
Trade liabilities – PLN 1,140 thousand

In the period from 1 January 2010 to 30 June 2010 the following transactions of the Issuer with subsidiaries directly and indirectly took place:

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

Total income from these transactions amounts to PLN – 83 thousand.

The income on account of interest on loans amounted to PLN 492 thousand

Received dividends amounted to PLN 302 thousand

Remuneration on account of guaranteeing a credit – PLN 12 thousand

Remuneration on account of the valorization of the contract value – PLN 388 thousand

Transactions with associates

In the period from 1 January 2010 to 30 June 2010 transactions of the Issuer with associates didn't took place on the score of:

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

As at 30 June 2010 settlements of the Issuer with associates directly and indirectly amounted to PLN 21 thousand as trade liabilities.

Comparable data

Transactions with subsidiaries

As at 30 June 2009 settlements of the Issuer with subsidiaries directly and indirectly developed as follows:

Long-term loans receivables – PLN 15,856 thousand (including interest PLN 1,286 thousand)
Short-term loans receivables – PLN 4,651 thousand (including interest PLN 481 thousand)
Trade receivables and other receivables – PLN 1,596 thousand
Trade liabilities – PLN 3,022 thousand

In the period from 1 January 2009 to 30 June 2009 following transactions of the Issuer with subsidiaries directly and directly took place:

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

Total income from these transactions amounts to PLN 2,542 thousand

The income on account of interest on loans amounted to PLN 421 thousand

Received dividends amounted to PLN 1,876 thousand

Transactions with associates

As at 30 June 2009 settlements of the Issuer with associated companies directly and indirectly ended with the zero balance.

In the period from 1 January 2009 to 30 June 2009 transactions of the Issuer with associated companies took place on account of tenancy agreements. The total income from these transactions amounted to PLN 31 thousand

Note No 17 - Contigent liability and contingent assets

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

Wyszczególnienie (dane w tys. zł)	As at 30 June 2010	As at 31 Dec. 2009	As at 30 June 2009
Bank performance guarantee and statutory warranty	12 228	10 364	21 312
B/e guarantees of the good workmanship	197	197	12 127
Guarantee of payment	827	-	883
Tender guarantee	3 417	445	562
Total	16 669	11 006	34 884

In the first half of 2010 the Issuer recorded increase in contingent liabilities for the amount of PLN 5,663 thousand

Moreover in the first half of 2010 the Issuer extended guarantees a bank loan for subsidiary indirectly and for associate. Total amount of guaranteed credits amounts to PLN 1,500 thousand with the payment deadline in 2011.

Contigent assets – are bank performance guarantees amounting to:

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

In the first half of 2010 the Issuer recorded decrease in contigent assets for the amount of PLN 969 thousand

Note No 18 - 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 judgement regarding an appeal lodged by PROCHEM S.A. from a/m judgement 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 theses 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 19 – Post balance-sheet events

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 20 – 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

5. Managing body and supervising body of the Issuer

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

- Jarosław Stepniewski - 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 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 of which Adam Parzydeł was chosen, as the Supervisory Board member of Prochem S.A. of the VII joint term of office.

6. Employment

The average employment in 2010 amounted to 222 jobs. The level of employment in persons as at 30 June 2010 amounted to 229 persons

8. 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 exercising functions in the Management Boards and Supervisory Boards in companies being included in a capital group amounted to PLN 32 thousand.

Signatures of the 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	Członek Zarządu position signature
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Signature of the person to whom the bookkeeping was entrusted

30 August 2010 date	Krzysztof Marczak full name	Financial Director position signature
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