

REPORT FOR THE FIRST HALF OF 2015

Contents:

- Interim condensed separate financial statements of PROCHEM S.A. as at and for the period of six months ended 30 June 2015

and

- Selected financial data
- Statement of the Management Board

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PROCHEM S.A.
Powązkowska 44C Street
01-797 Warsaw

Selected financial data

Revenues from sales and profits expressed in PLN and the statement of cash flows are translated into EURO at the exchange rate set as the arithmetic mean of average exchange rates announced by the Chairman of the National Bank of Poland on the last day of each month and amount to:

:

- For the first half of 2015 - 4.1341 PLN/EURO
- For the first half of 2014 - 4.1784 PLN/EURO

The data disclosed in the Statement of financial position are translated at the average exchange rate announced by the Chairman of the National Bank of Poland as at the date of financial statements, which as at balance-sheet date amounted to:

- 4.1944 PLN/EURO as at 30 June 2015
- 4.2623 PLN/EURO as at 31 December 2014

The selected financial data of PROCHEM S.A.

Description	Reporting period ended 30 June		Reporting period ended 30 June	
	2015	2014	2015	2014
	in PLN thousand		in EURO thousand	
<i>Separate profit and loss account</i>				
Revenues from sales	62 893	45 565	15 213	10 905
Gross profit on sales	6 798	6 689	1 644	1 601
Results from operating activities	2 009	2 781	486	666
Before tax profit	3 349	2 930	810	701
Profit for the period	2 347	2 319	568	555
Profit/diluted profit per one share (in PLN/EURO)	0.60	0.60	0.15	0.14
<i>Statement of cash flows</i>				
Net cash provided by (used in) operating activities	-66	-8 884	-16	-2 126
Net cash provided by (used in) investing activities	7 512	-2 688	1 817	-643
Net cash provided by (used in) financing activities	-804	9 267	-194	2 218
Total cash flow, net	6 642	-2 305	1 607	-552
	As at		As at	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	in PLN thousand		in EURO thousand	
<i>Separate statement of financial position</i>				
Total assets	143 852	139 683	34 296	32 772
Total non-current assets	55 534	50 609	13 240	11 874
Total current assets	88 318	89 074	21 056	20 898
Total equity	79 579	78 827	18 973	18 494
Total non-current liabilities	728	2 558	174	600
Total current liabilities	63 545	58 298	15 150	13 678
Book value per one ordinary share (in PLN/EURO)	20.43	20.24	4.87	4.75
Weighted average number of ordinary shares	3 895 000	3 895 000	3 895 000	3 895 000

Statement of the Management Board

Statement of the Management Board on the reliability of interim condensed separate financial statements

In compliance with the requirements of the regulation of the Minister of Finance dated 19 February 2009 concerning current and interim information submitted by issuers of securities and the conditions for recognition as equivalent information required by the law of a non — Member State (Journal of Laws No 33, item 259, as amended), the Management Board of PROCHEM S.A. declares hereby that according to their best knowledge:

- interim condensed separate financial statements of PROCHEM S.A for the first half of 2015 and comparable data were prepared according to International Accounting Standard 34 „Interim Financial Reporting”, which was adopted by European Union and reflects in true, fair and clear way its financial position and its financial performance.

Statement of the Management Board on the entity authorized to review the interim condensed separate financial statements

The Management Board of PROCHEM S.A. declares that KPMG Audit Sp. z o.o. sp. k., the entity authorized to audit financial statements has been appointed in accordance with legal regulations and that the entity and the auditors conducting the audit of interim condensed consolidated financial statements of PROCHEM S.A. have met the conditions for the issue of an impartial and independent report in accordance with the proper laws.

Vice President
Krzysztof Marczak

Vice President
Marek Kiersznicki

President of the Management Board
Jarosław Stępniewski

Warsaw, 28 August 2015

INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS OF PROCHEM S.A.

as at and for the period ended 30 June 2015

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PROCHEM S.A.
Powązkowska 44C Street
01-797 Warsaw

Separate statement of financial position as at 30 June 2015

(all amounts in PLN thousands if not stated otherwise)

	Note No.	As at 30 June 2015	As at 31 December 2014
A s s e t s			
Non-current assets			
Property, plant and equipment	1	1 737	1 977
Intangible assets		369	151
Shares in subsidiaries	2	10 162	10 162
Shares in jointly controlled entities and associated entities	3	5 210	5 210
Deferred tax assets	4	1 711	1 073
Other financial assets	5	36 345	32 036
Total non-current assets		55 534	50 609
Current assets			
Inventories	6	4 349	2 487
Trade and other receivables	7	60 259	59 810
Other financial assets	8	6 951	19 382
Other assets	9	7 155	4 433
Cash and cash equivalents	20	9 604	2 962
Total current assets		88 318	89 074
Total assets		143 852	139 683
E q u i t y a n d l i a b i l i t i e s			
Equity			
Share capital		3 895	3 895
Revaluation reserve		1 029	1 261
Retained earnings		74 655	73 671
Total equity		79 579	78 827
Non-current liabilities			
Provisions for retirement and similar benefit		711	711
Deferred income	13	-	1 827
Other non-current liabilities		17	20
Total non-current liabilities		728	2 558
Current liabilities			
Current bank loans	10	8 872	9 448
Current loans	11	957	957
Trade payables	12	31 218	25 416
Provisions for current income tax		1 311	367
Other liabilities		3 256	4 100
Deferred income	13	17 931	18 010
Total current liabilities		63 545	58 298
Total liabilities		64 273	60 856
Total equity and liabilities		143 852	139 683
Weighted average number of ordinary sales (units)		3 895 000	3 895 000
Book value per one share (in PLN)		20.43	20.24

Separate statement of profit and loss
For the period from 1 January 2015 to 30 June 2015
(all amounts in PLN thousands if not stated otherwise)

	Note No.	Period ended 30 June 2015	Period ended 30 June 2014
Revenues from sales, including:		62 893	45 565
Revenues from sale of services	14	62 893	45 561
Revenues from sale of goods and materials		-	4
Cost of sales, including:		-56 095	-38 876
Cost of services sold	15	-56 095	-38 874
Cost of merchandise and raw materials		-	-2
Gross profit on sales		6 798	6 689
General and administrative expenses	15	-4 090	-3 962
Other operating income	16	241	128
Other operating expenses	17	-940	-74
Results from operating activities		2 009	2 781
Financial income	18	2 001	614
Profit on sale of shares in subsidiaries		-	-
Finance costs	19	-661	-465
Before tax profit		3 349	2 930
Income tax expense :	4	1 002	611
- current tax		1 640	526
- deferred tax		-638	85
Profit for the period		2 347	2 319

Weighted average number of ordinary shares (units)	3 895 000	3 895 000
Profit/diluted profit per one share (in PLN per one share)	0.60	0.60

Separate statement of comprehensive income
For the period from 1 January 2015 to 30 June 2015

Profit for the period	2 347	2 319
Other comprehensive income (net):	-232	-12
<i>Other comprehensive income that will be reclassified to profit or loss:</i>	-232	-12
Exchange differences on translation of the entity operating abroad	-232	-12
<i>Other comprehensive income that will not be reclassified to profit or loss:</i>	-	-
Actuarial losses on valuation of provisions for employee benefits	-	-
Total comprehensive income	2 115	2 307
Weighted average number of ordinary shares (units)	3 895 000	3 895 000
Total comprehensive income per one ordinary share (in PLN per one share)	0.54	0.59

**Separate statement of changes in equity
For the period from 1 January 2015 to 30 June 2015**

(all amounts in PLN thousands if not stated otherwise)

	Share capital	Revaluation reserve	Retained earnings	Total equity
The reporting period for the period from 1 January 2015 to June 30, 2015.				
As at the beginning of the period	3 895	1 261	73 671	78 827
Net profit of the given period	-	-	2 347	2 347
Net other comprehensive income	-	-232	-	-232
Total comprehensive income	-	-232	2 347	2 115
Payment of dividend	-	-	-1 363	-1 363
As at the end of the period	3 895	1 029	74 655	79 579

The reporting period for the period from 1 January 2014 to June 30, 2014.

As at the beginning of the period	3 895	950	68 662	73 507
Net profit of the given period	-	-	2 319	2 319
Net other comprehensive income	-	-12	-	-12
Total comprehensive income	-	-12	2 319	2 307
As at the end of the period	3 895	938	70 981	75 814

Separate statement of cash flows for the period from 1 January 2015 to 30 June 2015

(all amounts in PLN thousands if not stated otherwise)

	Note No.	Period ended 30 June 2015	Period ended 30 June 2014
Cash flows – operating activities			
Profit before tax		3 349	2 930
Total adjustments		-2 720	-11 109
Amortization and depreciation	15	486	426
Interest and profit sharing (dividends)		-1 147	-375
(Profit) on disposal of property, plant and equipment		-8	-
Change in provisions		-305	-480
Change in inventories		-1 862	454
Change in receivables and other assets	20	-3 560	-11 842
Change in current liabilities, except for borrowings and loans	20	3 708	65
Other adjustments (including change in deferred income)	20	-32	643
Cash provided by (used in) operating activities		629	-8 179
Income tax paid		-695	-705
Net cash provided by (used in) operating activities		-66	-8 884
Cash flows – investing activities			
Inflows		7 898	75
Disposal of intangible assets and property, plant and equipment		1	27
Inflows from financial assets in related entities, including:		7 897	48
- dividend received		1 003	35
- repayment of loans granted		6 000	-
- repayment of interest on loans granted		894	13
Outflows		-386	-2 763
Acquisition of intangible assets and property, plant and equipment		-266	-462
For financial assets, including:		-120	-2 301
- acquisition of financial assets		-	-101
- loans granted		-120	-2 200
Net cash provided by (used in) investing activities		7 512	-2 688
Cash flows – financing activities			
Proceeds from loans received		3 000	8 454
Proceeds from borrowings		-	950
Other proceeds		18	-
Repayment of loans		-3 576	-
Interest and commission paid		-246	-137
Net cash provided by (used in) financing activities		-804	9 267
Total cash flows, net		6 642	-2 305
Net increase/(decrease in cash and cash equivalents)		6 642	-2 305
Cash and cash equivalents at the beginning of the period		2 962	3 725
Cash and cash equivalents at the end of the period		9 604	1 420

Explanatory notes to interim condensed separate financial statements as at and for the period ended 30 June 2015

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

1.1. Adopted accounting principles

Principles of presentation

Interim condensed separate financial statements of PROCHEM S.A. for the period from 1 January to 30 June 2015 was prepared according to IAS 34 “Interim Reporting” and Minister of Finance Regulation of 19 February 2009 on current and periodic information provided by issuers of securities (Official Journal of 2009 no. 33, item 259). The financial statements do not contain the information and disclosures required for complete financial statements and should be read together with the financial statements for the financial year ended 31 December 2014.

Interim condensed separate financial statements consists of: statement of financial position, statement of profit and loss, statement of comprehensive income, statement of changes in equity, statement of cash flows and selected explanatory notes.

The interim condensed separate financial statements of PROCHEM S.A. has been prepared assuming a going concern in the foreseeable future.

1.2. The seasonality

Operational activities of the Company neither have seasonal character nor is subject to cyclic trends, except for the segment of the general contracting and rental of construction equipment, which are characterized by seasonality, which in large extent is caused by the weather conditions. Weather conditions affect the volume of the revenue generated in these segments. Lower revenues are achieved during the winter season, when the weather conditions do not allow for execution of some construction work.

1.3. The Representation Office

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

1.4. Significant accounting policies and changes in IFRS

Interim condensed separate financial statements was prepared using the same accounting principles and the calculation methods, which were applied in the financial statements of PROCHEM S.A. for the year ended 31 December 2014.

The Company is going to accept published but not effective on the date of presentation of the interim condensed separate financial statements changes in the IFRS, in accordance with their effective date. The possible impact of these changes on the future consolidated financial statements is being analyzed.

1.5. Changes in estimates

In the first half of 2015 there were no significant changes in estimates.

1.6. Functional currency and presentation currency of the financial statements

Financial statements is presented in Polish Zloty („zloty” or ”PLN”), which is the functional currency and the presentation currency.

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

- assets and liabilities are translated at the closing rate at the date of statement of financial position,
- revenues and expenses are translated at the average exchange rate set as arithmetic mean of average exchange rates for the entire reporting period, and
- arisen exchange differences are recognized in the statement of comprehensive income as exchange differences on translation of the entity operating abroad.

1.7. Employment

In the first half of 2015 average employment in PROCHEM S.A. was 237 FTEs, and in the first half of 2014 204 FTEs.

Level of employment in PROCHEM S.A. in persons as at 30 June 2015 was 250, and as at 30 June 2014 220.

Other explanatory notes

Note No. 1 – Property, plant and equipment

	As at 30 June 2015	As at 31 December 2014
Property, plant and equipment, including:	1 728	1 975
- land	172	172
- buildings, premises and civil engineering objects	283	444
- machinery and equipment	643	641
- vehicles	41	9
- other PPE	589	709
PPE/real estates under construction	9	2
Total property, plant and equipment	1 737	1 977

Property, plant and equipment – ownership structure

	As at 30 June 2015	As at 31 December 2014
Property, plant and equipment – ownership structure		
a) own	1 737	1 977
Total property, plant and equipment	1 737	1 977

	Change in PPE in the period from 1 January 2015 to 30 June 2015	Change in PPE in the period from 1 January 2014 to 30 June 2014
Gross value		
As at opening balance sheet	10 740	10 065
increase (due to)	253	2 660

Interim condensed separate financial statements of PROCHEM S.A. as at and for the period ended 30 June 2015

- acquisition	253	645
- revaluation of PPE	-	2 013
- other changes	-	2
Decrease (due to)	-127	-1 985
- sale	-68	-56
- liquidation	-3	-1 739
- other changes	-56	-
Gross value as at closing balance sheet	10 866	10 740
Depreciation		
Accumulated depreciation- as at opening balance sheet	8 763	8 084
- increase – depreciation for the period	437	735
- decrease due to sale	-68	-56
- decrease due to liquidation	-3	-1 739
- revaluation of PPE	-	1 739
Accumulated depreciation as at closing balance sheet	9 129	8 763
PPE net – as at closing balance sheet	1 737	1 977

Land, buildings and constructions are carried at revalued amount, being its fair value at the date of the revaluation set by experts less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value as at 30 June 2015 which was recognized in the books remained at the level of valuation at the date of 31 December 2014, which was set based on valuation made by independent experts, not associated with the Company. The experts have the right qualifications to carry out valuations of land, buildings and structures, as well as current experience in such valuations carried out in locations where there are assets of the Company.

Note No. 2 – Shares in subsidiaries

Shares in subsidiaries	As at 30 June 2015	As at 31 December 2014
In subsidiaries	10 162	10 162
Shares, net value	10 162	10 162
Write-downs of financial fixed assets	160	160
Shares, gross value	10 322	10 322

Change in shares in subsidiaries	For the period from 1 January 2015 to 30 June 2015	For the period from 1 January 2014 to 30 June 2014
As at the beginning of the period	10 162	10 060
increase (due to)	-	102
- acquisition of shares of subsidiaries	-	102
As at the end of the period	10 162	10 162

Change in write-downs of shares in subsidiaries	For the period from 1 January 2015 to 30 June 2015	For the period from 1 January 2014 to 30 June 2014
As at the beginning of the period	160	160
As at the end of the period	160	160

Note No. 3 – Shares in jointly controlled entities and associated entities

Shares in jointly controlled entities and associated entities

	As at 30 June 2015	As at 31 December 2014
- shares – net value	5 210	5 210
- write-downs of shares	-	1 498
Shares, gross value	5 210	6 708

Change in write-downs of shares in jointly controlled entities and associated entities

	For the period from 1 January 2015 to 30 June 2015	For the period from 1 January 2014 to 30 June 2014
As at the beginning of the period	1 498	1 498
Decrease, release of write-down of shares in associated entities, which was set in the previous periods *	1 498	-
As at the end of the period	-	1 498

*) Write-down relates entirely to the shares of Teoma S.A. in liquidation which were sold in the first half of 2015 years - more in item 4 of the explanatory notes.

Note No. 4 – Deferred tax assets

Changes in provisions and deferred tax assets are presented in the table below.

	For the period from 1 January 2015 to 30 June 2015	For the period from 1 January 2014 to 30 June 2014
Change in provision and deferred tax assets		
Deferred tax assets		
As at the beginning of the period	1 900	1 783
Increase	1 186	613
Decrease	-644	-496
As at the end of the period	2 442	1 900
Provision to deferred income tax		
As at the beginning of the period	827	1 127
Increase	122	200
Decrease	-218	-500
As at the end of the period	731	827

Presentation in statement of financial position

	As at 30 June 2015	As at 31 December 2014
Deferred tax assets	2 442	1 900
Provision to deferred income tax	-731	-827
Deferred tax assets	1 711	1 073

Establishing of effective tax rate

	For the period from 1 January 2015 to 30 June 2015	For the period from 1 January 2014 to 30 June 2014
(in PLN thousands)		
Profit for the period	2 347	2 319
Income tax expense	1 002	611
Before tax profit	3 349	2 930
Income tax at the applicable rate of 19 %	636	556
Non-tax revenues	-191	-7
Costs not constituting tax deductible expenses	121	22

Interim condensed separate financial statements of PROCHEM S.A. as at and for the period ended 30 June 2015

Other, including:	436	40
- tax losses for which no tax asset was recognized	324	-
- the difference in the rate of income tax for the territory of Poland and outside Poland	91	24
Income tax	1 002	611

Note No. 5 – Other financial assets

Other financial assets	As at 30 June 2015	As at 31 December 2014
a) from subsidiaries, jointly controlled entities and associates:	36 345	29 952
- non-current loans granted	36 345	29 952
b) other non-current financial assets - discounted security deposit constituting the securing of bank guarantee of refund of advance payment	-	2 084
Total other financial assets	36 345	32 036

Loans granted – as at 30 June 2015:

- Loan granted to jointly-controlled company Irydion Sp. z o.o. seated in Warsaw:
 - in the amount of PLN 11 623 thousand, including: amount of the loan PLN 11 000 thousand, accrued interest at the balance sheet date amounts to PLN 623 thousand. Interest rate is set annually according to WIBOR 6M, repayment date 22 September 2031.
 - in the amount of PLN 6 144 thousand, including: amount of the loans PLN 6 000 thousand, accrued interest at the balance sheet date amounts to PLN 144 thousand. Interest rate is set annually at a fixed rate of 3% per annum, repayment date 22 September 2031.
- Loans granted to subsidiary Prochem Inwestycje Sp. z o.o.:
 - in the amount of PLN 3 924 thousand, including: amount of the loan PLN 3 000 thousand, accrued interest PLN 924 thousand. Interest rate is set annually according to WIBOR 6M applicable as at the end of each calendar year, repayment date 31 December 2018;
 - in the amount of PLN 14 654 thousand, including: amount of the loan PLN 14 000 thousand, accrued interest PLN 654 thousand. Interest rate is set annually according to WIBOR 6M applicable as at the end of each calendar year, repayment date 31 December 2016.

Increase:

- Accrued interest on loans granted to:
 - 1) Jointly controlled company Irydion Sp. z o.o. - PLN 187 thousand,
 - 2) Subsidiary Prochem Inwestycje Sp. z o.o. – PLN 151 thousand,
- Reclassification of current loans for non-current loans which were granted to the company jointly controlled IRYDION Sp. z o.o. seated in Warsaw in the amount of PLN 6 055 thousand, including amount of the loan PLN 6 000 thousand, accrued interest PLN 55 thousand, interest rate is set annually at a fixed rate of 3% per annum, repayment date 22 September 2031.

Loans granted as at 31 December 2014

- Loan granted to jointly controlled company Irydion Sp. z o.o. seated in Warsaw in the amount of PLN 11 525 thousand, including: amount of the loan PLN 11 000 thousand, accrued interest PLN 525 thousand. Interest rate is set annually according to WIBOR 6M, repayment date 30 September 2018,
- Loans granted to subsidiary Prochem Inwestycje Sp. z o.o.:
 - in the amount of PLN 3 897 thousand, including: amount of the loan PLN 3 000 thousand, accrued interest PLN 897 thousand. Interest rate is set annually according to WIBOR 6M applicable as at the end of each calendar year, repayment date 31 December 2018;
 - in the amount of PLN 14 530 thousand, including: amount of the loan PLN 14 000 thousand, accrued interest PLN 530 thousand. Interest rate is set annually according to WIBOR 6M applicable as at the end of each calendar year, repayment date 31 December 2016.

Note No. 6 – Inventories

	As at 30 June 2015	As at 31 December 2014
Materials	4 349	2 487
Net inventories, total	4 349	2 487
Write-down	285	285

Note No. 7 - Trade and other receivables

	As at 30 June 2015	As at 31 December 2014
Trade receivables, including:	65 894	64 849
- granted advance payments for future deliveries and services	10 356	1 768
Write-down of receivables	-5 827	-5 515
Net trade receivables, including:	60 067	59 334
- with a repayment period up to 12 months	57 851	55 992
- with a repayment period over 12 months	2 216	3 342
Other receivables	588	476
Write-down of other receivables	-396	-
Net other receivables	192	476
Total net receivables	60 259	59 810

Trade and other receivables from related entities	As at 30 June 2015	As at 31 December 2014
Trade receivables, including:	5 784	4 951
- from subsidiaries	4 103	4 846
- from associated entities and jointly- controlled entities	1 681	105
Total net current trade and other receivables from related entities	5 784	4 951
Write-down of receivables from related entities	68	68
Total gross current trade and other receivables from related entities	5 852	5 019

Change in write-downs of trade and other receivables	For the period from 1 January 2015 to 30 June 2015	For the period from 1 January 2014 to 30 June 2014
As at the beginning of the period	5 515	8 073
a) increase (due to)	867	1 148
- write-downs of receivables	867	1 148
b) decrease (due to)	159	3 706
- payment received	153	358
- the use of provision established in previous years	6	3 348
Write-downs of current trade and other receivables at the end of the period	6 223	5 515

As at 30 June 2015 and as at 31 December 2014 receivables include security deposits under the statutory guarantee for construction and assembly works respectively in the amounts of PLN 20 222 thousand and PLN 19 909 thousand.

The outstanding balance of receivables from supplies and services includes receivables overdue by the carrying amount of PLN 17 364 thousand as a security deposit under the statutory warranty, to which the Company did not create write-down, since there was no significant change in the quality of the

debt compared to previous accounting periods, thus they are considered as to be recovered. The Company has collateral in the form of guarantee deposits under statutory warranty from the subcontractors which were seized in the amount of PLN 2 928 thousand. For more information see Note No. 39 - *The significant proceedings pending before the court*

Note No. 8 – Other financial assets

Other financial assets	As at 30 June 2015	As at 31 December 2014
a) from subsidiaries indirectly and directly:	1 451	8 172
- current loans granted	1 451	8 172
b) from jointly-controlled entities:	-	6 055
- current loans granted	-	6 055
c) from other entities:	198	198
- current loans granted	198	198
d) other financial assets - discounted security deposit constituting the hedge of bank guarantee of repayment of advance payment	5 302	4 957
Total other financial assets	6 951	19 382
Write-down of other financial assets	207	207
Gross other financial assets	7 158	19 589

Loans granted - as at 30 June 2015

- Interest on loan granted to subsidiary Pro-Organika Sp. z o.o. PLN 50 thousand, repayment date 31 December 2015.
- Loan granted to the Civil Committee of Building of the Cardiologic Hospital of the name of Marshal Józef Piłsudski in Warsaw PLN 198 thousand, including: amount of the loan PLN 133 thousand, accrued interest PLN 65 thousand, interest rate set at the statutory rate, repayment date 30 June 2008. Receivables secured by a mortgage on the right of perpetual usufruct of the land under land register – KW No. 136324.
- Loans granted to subsidiary Elektromontaż Kraków S.A. seated in Kraków in the amount of PLN 1 401 thousand, including: amount of the loan PLN 1 400 thousand, accrued interest PLN 1 thousand. Interest rate is set annually according to WIBOR 1M applicable as at the end of each calendar year, repayment date 31 December 2015.

Increase

- Loans granted to subsidiary Elmont Inwestycje Sp. z o.o.:
 - in the amount of PLN 100 thousand, interest rate is set annually at a fixed rate of 3% per annum, repayment date 31 December 2015;
 - in the amount of PLN 20 thousand, interest rate is set annually at a fixed rate of 3% per annum, repayment date 30 April 2015.
- Accrued interest on loans granted to company Elmont Inwestycje Sp. z o.o. – PLN 27 thousand
- Accrued interest on loans granted to Elektromontaż Kraków S.A. – PLN 25 thousand.

Decrease

1. Repayment of interest on loan in the amount of PLN 6 thousand by company Pro-Organika sp. z o.o.
2. Repayment of loan in the amount of PLN 4 100 thousand, interest in the amount of PLN 772 thousand by company Elmont Inwestycje Sp. z o.o.
3. Repayment of loan in the amount of PLN 1 900 thousand, interest in the amount of PLN 116 thousand by company Elektromontaż Kraków S.A.
4. Reclassification of current loans for non-current loans which were granted to the company jointly controlled IRYDION Sp. z o.o. seated in Warsaw in the amount of PLN 6 055 thousand, including amount of the loan PLN 6 000 thousand, accrued interest PLN 55

thousand, interest rate is set annually at a fixed rate of 3% per annum, repayment date 22 September 2031.

Loans granted - as at 31 December 2014

- Interest on loan granted to subsidiary Pro-Organika Sp. z o.o. PLN 56 thousand, repayment date 31 December 2015.
- Loan granted to the Civil Committee of Building of the Cardiologic Hospital of the name of Marshal Józef Piłsudski in Warsaw PLN 198 thousand, including: amount of the loan PLN 133 thousand, accrued interest PLN 65 thousand, interest rate set at the statutory rate, repayment date 30 June 2008. Receivables secured by a mortgage on the right of perpetual usufruct of the land under land register – KW No. 136324.
- Loans granted to subsidiary Elektromontaż Kraków S.A. seated in Kraków:
 1. Loan in the amount of PLN 1 235 thousand, including amount of the loan PLN 1 200 thousand, accrued interest PLN 35 thousand interest rate is set annually according to WIBOR 1M effective as at the end of every calendar year, repayment date 31 December 2015.
 2. Loan in the amount of PLN 1 542 thousand, including amount of the loan PLN 1 500 thousand, accrued interest PLN 42 thousand, interest rate is set annually according to WIBOR 1M effective as at the end of every calendar year, repayment date 31 December 2015.
 3. Loan in the amount of PLN 614 thousand, including amount of the loan PLN 600 thousand, accrued interest PLN 14 thousand, interest rate is set annually according to WIBOR 1M effective as at the end of every calendar year, repayment date 31 December 2015.
- Loans granted to jointly-controlled entity IRYDION Sp. z o.o. seated in Warsaw in the amount of PLN 6 055 thousand, including amount of a loan PLN 6 000 thousand, accrued interest PLN 55 thousand, interest rate is set at 3% annually, repayment date 31 December 2015.
- Loan granted to subsidiary Elmont Inwestycje Sp. z o.o in the amount of PLN 4 725 thousand, including amount of the loan PLN 3 980 thousand, accrued interest PLN 745 thousand. Interest rate is set annually according to WIBOR 6M applicable as at the end of each calendar year, repayment date 31 December 2015.

Note No 9 – Other assets

Other assets (by types)	As at 30 June 2015	As at 31 December 2014
a) prepayments	861	639
- cost of property and personal insurance	329	166
- software maintenance costs	498	424
- subscriptions	20	30
- deferred costs	6	11
- other	8	8
b) other prepayments	6 294	3 794
- amounts due from the ordering parties under long-term contracts	6 294	3 794
Total other assets	7 155	4 433

In the position - other prepayments - are amounts due from contracting parties under long-term contracts, which are measured in accordance with IAS 11.

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Note No. 10 – Current bank loans

	As at 30 June 2015	As at 31 December 2014
Loans	8 872	9 448

As at June 30, 2015, the Company has three credit lines for a total amount of PLN 15 million. The use at balance sheet date amounted to PLN 8872 thousand.

Information on bank loans:

Name of the bank	Registered office of the bank	Amount of a loan according to agreement (in PLN thousands)	Amount of a loan to be repaid (in PLN thousands)	Terms of interest	Repayment date	Security
mBank SA	Warsaw	6000 Credit in overdraft on bank account	0	WIBOR for O/N deposits in PLN + margin	30 June 2016	Promissory note in blank
mBank S.A.	Warsaw	6000 revolving working capital loan	6 000	WIBOR for 1 month deposits in PLN, + margin	30 June 2016	Promissory note in blank
ING Bank Śląski S.A.	Katowice	3000 Credit in overdraft on bank account	2 872	WIBOR for 1 month deposits in PLN, + margin	16 November 2015	declaration of submission to enforcement

Note No. 11 – current loans

	As at 30 June 2015	As at 31 December 2014
Current loans granted by related entities	957	957

Note No. 12 – Trade payables

	As at 30 June 2015	As at 31 December 2014
a) to subsidiaries	1 497	3 403
- for supplies and services with maturity:	1 497	3 403
- up to 12 months	1 426	3 359
- more than 12 months	71	44
b) to jointly controlled entities and associated companies	7	12
- for supplies and services with maturity:	7	12
- up to 12 months	7	12
c) to other entities	29 714	22 001
- for supplies and services with maturity:	29 714	22 001
- up to 12 months	27 588	20 197
- more than 12 months	2 126	1 804
Total trade payables	31 218	25 416

Note No. 13 – Deferred income

	As at 30 June 2015	As at 31 December 2014
Deferred income, including:	17 931	19 837
- amounts due from the ordering parties under long-term contracts (advance payments received)	14 787	18 153

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- amounts due to the ordering parties under long-term contracts	3 144	1 684
Deferred income at the end of the period, including:	17 931	19 837
Non-current liabilities	-	1 827
Current liabilities	17 931	18 010

In 2013 the Company received an advance payment in the amount of PLN 30 767 thousand (EUR 7 230 thousand) for the implementation of investment project in Belarus. The amount of the advance payment was recognized in deferred income and is settled against invoices issued for completed services and supplies. As at 30 June 2015, the amount of unsettled advances amounted to PLN 14 395 thousand (EUR 3 459 thousand).

Note No. 14 - Revenues from sale of services

Revenues from sale of services (type of service and type of activity)	Period ended 30 June 2015	Period ended 30 June 2014
- revenues from sale of services, including:	62 893	45 561
- from related entities, including:	10 081	9 215
• subsidiaries	538	102
• jointly controlled entities	9 543	9 113
Revenues from sale (territorial structure)	Period ended 30 June 2015	Period ended 30 June 2014
Domestic sale	27 159	26 018
- including: from related entities	10 081	9 215
Exports	35 734	19 543

Revenues under contracts for construction services (general contracting) and other services were presented in note 21.

Gross amount due from the ordering parties for work under the contracts was presented in note 9. Information on major customers, which total value of revenues from sale of services exceeds 10% of the total entity revenue for the first half 2015 are provided in note 21.

Note No. 15 – Cost of services sold

	Period ended 30 June 2015	Period ended 30 June 2014
a) amortization and depreciation	486	426
b) consumption of energy and materials	1 918	1 899
c) outsourcing	44 315	26 703
d) taxes and levies	123	82
e) remuneration	10 547	10 659
f) social security and other benefits	1 998	1 881
g) other costs by type, including:	2 255	1 843
- property and personal insurance	512	473
- business trips	234	293
- State Fund for Rehabilitation of Disabled Persons PFRON	120	116
- other	1 389	961
Total costs by type	61 642	43 493
Change in inventories, goods and accruals and prepayments	-1 457	-657

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General and administrative expense (negative value)	-4 090	-3 962
Cost of services sold	56 095	38 874

Note No. 16- Other operating income

	Period ended 30 June 2015	Period ended 30 June 2014
a) gain on disposal of non-financial non-current assets	8	-
b) subsidies	70	-
c) reversal of write-down (due to)	153	54
- of receivables	153	54
d) other, including:	10	74
- reimbursement of the costs of representation in legal proceedings	2	-
- revenues from car rental	-	45
- other	8	29
Total operating income	241	128

Note No. 17 – Other operating expenses

	Period ended 30 June 2015	Period ended 30 June 2014
a) write-down	867	4
- of receivables	867	4
b) other, including:	73	70
- cost of legal proceedings	51	49
- penalties, fines and compensation paid	-	-
- other	22	21
Total other operating expenses	940	74

Note No. 18 – Financial income

	Period ended 30 June 2015	Period ended 30 June 2014
a) revenues from dividends and profit sharing	1 003	35
- in subsidiaries	1 003	35
b) interest on loans granted	390	479
- from subsidiaries	203	321
- from jointly controlled entities and associates	187	158
c) other interest	10	12
- from other entities	10	12
d) surplus of foreign exchange gains	503	-
e) other, including:	95	88
- valorisation	-	15
- income from the settlement of discount of financial assets	95	70
- other	-	3
Total financial income	2 001	614

Note No. 19 – Finance costs

	Period ended 30 June 2015	Period ended 30 June 2014
a) interest on bank loans	166	121
a) interest on borrowings	14	2
- for related entities	14	2
b) other interest	13	3
- for other entities	13	3
c) surplus of foreign exchange losses	-	77
d) other, due to :	468	262
- commission on bank guarantees	209	239
- commissions on loans	66	16
- commissions on letter of credit	-	7
- costs due to discounted cash flows	193	-
Total finance costs	661	465

Note No. 20 – Additional disclosures to the statement of cash flows

Operating activities include basic activity and turnover from other operating activity.

Investing activities include the turnover in the scope of investments in Plant, property and equipment, intangible assets, equity investments and securities held for trading.

Dividends received are recognized in cash flows from investing activities. Loans granted and repaid together with accrued interest are presented in cash flows - investing activities.

Paid interest and commission under borrowings, loans and leases are recognized in cash flows - financing activities. Financial activity include also received and repaid bank loans and borrowings.

The differences between the amounts directly from the statements and presented in the statement of cash flows result from a transfer of specified amounts from operating activity to investing activity and financing activity.

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

Change in current receivables	-3 560
Trade and other receivables as at 1 January 2015	59 810
Other assets as at 1 January 2015	4 433
Receivables from disposal of fixed assets	-47
Receivables from prepayment for purchase of investment property	-396
Opening balance sheet after adjustments	63 800
Trade and other receivables as at 30 June 2015	60 259
Other assets as at 30 June 2015	7 155
Receivables from disposal of fixed assets	-54
Receivables from prepayment for purchase of investment property	-
Closing balance sheet after adjustments	67 360
Change in current liabilities (except for loans, borrowings and special purpose funds)	3 708
Trade payables as at 1 January 2015	25 416
Other liabilities as at 1 January 2015	4 100
Deferred income as at 1 January 2015	-40
Provision for retirement benefits	-1 173

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Provision for audit of financial statements	-60
Provision for other costs	-431
Investment liabilities	-431
Liabilities under discount of non-current liabilities	249
Liabilities to shareholders	-2
Opening balance sheet after adjustments	28 059
Trade payables as at 30 June 2015	31 218
Other liabilities as at 30 June 2015	3 256
Provision for retirement benefits	-27
Provision for unused annual leaves	-1 150
Provision for audit of financial statements	-35
Provision for other costs	-187
Investment liabilities	-193
Liabilities under discount of non-current liabilities	249
Liabilities to shareholders	-1 364
Closing balance sheet after adjustments	31 767
Change in other adjustments as at 30 June 2015	-32
Change in deferred income - advances received	-3 366
Change in deferred income in respect amounts due to the ordering party under long-term contracts	1 461
Change in - security deposit constituting the securing of bank guarantee of refund of advance payment *)	1 739
Other	134

*) In connection with the implementation of the investment project in Belarus, the Company in order to secure the return of the received advance payment, has granted a bank guarantee of refund of advance payment in the amount of EURO 7 230 thousand. As the security of guarantee, the Company under the contract on the cash security deposit, has placed a security deposit in the bank in the amount of EUR 2 191 thousand. The deposit shall be reduced by the amounts settled during implementation of the project at 30 June 2015 amounts to EURO 1 272 thousand. Date of completion of the contract of security deposit was set at 12 April 2016. At 30 June 2015 the unsettled and discounted part of the security deposit was presented in the statement of financial position in item of other non-current financial assets in the amount of PLN 5 302 thousand (Note No. 8).

Note No. 21– Operating segments

Assets of Representation Office in Belarus as at 30 June 2015 do not exceed 10% of total balance sheet.

Income from operations achieved abroad (export) for the period from 1 January 2015 to 30 June 2015 amounted to PLN 35 734 thousand (i.e. 56.8% of revenue from sales) in the analogous period of the previous year income amounted to PLN 19 543 thousand (i.e. 42.9% revenues from sales).

Information on major customers, whose share in the sales revenue for the first half of 2015 has exceeded 10% of total sales revenue:

- Belarusian client – revenues in the amount of PLN 35 734 thousand, representing 56.8 % of sales revenue, which were disclosed in the segment „General contracting” and „Design and other engineering services”
- Irydion Sp. z o.o. jointly controlled company – revenues in the amount of PLN 9 473 thousand, representing 15.1% of sales revenue, which were disclosed in the segment “General contracting” and „Design and other engineering services”

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- Producer of rapeseed oil for technical purposes - revenues in the amount of PLN 7 768 thousand, representing 12.4% of sales revenue.

Detailed information on activities of PROCHEM S.A. in the specified segments are shown in the following tables. Below shows the analysis of the revenue and results of the Company's reportable segments.

For the period From 1 January 2015 to 30 June 2015	General contracting	Design and other engineering services	Rental of construction equipment	Other	Items not assigned	Total
Revenues to external customers	49 094	12 329	766	704	-	62 893
The total revenues of the segment	49 094	12 329	766	704	-	62 893
Result of the segment	4 328	-1 551	16	-85	-	2 708
Financial income	-	-	-	-	2 001	2 001
Finance costs	-	-	-	-	661	661
Net financial income					1 340	1 340
Loss on other operating activities	-	-	-	-	-699	-699
Before tax profit	-	-	-	-	3 349	3 349
Income tax	-	-	-	-	1 002	1 002
Net profit for the current period	-	-	-	-	2 347	2 347
Assets as at 30 June 2015						
Segment assets (related to activity)	59 987	4 936	527	1 657	-	67 107
Assets unallocated (among others shares and other financial assets)	-	-	-	-	76 745	76 745
Total assets	59 987	4 936	527	1 657	76 745	143 852
Other information related to the segment for the period from 1 January 2015 to 30 June 2015						
Depreciation of property, plant and equipment	24	208	44	163	-	439
Amortization of intangible assets	-	-	-	-	47	47
Write-down of segment assets (receivables from supplies and services)	-93	-369	-4 958	-407	-	-5 827
Assets as at 31 December 2014						
Segment assets (related to activity)	49 592	6 140	1 541	1 269	-	58 542
Unallocated assets (among others shares and other financial assets)	-	-	-	-	73 736	73 736
Total assets	49 592	6 140	1 541	1 269	73 736	132 278
Other information related to the segment for the period from 1 January 2014 to 30 June 2014						
Depreciation of property, plant and equipment	21	4	67	-	284	376

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Amortization of intangible assets	-	-	-	-	50	50
Write-down of segment assets (receivables from supplies and services)	-54	-220	-4 937	-537	-	-5 748

Information about the geographical areas

Geographical breakdown of sales revenue which were disclosed in profit and loss account has been shown in accordance with the country of the seat of the ordering party.

	1 January - 30 June 2015	1 January - 30 June 2014
Poland	27 159	26 022
Belarus	35 734	19 543
Total sales revenue	62 893	45 565

Geographical breakdown of property, plant and equipment and intangible assets

	30 June 2015	31 December 2014
Poland	1 921	2 101
Belarus	185	27
Total property, plant and equipment	2 106	2 128

Note No. 22 - Contingent liabilities and contingent assets

	As at 30 June 2015	As at 31 December 2014
Granted collateral		
Bank guarantee of good performance and statutory warranty	12 685	12 859
Payment guarantee	852	997
Guarantee of return of advance payment	18 178	24 668
Total granted collateral	31 715	38 524
Contingent liabilities		
surety of promissory notes issued by a subsidiary PRO-INHUT Sp. z o.o seated in Dąbrowa Górnicza on behalf of an investor in order to secure the claims of the good performance	247	247
Letters of Credit	2 230	-
Total granted collateral and contingent liabilities	34 192	38 771

	As at 30 June 2015	As at 31 December 2014
Received collateral		
Bank guarantee of good performance	4 656	1 547
Bill of exchange for securing terms of contract	77	77
Total received collateral	4 733	1 624

Note No. 23 - Distribution of profit

Issuer's net profit for the year 2014 in the amount of PLN 5 009 143.39 according to the Resolution No. 13 of the Annual General Meeting of June 13, 2015 was distributed as follows:

- for a dividend the amount of PLN 1 363 250 ;
- for a capital reserve the amount of PLN 3 645 893.39.

Note No. 24 - Dividends

Issuer has allocated to dividend payment the amount of PLN 1 363 250 from the profit for the year 2014. The dividend payment day was set at 17 July 2015.

Note No. 25 - Financial instruments and financial risk management

Financial assets

As at 30 June 2015 (in PLN thousands)	Categories of financial instruments		
	Note No.	Loans, receivables and other	Total
Classes of financial instruments			
Receivables from supplies and services	7	60 067	60 067
Cash		9 604	9 604
Other financial assets discounted security deposit constituting the securing of bank guarantee of refund of advance payment	8	5 302	5 302
Loans granted	5, 8	37 994	37 994
Total		112 967	112 967
As at 31 December 2014			
(in PLN thousands)	Categories of financial instruments		
	Note No.	Loans, receivables and other	Total
Classes of financial instruments			
Receivables from supplies and services	7	59 334	59 334
Cash		2 962	2 962
Other financial assets discounted security deposit constituting the securing of bank guarantee of refund of advance payment	5, 8	7 041	7 041
Loans granted	5, 8	44 377	44 377
Total		113 714	113 714

Financial liabilities

As at 30 June 2015 (in PLN thousands)	Categories of financial instruments		
	Note No.	Financial liabilities measured at amortized cost	Total
Classes of financial instruments			
Loans	10	8 872	8 872
Borrowings received	11	957	957
Payables	12	31 218	31 218
Total		41 047	41 047
As at 31 December 2014			
(in PLN thousands)	Categories of financial instruments		
	Note No.	Financial liabilities measured at amortized cost	Total
Classes of financial instruments			
Loans	10	9 448	9 448
Borrowings received	11	957	957
Payables	12	25 416	25 416
Total		35 821	35 821

Impairment allowances of financial assets by classes of financial assets

(in PLN thousands)	Period ended	
	30 June 2015	31 December 2014
Receivables from supplies and services	-5 827	-5 515
Other receivables	-396	-
Other financial assets	-207	-207
Total	-6 430	-5 722

Impairment allowances of financial assets by classes of financial assets are presented in Notes Nos. 8 and 9.

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

Liquidity risk associated with the concentration of sales revenue

The Company PROCHEM S.A. realized in the first half of 2015 sales revenue in the amount of PLN 62 893 thousand, including PLN 35 734 thousand (56.8%) concerned Belarusian Client. Accordingly, the Company presents in the statement of financial position following financial instruments regarding the above client.

Classes of financial instruments	As at 30 June 2015	% share in total assets
Financial assets		
Receivables from supplies and services	25 282	17,6%
Other financial assets discounted security deposit constituting the securing of bank guarantee of refund of advance payment	5 302	3,7%
Total financial assets	30 584	21,3%
Financial liabilities		
Payables	10 396	7,2%
Total financial liabilities	10 396	7,2%

The Management Board of the Company constantly monitors the progress of work on the contract, including the cash flows generated by the project and is personally responsible for direct contact with the investor. Key decisions related to contract (e.g. a provider of technology and of main components of the installation) are taken in consultation with the Investor. On the basis of existing cooperation with the Client and analysis of the current performance of the contract in relation to the budget and work schedule which were agreed with the Client - The Management Board of PROCHEM S.A. considers that the risk associated with realization of the financial instruments which were recognized in the statement of financial position as at 30 June 2015 is low.

Note No. 26 - Related party transactions

In the first half of 2015 the Members of the Supervisory Board and Management Board did not conclude transactions with companies belonging to PROCHEM S.A. Capital Group.

Related party transactions, as below, were concluded on market conditions and relate to sale and purchase of services among others - construction services and assembly services and rental, as well as granting mutually loans.

Settlements with related entities include trade receivables and trade payables and financial liabilities. Guarantees and sureties granted to related entities are presented in note No. 22.

Data for the reporting period

Transactions with subsidiaries

As at 30 June 2015 the settlements of the Issuer with subsidiaries directly and indirectly developed as follows:

Receivables from non-current loans – PLN 18 578 thousand (including interest PLN 1 578 thousand),
Receivables from current loans – PLN 1 451 thousand (including interest PLN 51 thousand),
Trade and other receivables – PLN 4 103 thousand,
Trade payables – PLN 1 497 thousand.

In the period from 1 January 2015 to 30 June 2015 the following transactions of the Issuer with subsidiaries directly and indirectly took place:

- sale and purchase of construction services,
- sale of goods and materials,
- sale of other services (rental of space) to subsidiaries,

Total income from those transactions amounted to – PLN 538 thousand, and the incurred costs of purchased services amounted to PLN 2 830 thousand.

- Revenues from dividends received amounted to – PLN 1 003 thousand.
- Revenues from interest on loans amounted to – PLN 203 thousand.
- Financial expenses due to interest on loans – PLN 14 thousand.

Transactions with jointly-controlled entities and associated entities

As at 30 June 2015 the settlements of the Issuer with jointly-controlled entities and associated entities developed as follows:

- Receivables from non-current loans – PLN 17 767 thousand (including interest PLN 767 thousand).
- Trade and other receivables – PLN 1 681 thousand
- Trade payables – PLN 7 thousand.

In the period from 1 January 2015 to 30 June 2015 the following transactions of the Issuer with jointly-controlled entities and associated entities took place:

- Revenues from sale of services – PLN 9 543 thousand
- Financial revenues from interest on loan granted – PLN 187 thousand.

Revenues from sale of services totally relate to revenues from jointly-controlled entity IRYDION Sp. z o.o. in Warsaw, for the benefit of whose is implemented investment project under the name of "Astrum Business Park" in Warsaw.

Comparable data

Transactions with subsidiaries

As at 30 June 2014 the settlements of the Issuer with subsidiaries directly and indirectly developed as follows:

Receivables from non-current loans – PLN 26 367 thousand (including interest PLN 2 087 thousand),
Receivables from current loans – PLN 93 thousand (including interest PLN 93 thousand),
Trade and other receivables – PLN 5 198 thousand,
Trade payables – PLN 1 144 thousand.

In the period from 1 January 2014 to 30 June 2014 the following transactions of the Issuer with subsidiaries directly and indirectly took place:

- Sale and purchase of construction services,
- Sale of goods and materials
- Sale of other services (rental of space) to subsidiaries,

Total revenues from those transactions amounted to – PLN 102 thousand, and the incurred costs of purchased services amounted to PLN 876 thousand

- Revenues from dividends received amounted to – PLN 35 thousand
- Remuneration under valorization of the contract value – PLN 15 thousand.

Transactions with jointly controlled entities and associated companies

As at 30 June 2014 the settlements of the Issuer with jointly-controlled entities and associated companies developed as follows:

- Receivables from non-current loans – PLN 11 446 thousand
- Receivables from current loans – PLN 2 011 thousand
- Trade and other receivables – PLN 105 thousand
- Trade payables – PLN 2 thousand.

In the period from 1 January 2014 to 30 June 2014 the following transactions of the Issuer with jointly-controlled entities and associated entities took place:

- Revenues from sale of services – PLN 9 113 thousand
- Financial revenues from interest on loan granted – PLN 158 thousand

Revenues from sale of services totally relate to revenues from jointly-controlled entity IRYDION Sp. z o.o. in Warsaw, for the benefit of whose is implemented investment project under the name of "Astrum Business Park" in Warsaw.

Note No. 27 – Events after reporting date

Such events did not occur.

Note No. 28 – Information on significant proceedings pending before the court

PROCHEM S.A. continues to be a party to the proceedings before the court concerning the settlement of the contract which was interrupted on 10 November 2005, for the construction management of an investment project under the name "Pipeline in a section from the ST- 1 Adamowo - to raw material base Plebanka" concluded with PERN S.A. PROCHEM S.A. filed a lawsuit to the court for payment of PLN 41, 301 thousand under the final settlement of the contract, of which PLN 17,364 thousand is recognized in the statement of financial position as a receivable from seized guarantee deposit, and the remaining amount is the contingent receivable. On 18 January 2008 District Court in Warsaw issued a judgment in this case considering claim of PROCHEM S.A. as to be right in principle, while stating that this obligation is not yet due.

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

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

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

On 5 February 2013 before the District Court in Warsaw, a hearing was held with the participation of experts, after which the court decided to oblige the parties to submit the pleadings in which the final

conclusions of evidence to complement the expert opinions will be clarified, and postponed the hearing until 16 May 2013.

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

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

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

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

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

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

On 6 May 2015 in relation to the doubts raised against some aspects of the expert's opinions and in the interest of a faster conclusion of the case, PROCHEM limited action by the amount of PLN 139 thousand to the amount of PLN 41 162 thousand, along with statutory interest.

On 17 July 2015 the Company received a copy of the supplementary opinion expert, which in all cases had confirmed the position of PROCHEM S.A.

At the end of June 2015 the Group presents the receivables from PERN SA under seized during the execution of the contract of guarantee deposits worth PLN 17,364 thousand, which are the subject of a final settlement of the contract and the proceedings pending before the Court. These receivables are not covered by write-down because of the high probability of their recovery, according the opinion of the Board, which was also confirmed in the opinion on the settlement of a contract drawn up by an expert appointed by court. The remaining amount of the claim of PROCHEM S.A. in the amount of PLN 23,798 thousand was recognized as a contingent asset, because of the reporting date, still did not meet all the criteria for recognition as an asset in accordance with IAS 37.

In response to the claim of PROCHEM S.A. PERN SA filed a counterclaim against the Company in February 2007, demanding payment of the amount of PLN 129,444 thousand with statutory interest, as reimbursement for of remuneration, which in the opinion of PERN SA, was unduly paid to the defendant for the execution of the contract. The claim as above is also the subject of the proceedings which was described above. As at 30 June 2015 the Group did not create a provision in connection with a counterclaim from PERN SA, because the Management Board believes the risk of an adverse decision for the Group in proceedings with PERN SA is negligible.

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

Note No. 29 – Approval of financial statements

Interim condensed separate financial statements of PROCHEM S.A. for the period from 1 January 2015 to 30 June 2015 was approved by the Management Board of PROCHEM S.A. on 28 August 2015.

Note No. 30 - Other explanatory notes to interim condensed separate financial statements

Statement of changes in the ownership of the issuer's shares or rights to them (options) by the Management Board and the Supervisory Board, in accordance with the knowledge of the issuer

At the date of the separate financial statements the following members of the Management Board and the Supervisory Board of the company held shares of PROCHEM SA:

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

In the period from the annual report for 2014 there was no change in the number of shares held by the members of the Management Board and the Supervisory Board.

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

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

Company PROCHEM S.A. granted to the jointly controlled company Irydion Sp. z o.o. a surety under abovementioned agreement of loan up to the amount of PLN 21,735 thousand. (i.e. 50% of the amount of the loan). The guarantee was fixed up to 20 September 2016.

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

Loans granted by the Issuer in the first half of 2015 are presented in Notes 5 and 8 of these financial statements.

Factors that in the issuer's opinion will affect achieved results over at least the next quarter

The results in subsequent quarters will depend mainly on the Issuer's possibility of gaining of new contracts on sale of its services. A big impact on the results of the Issuer will have the continuation of projects already underway: the contract in Belarus and the Center Astrum Business Park in Warsaw.

Remuneration of key management personnel

In the first half of 2015 in enterprise of the Issuer was paid:

1. remuneration of the Members of the Management Board in a total amount of PLN 638.9 thousand, including remuneration fixed on profit PLN 155.3 thousand;
2. remuneration of the Members of the Supervisory Board in a total amount of PLN 333.6 thousand, including remuneration fixed on profit PLN 200.3 thousand.

The remuneration paid to the Members of the Management Board in the first half of 2015 for performing their functions in the Management Boards and in the Supervisory Boards of companies belonging to the Capital Group amounted to PLN 238.3 thousand.

Signatures of the Members of the Management Board

28 August 2015	Jarosław Stępniewski	Chairman of the Board
date	first name and surname	position	signature

28 August 2015	Marek Kiersznicki	Vice Chairman
date	first name and surname	position	signature

28 August 2015	Krzysztof Marczak	Vice Chairman
date	first name and surname	position	signature

Signature of the person responsible for bookkeeping

28 August 2015	Barbara Auguścińska-Sawicka	Chief Accountant
date	first name and surname	position	signature