SEPARATE FINANCIAL STATEMENTS OF PROCHEM S.A.

As at and for the period ended 31 December 2013

PROCHEM S.A.
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Separate financial statements of PROCHEM S.A. prepared as at and for the period ended 31 December 2013

Statement of financial position as at 31 December 2013

(all amounts in PLN thousands if not stated otherwise)

	Note No.	As at 31 December 2013	As at 31 December 2012
A s s e t s			
Non-current assets			
Property, plant and equipment	1	1 981	2 015
Intangible assets	2	201	140
Shares in subsidiaries	3	10 060	15 026
Shares in equity-accounted investees	4	5 210	708
Deferred tax assets	5	656	1 986
Other financial assets	6	40 906	26 985
Total non-current assets		**59 014**	**46 860**
Current assets			
Inventories	7	3 126	2 359
Trade and other receivables	8	39 407	45 745
Other financial assets	9	5 306	751
Other assets	10	10 548	10 768
Cash and cash equivalents	29	3 725	3 164
Total current assets		**62 112**	**62 787**
Total assets		**121 126**	**109 647**
E q u i t y a n d l i a b i l i t i e s			
Equity			
Share capital	11	3 895	3 895
Revaluation reserve	12	950	1 086
Retained earnings	13	68 662	65 049
Total equity		**73 507**	**70 030**
Non-current liabilities			
Provisions for retirement and similar benefits	14	531	415
Deferred income	19	19 338	-
Other non-current liabilities	15	24	27
Total non-current liabilities		**19 893**	**442**
Current liabilities			
Current bank loans	16	-	6 347
Trade payables	17	17 767	29 083
Liabilities for current income tax		563	-
Other liabilities	18	3 017	3 734
Deferred income	19	6 379	11
Total current liabilities		**27 726**	**39 175**
Total liabilities		**47 619**	**39 617**
Total equity and liabilities		**121 126**	**109 647**
Weighted average number of ordinary shares (units)		3 895 000	3 895 000
Book value per share (in PLN)		18.87	17.98

Profit and loss account for the period from 1 January 2013 to 31 December 2013

(all amounts in PLN thousands if not stated otherwise)

	Note No.	Period ended 31 December 2013	Period ended 31 December 2012
Revenues from sales, including:		83 340	85 406
Revenues from sale of services	20	82 889	84 296
Revenues from sale of goods and materials	21	451	1 110
Cost of sales, including:		-73 994	-82 618
Cost of services sold	22	-73 551	-81 593
Cost of merchandise and raw materials		-443	-1 025
Gross profit on sales		**9 346**	**2 788**
General and administrative expenses	22	-7 901	-7 200
Other operating income	23	3 783	671
Other operating expenses	24	-2 849	-1 673
Results from operating activities		**2 379**	**-5 414**
Financial income	25	2 840	1 082
Profit on the disposal of shares in subsidiaries		5 087	7 545
Finance expenses	26	-1 752	-1 335
Profit before tax		**8 554**	**1 878**
Income tax expense:	27	1 911	-1 178
- current tax		564	-
- deferred tax		1 347	-1 178
Profit for the period		**6 643**	**3 056**
Weighted average number of ordinary shares (units)		3 895 000	3 895 000
Profit/ diluted profit per share (in PLN per share)		1.71	0.78

Statement of comprehensive income

Profit for the period	**6 643**	**3 056**
Other comprehensive income, net	**-129**	**135**
Other comprehensive income that will be reclassified to profit and loss under certain conditions:	**-56**	**135**
Revaluation of property, plant and equipment	-	167
Exchange differences from the translation of the entity that operates abroad	-56	-
Income tax on other comprehensive income	-	32
Other comprehensive income that will not be reclassified to profit and loss:	**-73**	**-**
Actuarial loses on valuation of provisions for employee benefits	-90	-
Income tax on other comprehensive income	17	-
Total comprehensive income	**6 514**	**3 191**
Weighted average number of ordinary shares (units)	3 895 000	3 895 000
Total comprehensive income per ordinary share (in PLN)	1.67	0.82

Statement of changes in equity for the period from 1 January 2013 to 31 December 2013

(all amounts in PLN thousands if not stated otherwise)

	Share capital	Revaluation reserve	Retained earnings	Total equity
The reporting period from 1 January 2013 to 31 December 2013				
As at the beginning of the period	**3 895**	**1 086**	**65 049**	**70 030**
Net profit of the given period	-	-	6 643	**6 643**
Net other comprehensive income	***-***	***-129***	***-***	***-129***
Total comprehensive income	**-**	**-129**	**6 643**	**6 514**
Payment of dividend	-	-	-3 038	**-3 038**
Other changes	-	-7	8	**1**
As at the end of the period	**3 895**	**950**	**68 662**	**73 507**

	Share capital	Revaluation reserve	Retained earnings	Total equity
The reporting period from 1 January 2013 to 31 December 2012				
As at the beginning of the period	**3 895**	**951**	**61 993**	**66 839**
Net profit of the given period	-	-	3 056	**3 056**
Net other comprehensive income)	***-***	***135***	***-***	***135***
Total comprehensive income	**-**	**135**	**3 056**	**3 191**
As at the end of the period	**3 895**	**1 086**	**65 049**	**70 030**

Statement of cash flows for the period from 1 January 2013 to 31 December 2013

(all amounts in PLN thousands if not stated otherwise)

	Note No.	Period ended 31 December 2013	Period ended 31 December 2013
Cash flows – operating activities			
Profit before tax		8 554	1 878
Total adjustments		5 718	-20 252
Amortization and depreciation	22	817	825
Interest and profit sharing (dividends)		-474	246
Profit on disposal of property, plant and equipment	23	-146	-143
Profit on investment activities		-5 087	-7 545
Change in provisions		220	365
Change in inventories		-767	976
Change in receivables	29	6 510	30 660
Change in current liabilities, except for loans and borrowings	29	-11 958	-41 947
Other adjustments	29	16 603	-3 689
Net cash provided by (used in) operating activities		**14 272**	**-18 374**
Cash flows – investing activities			
Inflows		**6 704**	**8 480**
Disposal of intangible assets and property, plant and equipment		452	331
Inflows from financial assets in related entities, including:		6 252	8 149
- dividend received		304	3
- disposal of financial assets (shares)		5 603	8 145
- repayment of loans granted		287	1

- repayment of interest on loans granted	58	-
Outflows	**-10 675**	**-8 887**
Acquisition of intangible assets and property, plant and equipment	-1 091	-489
Investment in real estates	-	-396
For financial assets in related entities, including:	-9 584	-8 001
- acquisition of financial assets	-54	-
- loans granted	-9 530	-8 001
For financial assets in other entities – loans granted	-	-1
Net cash provided by (used in) investing activities	**-3 971**	**-407**
Cash flows – financing activities		
Inflows	**-**	**6 347**
Proceeds from credits received	-	6 347
Outflows	**-9 740**	**-408**
Dividend paid	-3 036	-
Repayments of bank loans	-6 347	-
Interest	-357	-408
Net cash provided by (used in) financing activities	**-9 740**	**5 939**
Total cash flow, net	561	-12 842
Net increase/(decrease) in cash and cash equivalents	561	-12 842
Cash and cash equivalents at the beginning of the period	**3 164**	**16 006**
Cash and cash equivalents at the end of the period	**3 725**	**3 164**

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

1. Establishment of the Company and principal activity

Company PROCHEM S.A.(hereinafter called „ PROCHEM", „Company", „Issuer" or „Parent Company") seated in Warsaw, 44C Powązkowska Street. The company is registered in the National Court Register (KRS) by the District Court for the Capital City Warsaw, XII Commercial Department of the National Court Register under KRS number 0000019753. Principal activity according to Polish Business Classification (PKD 2007) determines symbol 7112Z – engineering activities and related technical consulting. According to Warsaw Stock Exchange classification PROCHEM belongs to construction sector. PROCHEM S.A. is a Parent Company of the Capital Group and prepares a separate consolidated financial statement. PROCHEM S.A. was established through transformation of a state-owned enterprise under the name Przedsiębiorstwo Projektowania I Realizacji Inwestycji Przemysłu Chemicznego „ PROCHEM". The notarial deed and Company's Articles of Association were signed on 1 October 1991. Duration of the Company is unlimited.

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

2. Managing and supervising bodies of the Issuer

As at the date of preparation hereby financial statements the Management Board of PROCHEM S.A. comprises of:
Jarosław Stępniewski - President of the Management Board
Marek Kiersznicki - Vice President of the Management Board
Krzysztof Marczak - Vice President of the Management Board

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

- Andrzej Karczykowski - Chairman
- Marek Garliński – Vice Chairman
- Dariusz Krajowski-Kukiel
- Krzysztof Obłój
- Adam Parzydeł

3. Employment

In 2013 average employment was 211 FTEs, and in 2012 197 FTEs. Level of employment in persons as at 31 December 2013 was 226, and as at 31 December 2012 204.

4. Adopted accounting policies

Principals of presentation

The financial statements of PROCHEM S.A. for the period from 1 January to 31 December 2013 and analogous period of the comparable year was prepared according to International Accounting Standards and International Financial Reporting Standards, which were adopted by European Union

(EU) and were effective as at 31 December 2013. The scope of separate financial statements is compliant with Minister of Finance Regulation of 19 February 2009 on current and periodic information provided by issuers of securities and conditions for recognition as equivalent required by the law of a non-Member State (Official Journal no. 33, item 259 with further amendments).

Presented separate financial statements are compliant with all requirements of IFRS adopted by EU and present true and fair view of the Company's financial position as at 31 December 2013 and comparable data as at 31 December 2012, as well as results of operations for the year ended 31 December 2013 and comparable data for the year ended 31 December 2012.

The separate financial statements of PROCHEM S.A. as at 31 December 2013 was prepared assuming that the Company will continue to operate as a going concern in foreseeable future and it is stated that there is no evidence indicating that the Issuer will not be able to continue its operations as a going concern.

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

- land buildings and construction measured at revalued amount.

Operating activities of the Company neither have seasonal character nor are subject to cyclical trends, except for the segments of the general contracting and rental of construction equipment, which are characterized by seasonality, which is caused to a large extent by atmospheric conditions. Atmospheric factors have an impact on the volume of revenue achieved in these segments. Lower revenues are achieved in winter, when the weather conditions do not allow to perform certain construction work.

The separate financial statements of PROCHEM S.A. for 2013 includes data of the Representation Office operating on the territory of Belarus. Representation Office shall keep accounts according to the law in force in Belarus and there is also calculated and paid the income tax on legal entity. The Representation Office prepares statements required by Belarusian law.
Exchange differences arising from the restatement of the statements prepared by the Representation Office were recognized in *Revaluation reserve -exchange differences on accounting of Representation Office which operates abroad.*
PROCHEM S.A. is the parent entity of the Capital Group and prepares consolidated financial statements. The consolidated financial statements are available on the ***www. prochem.com.pl***

Changes in accounting estimates and accounting policies

The preparation of financial statements under IFRS adopted by EU requires using certain accounting estimates and adoption of assumptions concerning future events. Items of the financial statements set under the estimation are subject to verification if circumstances being base of estimates are changing or as a result of obtaining new information or of progressing course of events or of acquiring greater experience. In preparing the separate financial statements were applied the same accounting principles and the same calculation methods which were applied in the financial statements of PROCHEM S.A. for the year ended 31 December 2012, with the exception of IAS 1 and IAS 19, with adjustment of the period comparable to the changes in accounting policies and presentation that:

1. had no impact on the financial data presented in the statements for the current period and comparable, and were related to:
    - change in the presentation of the statement of comprehensive income resulting from the amendment to IAS 1. Bearing in mind the clarity and readability of the data presented company has decided to present revenues and expenses z of the reporting period in two statements: the statement which is presenting components of profit and loss account and the statement that begins with profit or loss for the period and

presents components of other comprehensive income (statement of comprehensive income)
- changes in presentation of other comprehensive income is carried out in two groups, which in accordance with other IFRS:
  - will be reclassified to profit or loss under certain conditions,
  - will not be reclassified to profit or loss.

2. had an impact on amounts presented in the prior periods related to amendments to IAS 19 *Employee Benefits*. The changes introduced were related to the recognition and presentation of actuarial gain/losses on valuation of the program of defined post-employment benefits in other comprehensive income and not as yet in profit or loss.
   The amount of actuarial gains/losses which should be recognized in revaluation reserve is not significant, therefore data for previous periods were not restated. (for 2012 PLN 7 thousand).

In the current annual reporting period, the Company decided on early adoption of amendments to standards and interpretations, and they relate to:

Amendments to IFRS 10 - Consolidated Financial Statements

IFRS 10 provides a new model for the control analysis for all entities in which the investment is made, including entities that currently as special purpose entities are within the scope of SIC-12. IFRS 10 introduces new requirements to assess control, which differ from the existing requirements of IAS 27 (2008). In a new control model investor controls an entity in which the investment was made, if (1) is exposed, or has rights, to variable returns from its involvement in the investee, (2) has the ability to affect those returns through its power over the investee, and (3) there is a relationship between the above mentioned power and returns.

The new standard also includes requirements for disclosures and requirements relating to the preparation of consolidated financial statements. These requirements were transferred from IAS 27. Standard is effective for periods beginning on or after 1 January 2014.
IFRS 10 will not have a significant impact on the financial statements

Amendments to IFRS 11 Joint Arrangements
Amendments to IFRS 11 Joint Arrangements supersedes and replaces IAS 31 *Interest in Joint Ventures. IFRS* 11 does not introduce substantive changes to the overall definition of an agreement subject to joint control, although the definition of control and therefore indirectly joint control, has changed due to IFRS 10. Under the new standard, joint arrangements are divide into 2 types, each having its own accounting model defined as follows:

- a joint operation is one whereby the jointly controlled parties, known as the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement
- a joint venture is one whereby the jointly controlling parties, known as joint venturers, have rights to the net assets of the arrangement.

IFRS 11 effectively carries out from IAS 31 those cases in which, although there is a separate subject for the joint arrangement, separation is ineffective in certain ways. Such arrangements are treated similarly to jointly controlled asset/operations in accordance with IAS 31 and are now called common operations. The remainder of IAS 31 jointly controlled entities now called joint ventures, must be accounted for using the equity method. Application of proportionate consolidation is no longer possible.
Standard is effective for periods beginning on or after 1 January 2014.
IFRS 11 will not have a significant impact on the financial statements

Amendments to IFRS 12 – Disclosures of the Interests in Other Entities
IFRS 12 requires additional disclosures relating to significant judgments and assumptions made in determining the type and nature of interests in other entities, joint arrangements, associates and/or unconsolidated structured entities not subject to consolidation.
Standard is effective for periods beginning on after 1 January 2014.
The Company has made the appropriate disclosures required by the standard.

Changes in estimates
In 2013 there was no change in the principles and methods of calculation used to establish estimates an in estimates.

New standards,, interpretations and changes in published IFRS

Standards and interpretations adopted by EU, not yet effective

Several new Standards, amendments to standards and interpretations are not yet effective for annual periods ended 31 December 2013 and have not been applied in the financial statements.

Amendments to IAS 27 (2011) – Separate Financial Statements
IAS 27 (2011) carries forward the existing accounting and disclosure requirements of IAS 27 (2008) for the separate financial statements with some minor clarifications. Also, the existing requirements of IAS 28 (2008) and IAS 31 for the separate financial statements have been incorporated into IAS 27 (2011). The standard no longer addresses the principle of control and requirements relating to the preparation of consolidated financial statements, which have been carried over into IFRS 10 Consolidated Financial Statements. Amendments are effective for periods beginning on or after 1 January 2014.
The entity does not expect the above amendments to have material impact on the financial statements.

Amendments to IAS 28 (2011) – Investment in Associates and Joint Ventures
Limited changes made to IAS 28:
- *Associates and joint ventures held for sale. IFRS* 5 *Non-current Assets Held for Sale and Discontinued Operations* applies to an investment, or a portion of an investment in an associate or joint venture that meets the criteria to be classified as held for sale. For any retained portion of the investment that has not been classified as held for sale the equity method is applied until disposal of the portion held for sale. After disposal, any retained interest is accounted for using the equity method if the retained interest continues to be an associate or a joint venture.
- *Changes in interests held in associates and joint ventures.* Previously, IAS 28 (2008) and IAS 31 specified that the cessation of significant influence or joint control triggered re-measurement of any retained stake in all cases, even if significant influence was succeeded by joint control. IAS 28 (2011) requires that in such scenarios the retained interest in the investment is not re-measured.

Amendments are effective for periods beginning on or after 1 January 2014.
It is expected that the amendments, when initially applied, will have a significant impact on the level of disclosure in the financial statements, however, until the date of initial application of this amendment, the Company is not able to prepare analysis of the impact.

Amendments to IAS 32 – Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
The Amendments do not introduce new rules for offsetting financial assets and liabilities; rather they clarify the offsetting criteria to address inconsistencies in their application.
The amendments clarify that an entity currently has a legal enforceable right to set-off if that right is:
- not contingent on a future event, and

- enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

Amendments are effective for periods beginning on or after 1 January 2014.
The entity does not expect the amendments to have a significant impact on the financial statements as the Company does not offset of assets owned and financial liabilities or has entered into agreements on compensation.

Amendments to IAS 36 – Impairment of Assets (disclosure of recoverable value concerning non-financial assets)

The amendments clarify that the recoverable value should be disclosed only for the individual assets (including goodwill) or cash-generating units for which impairment loss was recognized or reversed in the given period.

The amendments also introduce a requirement for recognition of the following additional disclosures where the loss due to impairment of the assets (including goodwill) or cash-generating unit has been recognized or reversed during the period and the recoverable amount was determined based on the fair value less costs to sell :

- hierarchy level for determining fair value in accordance with IFRS 13 Fair Value Measurement to which have been assigned the given estimate of fair value;
- for the valuation at fair value classified as Level 2 and 3 of the hierarchy of fair value, a description of applied techniques of valuation and possible changes in these techniques, along with giving their causes;
- for the valuation at fair value classified as Level 2 and 3 of the hierarchy of fair value, description of the key assumptions (i.e. of the assumptions, to which recoverable value is the most sensitive) used at determining fair value less costs to sell. If fair value less costs to sell have been measured based on estimates of the current value, the discount rate used in the current and previous periods should also be disclosed.

Amendments are effective for periods beginning on or after 1 January 2014.
It is expected that the amendments, when initially applied, will have a significant impact on the level of disclosure in the financial statements, however, until the date of initial application of this amendment, the Company is not able to prepare analysis of the impact.

Renewal of derivative instruments and further application of hedge accounting (Amendments to IAS 39 Financial Instruments: Recognition and Measurement)
The amendments allow for the continued use of hedge accounting when the derivative which is designated as a hedging instrument, is subject to novation of (or renewal) resulting from the legal regulations in order to settle the accounts with clearing house (central counterparty) when the following conditions are met:
• the novation of is required by law,
• clearing house shall be a new party to the transaction for each of the original party to the contract for a derivative instrument, and
• changes in the terms of derivative instrument are limited to those that are necessary to change party to the contract.
Amendments are effective for periods beginning on or after 1 January 2014.
The entity does not expect the amendments as above to have a significant impact on financial statements, because the Company does not apply hedge accounting

Standards and interpretations not yet endorsed by the EU

IFRS 9 - Financial Instruments (2009)
The new standard replaces the guidance in IAS 39 *Financial Instruments: Recognition and Measurements*, about classification and measurement of financial assets. The Standard eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivables.
On initial recognition financial assets will be classified into one of two categories:

- financial assets measured at amortized cost or
- financial assets measured at fair value.

Component of financial assets is measured at amortized cost if the following two conditions are met:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows and,
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Gains and loses on measurement of financial assets measured at fair value are recognized in profit or loss, except that for an investment in an equity instrument which is not held for trading. IFRS 9 provides the possibility of making an irrevocable decision on the valuation of these financial instruments at initial recognition at fair value in other comprehensive income. Such a choice can be made for each instrument separately. No amounts recognized in other comprehensive income is ever reclassified to profit and loss at a later date.
Available for use (no dates of compulsory application).
The entity does not expect the amendment as above to have a significant impact on financial statements, because principles of classification and measurement of financial assets applicable in the Company do not change.

Amendments to IFRS 9 - Financial Instruments (2010)
Amendments to IFRS 9 of 2010 replace the guidance in IAS *39 Financial Instruments: Recognition and Measurement* about classification and measurement of financial liabilities and the derecognition of financial assets and financial liabilities.

The Standard retains almost all of the existing requirements from IAS 39 on the classification and measurement, of financial liabilities and derecognition of financial assets and financial liabilities.

The Standard requires the amount of change in fair value attributable to changes in the credit risk of a financial liability designated at initial recognition as fair value through profit or loss to be presented in other comprehensive income. Remaining amount of the total gain or loss from revaluation at fair value is recognized in financial results in the current period. In the event, however, if this requirement resulted in the lack of matching of revenues and expenses, the entire change in fair value would be recognized in profit or loss.

The values presented in other comprehensive income are not reclassified in subsequent periods to profit or loss of the current period. However, they may be transferred within equity.
Derivative financial instruments that are linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, are required to be measured at fair value under IFRS 9.
Available for application (no dates of compulsory application).
The entity does not expect the amendment as above to have a significant impact on financial statements.

Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures

These amendments change disclosure and restatement requirements relating to the initial application of IFRS 9 *Financial instruments* (2009) and IFRS 9 *Financial Instruments* (2010).
The amended IFRS 7 require to disclose more details about the effect of the initial application of IFRS 9, in a situation when an entity does not restate comparative information in accordance with the requirements of IFRS 9.
If an entity applies IFRS 9 on or after 1 January 2013, then it is not required to restate comparative information for periods prior to the date of initial application.
If an entity makes prior adoption of IFRS 9 in 2012, then it has the possibility to transform comparative data or presentation of additional disclosures in accordance with the requirements of the amended IFRS 7
If an entity makes early adoption of IFRS 9 before 2012, then it is not obliged to restate comparative information or to present the additional disclosures required by the amended IFRS 7.
Available for application (no dates of compulsory application).
The entity does not expect the amendment as above to have a significant impact on financial statements because the methods of classification and measurement of financial assets existing in the Company will not change.

IFRIC 21 Levies

The interpretation provides guidance on the identification of obliging events, giving rise to liability to pay a levy imposed by public authorities and the time of recognition of such an obligation.

Pursuant to the Interpretation obligating event is an event under relevant provisions of law, which gives rise to an obligation to pay a levy charged by public authorities and the need for its recognition in the financial statements.

Liability under levies charged by public authorities is recognized progressively if the obligating event occurs over a period of time.

If an obligating event is the reaching a minimum threshold, the liability is recognized at the moment when that minimum threshold is reached.

The interpretation clarifies that 'economic compulsion' of the entity and the going concern principle in the next period do not imply the customary obligation to pay a levy, which arises from the conducting of activities in the future.
Amendments are effective for annual periods beginning on or after 1 January 2014 .
The entity does not expect the amendments to have significant impact on the financial statements because it does not cause a change in accounting policy with regard to levies imposed by public authorities.

Amendments to IAS 19 - Employee benefits entitled Defined Benefit Plans: Employee Contributions

The amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.
The amendments are effective for the periods beginning on or after 1 July 2014.
The entity does not expect the amendments to have significant impact on the financial statements as the Company has no defined benefit plans.

Amendments to International Financial Reporting Standards 2010-2012

Annual improvements to International Financial Reporting Standards 2010 - 2012 contain 8 amendments to 7 standards with corresponding changes to other standards and interpretations. The main changes are:

- clarification of the definition of 'vesting conditions' in Appendix A to IFRS 2 Share-based Payment through the separately defining 'performance condition' and 'service condition';
- explanation of certain aspects of the accounting for contingent consideration in business combinations;
- amendment of paragraph 22 of IFRS 8 Operating Segments introduced the requirement to disclose of the factors by the entity that are used to identify reportable segments, when entity's operating segments are combined. This is to complement the current disclosure requirements contained in paragraph 22 (a) of IFRS 8;
- amendment of paragraph 28(c) of MSSF 8 Operating Segments, clarifies that reconciliations of the carrying value of the reportable segments' assets to the carrying value of entity's assets shall be disclosed if they are regularly provided to chief operating decision maker of the unit. This change is consistent with the requirements set in paragraphs 23 and 28 (d) of IFRS 8;
- explanation of the reasons for the IASB to remove paragraph B5.4.12 of IFRS 9 Financial Instruments and paragraph AG79 of IAS 39 Financial Instruments: Recognition and Measurement as changes resulting from IFRS 13 Measurement of fair values;
- explanation of the requirements for the model revalued with IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets, to address the concerns raised in the question of determining depreciation and amortization at the date of the revaluation;
- establishment of the entity providing service of the management of the economic unit and its related entity.

The amendments are applicable to periods beginning on or after 1 July 2014.

The entity does not expect the amendments to have significant impact on the financial statements.

Amendments to International Financial Standards 2011-2013

Annual improvements to International Financial Reporting Standards 2011-2013 contain 4 amendments to standards, with corresponding changes to other standards and interpretations. The main changes are:

- explanation of the meaning of "each IFRS effective at the end of its first IFRS reporting period", used in paragraph 7 of the IFRS 1 First-time Adoption of International Financial Reporting Standards;
- clarification that the exception from the application, which was contained in paragraph 2 (a)of IFRS 3 Business Combinations:
  - excludes the establishment of all kinds of joint ventures, as defined in IFRS 11 Joint Arrangements, within the scope of IFRS 3; and
  - relates only to the financial statements of joint ventures or joint operations.
- clarification that the exception concerning the portfolio of instruments defined in paragraph 48 of IFRS 13 relates to all contracts within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments, regardless whether they meet the definition of financial assets or financial liabilities of IAS 32 Financial Instruments: Presentation.
- explanation that for the determining whether the purchase of an investment property meets the definition of the acquisition of an asset, asset group or business combination in terms of IFRS 3 requires the use of the judgment, and that judgment is based on guidance of IFRS 3.

The amendments are applicable to periods beginning on or after 1 July 2014.

The entity does not expect the amendments to have significant impact on the financial statements.

IFRS 14 Regulatory Deferral Accounts

This interim standard:

- permits the entities during the first-time adoption of IFRS to continue the application of hitherto principles of recognition of regulatory assets and liabilities, both during the first adoption of IFRS as well as in the financial statements for subsequent periods
- requires entities to classify regulatory assets and liabilities and their changes in the separate items of the financial statements; and
- requires the detailed disclosures, which are enabling the determination of the type and risks which were connected with the regulated rates and according to which were recognized the regulatory assets and liabilities in accordance with an interim standard.

The amendments are applicable to periods beginning on or after 1 January 2016.

The entity does not expect the amendments to have significant impact on the financial statements because they include only entities adopting IFRS for the first time.

Transactions in foreign currencies

Transactions in foreign currencies are initially recognized at the exchange rate of the NBP effective as at the transaction date. Balance sheet items of assets and liabilities expressed in foreign currencies are measured at the average NBP exchange rate in force at the balance sheet date. Gains and losses arising from the settlement of such transactions and carrying value of assets and liabilities expressed in foreign currencies are recognized in the profit and loss account.

Functional currency and presentation currency of financial statements

The financial statements is presented in Polish Zloty(‘zloty’ or ’PLN’) which is the functional currency and presentation currency.

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

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

Accounting principles applied by the Company are described below

Property, plant and equipment and intangible assets

Property, plant and equipment are presented in accordance with IAS 16.
Property, plant and equipment include fixed assets and expenditures on construction in progress which the entity intends to use in their business operations in a period longer than one year, and which will result in future economic benefits to the entity.
Expenditures on property, plant and equipment include incurred investment expenditures as well as incurred expenses on future supply of machinery, equipment and services relating to production of PPE (transferred advance payments).
PPE are initially stated at cost. Measurement after initial recognition:

- land, buildings and construction are carried at revalued amount, being its fair value at the date of revaluation, set by experts, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Fair value will be set by experts regularly every two years.
- Other PPE are carried at their cost increased by possible improvement costs, less any accumulated depreciation and any accumulated impairment losses.

Increase in value resulting from the revaluation of land, buildings and constructions is recognized in other comprehensive income and accumulated in total amount in equity - *Revaluation reserve,* as revaluation surplus unless it represents the reversal of a revaluation decrease previously recognized in the profit and loss account. A decrease arising as a result of a revaluation of land, buildings and constructions is recognized as an expense to the extent that it exceeds any amount previously credited to the revaluation surplus relating to the same asset and recognized in other comprehensive income. A decrease resulting from revaluation included in other comprehensive income decreases the amount of total surplus arising from the revaluation recognized in the equity.

Value of PPE designated to liquidation, withdrawn from use as a result of the change of technology or other reasons, is being revalued by write down. Write down is recognized other operating costs.

Expenditures on PPE incurred at a later date are recognized at their carrying amount when it is probable that future economic benefits associated with them will flow to the entity, and this cost could be reliably measured. All other repair and maintenance costs of PPE are recognized in the cost of the period, in which they were incurred.

Profit and loss on sale of PPE are set by comparing the revenue from sales with the carrying amount of the given component of fixed assets and recognized in the profit and loss account. PPE are subject to depreciation since they are available for use. Depreciation allowances on fixed assets are provided by systematic, scheduled allocation of the initial value over established useful life of the component. A straight line depreciation method is applied.

In the financial statements for the current period and comparative periods the following useful lives are used for PPE:

- Buildings and constructions 10-40 years
- Machinery and equipment 5-12 years
- Vehicles 5 years
- Tools, devices, movables and equipping 5-10 years.

The applied useful lives, depreciation methods are verified at the end of each reporting year and, when necessary, adjusted.

Own land is not subject to depreciation.

PPE in progress arising for the operating activity, as well as for purposes not yet identified, are presented in the financial statements at their cost less recognized impairment losses. The cost of all items comprises all fees and borrowing costs capitalized in accordance with the applied accounting principles. Depreciation of such components of PPE shall begin at the start of their use.

PPE are subject to the impairment tests. If premises for impairment exist, in addition for the construction-in-progress in the period of the realization, possible impairment is determined at each balance sheet day. The effects of the impairment are recognized in other operating costs.

The component of intangible assets is measured at cost less any accumulated depreciation and any accumulated impairment losses.

Intangible assets, except for the goodwill are being amortized. Amortization allowances of intangible assets is made by systematic, planned allocation of the initial value in the established useful life of the component. A straight line of depreciation method is applied.

In the financial statements for the current period and comparative periods the Company applied useful life period of 3-10 years for amortization of intangible assets.

The applied useful lives, amortization methods are verified at the end of each reporting year and when necessary adjusted in the current and in subsequent periods.

Intangible assets are subject to the impairment tests if premises for impairment exist. The effects of the impairment are recognized in other operating costs.

Lease

The company as the lessee

Lease, by which substantially all the risks and rewards incidental to ownership of an asset falls to the Company PROCHEM S.A. constitutes the financial lease.
Assets under this lease are measured in the financial statements at the lower amount of fixed commencement of use: fair value or present value of minimum lease payments. Each lease payment is divided into the part constituting the liability and the financial part. The liability is presented in statement of financial situation in the position „Other liabilities" with the division into the short-term part (payable up to one year) and long term (payable in the period longer than one year). Finance costs are recognized in the profit and loss account. Principles of the amortization and depreciation of assets being a subject of the financial lease and the principles of determining impairment allowances by assets under finance lease are consistent with principles applied for the Company's assets. PPE held under lease agreements are depreciated over the economic life of assets. Straight-line method of depreciation is used.

Lease payments under an operating lease and subsequent lease installments are recognized in current costs using straight-line method over the lease term.

Company as lessor

Lease agreements, such as rent agreements according to which the Company retains substantially all the risks and all rewards resulting from having a leased object, are classified as operating lease. Leasing costs are recognized in current costs while income from the leased object are recognized in income of the period.

Borrowing costs
Borrowing costs are recognized as expenses in the period in which they are incurred, except for costs that are directly attributable to the acquisition, construction or production of an asset (PPE, intangible assets).
Capitalization of borrowing costs commences when:

1. borrowing costs are incurred,
2. expenditures are incurred for the asset,
3. the activities necessary to prepare the asset for its intended use or sale are undertaken.

Capitalization of borrowing costs shall be suspended during extended periods in which the entity suspends active development of a qualifying asset. Borrowing costs are capitalized until the designation of the asset for use or sale.

Investments in subsidiaries, associates or in joint arrangements

The Company measures the value of shares at cost, i.e. at the price of the purchase reduced by any impairment loss.
The carrying amount of investment on the date when it ceases to be a subsidiary shall be treated as the purchase price at the moment of initial measurement as component of financial asset.

Inventory – in the item of inventory - materials, goods, semi-finished products and work-in-process are shown.
Inventories are measured initially at cost. As at the balance sheet day the measurement is done with the principles of prudence, that is categories are valued at the lower of purchase price, the production cost or the net realizable value.
Stock of goods and materials slowly-rotating is covered by the write-down set by individual evaluation of the net realizable value as at the balance sheet day.
The cost of inventories shall be shall be assigned by using the first-in, first out (FIFO) method.
Write-downs concerning inventory and their reversals are recognized in the other operating expenses and revenues.

Loans granted - arise when the entity is transferring financial means directly to the debtor, not intending to enter the receivable into trade. They are classified as current assets, provided the date if their maturity does not exceed 12 months from the balance sheet day. Loans with the maturity date exceeding 12 months starting from the balance sheet day are classified as non-current assets. Loans are initially recognized at their fair value. The measurement of loans after initial recognition is at amortized cost, using the effective interest rate method, less impairment losses.

Receivables are recognized initially at fair value, and subsequently measured at amortized cost using the effective interest rate method less impairment allowances. Impairment allowance of receivables is identified when there is objective evidence that the entity will not receive all amounts due according to the original terms of receivables and it is recognized in other operating expenses. The amount of write-down is a difference between the carrying amount due and present value of estimated future cash flows, discounted using the effective interest rate.

Cash and cash equivalents include cash in hand and on bank accounts, bank deposits with the original maturity date up to three months and financial assets measured at fair value through profit or loss and meeting the requirements of the definition of the cash equivalent. Cash is measured at nominal value. Cash equivalents classified as financial assets are measured at fair value through financial result (profit or loss).

Fixed assets held for sale

Aktywa trwałe przeznaczone do sprzedaży są to aktywa spełniające jednocześnie następujące kryteria:
- by the Management is committed to a plan to sell,
- an active program to locate a buyer is initiated,
- an asset is available for immediate sale,
- the sale is highly probable within 12 months from classification as held for sale,
- the selling price is rational in relation to the current fair value,
- it is unlikely that the sales plan will be significantly changed.

Change of classification is reflected in the reporting period in which the criteria are met.

Immediately prior to reclassification to the group held for the sale or the disposal, these assets are measured according to accounting principles. Non-current assets held for the sale (excluding financial assets and investment properties) are recognized in the financial statements in lower of two values: the carrying amount of the fair value less costs to sell.

In case of increase of value, at a later date, of fair value less costs to sell, the income is recognized, however, at the value not higher than previously recognized impairment allowance..

Upon allocating the given component of assets as held for sale, the calculation of depreciation allowances is stopped.

Measurement of assets and liabilities

At initial recognition the entity shall measure component of assets or liabilities at fair value, increased in case of the component of assets or financial liabilities not classified as measured at fair value through profit or loss by transaction costs, which could be directly attributable to the purchase or issue of the component of financial asset such as: fees and commissions paid to advisers or agents, payments imposed by regulatory agencies and the stock exchange and taxes. Transaction costs does not include premium or discount on debt instruments, financing costs or internal administrative or holding costs.
For measurement at the end of the reporting period or any other date after initial recognition the Company classifies financial assets into one of four categories:

1. measured at fair value through profit or loss,
2. held-to-maturity investments,
3. loans and receivables,
4. available- for- sale financial assets.

Component of assets measured at fair value through profit or loss means such a component of financial assets which was designated at initial recognition as measured at fair value through profit or loss or was classified as held for trading since:

- was purchased or contracted mainly for sale or repurchase in short term,
- is a part of portfolio of determined financial instruments jointly managed and for which there is evidence of a recent actual pattern of short-term profits, or
- is a derivative instrument (except for derivatives that are effective hedging instruments).

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payment or fixed maturity, which the Company is both able and intending to hold to its maturity.

Loans and receivables are non-derivative financial assets with fixed or determinable payments, which are not quoted on the active market.

Available-for-sale financial assets are non-derivative financial assets, which were classified as available for the sale, or not being loans or other receivables, investments held-to-maturity nor the financial assets measured at fair value through profit or loss.

Measurement of financial assets at fair value

The Company measures financial assets measured at fair value through the profit or loss, including derivatives being assets and available-for-sale financial assets, without reduction by the transaction costs which can be incurred in relation to the sale or using other way of disposal of assets.

Fair value of financial assets is measured as follows:

- for instruments quoted on the active market based on the last quotations, which were available at the end of the reporting period,
- for debt instruments unquoted on the active market based on the discounted cash flows analysis,
- for futures derivatives (forward) and swap contracts based on discounted cash flows analysis.

Investments in equity instruments (shares) that do not have quoted market price on active market and which fair value cannot be measured credibly, are valued at cost by the Company, i.e. at purchase price less possible impairment losses.

Financial assets designated as hedged items are valued in accordance with principles of hedge accounting.

Profit or loss arising from the measurement of the component of financial assets, classified as measured at fair value through profit or loss, is recognized in financial result (profit or loss).

Profit or loss arising from measurement of the component of financial assets classified as available - for - sale is recognized in other comprehensive income, except for impairment losses and exchange differences which are recognized in financial result. For debt financial instruments, interest calculated using the effective interest rate method is recognized in financial result.

Measurement of financial assets at amortized cost

The Company measures loans and other receivables, including trade receivables and held-to-maturity investments according to amortized cost and using the effective interest rate method.

Measurement of financial liabilities at fair value

The Company measures financial liabilities classified as measured at fair value through profit or loss (in particular including derivatives which are not being hedging instruments), as at the last day of the reporting period or any time after the initial recognition at fair value. Irrespective of the nature and purpose of the acquisition, the Company, at the initial recognition, classifies selected financial liabilities as measured at fair value through financial result if it leads to obtaining more useful information. The fair value of the obligation is based on the current selling price for instruments quoted on the active market.

In the absence of an active market, the fair value of financial liabilities is determined by:

- the use of recent market transactions conducted directly between the well knowledgeable, willing parties, or
- reference to the current fair value of another instrument that is almost the same, or
- discounted cash flows analysis.

Measurement of financial liabilities at amortized cost

The Company measures other financial liabilities according to amortized cost using the effective interest rate method.

Financial guarantee contracts, i.e. contracts that require the Company (issuer) to make specified payments to reimburse the holder for a loss it incurs because of not making payment by a specified debtor when due in accordance with the original or modified terms of a debt instrument, not classified as liabilities at fair value through profit or loss are measured at the higher of:

- the amount determined according to the principles of valuation of reserves,
  initial value less, when appropriate, accumulated depreciation allowances.

Reclassifications

The company:

- shall not reclassify a derivative from the category measured at fair value through profit or loss since the moment of acquisition or issue;
- shall not reclassify financial instrument from the category measured at fair value through profit or loss if at initial recognition financial instrument was designated by the Company to be measured at fair value through profit or loss and
- may, if the financial asset is no longer held for sale or repurchase in the near time (notwithstanding that the financial asset may have been acquired or incurred mainly with purpose of selling or repurchasing in the near time), reclassify that financial asset from the category of measured at fair value through profit or loss only in exceptional circumstances, and in the case of loans and receivables (if at initial recognition of the financial asset does not have to be classified as held for trading) if the entity has the intention and ability to hold the financial asset in the foreseeable future or until maturity,
- shall not reclassify any financial instrument as measured at fair value through profit or loss after initial recognition.

Impairment of financial assets

At the end of the reporting period, the Company assesses if there is objective evidence of impairment of a financial asset or group of financial assets.

If exist objective premises of an impairment of loans and other receivables as well as investments held to maturity which are measured at amortized cost, the Company will recognize impairment losses of estimated future cash flows discounted using the original effective interest rate of a financial instrument.

If in a subsequent period, the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss shall be reversed and recognized as revenue in profit or loss.
If objective premises exist for an impairment of an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, impairment losses are set as the difference between the book value of the financial asset and the current value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset. Impairment losses set in such way are not subject to reversal.
If objective premises exist for impairment of financial asset available-for-sale, the cumulative losses arising from valuation recognized in the statement of comprehensive income, in accordance with the principles of valuation of financial assets, are derecognised from equity and recognized in financial result (profit or loss). If in a subsequent period fair value of an available-for-sale debt instrument rises and the increase can be objectively related to an event occurring after the recognition of impairment loss in financial result, the reversed impairment allowances shall be recognized in financial result (profit or loss). Impairment loss of an investment in an equity instrument classified as available-for-sale is not reversed in financial result (profit or loss).

Dividend payments to shareholders of the Company is recognized as liability in the financial statements of the Company, at time when the appropriate resolution was passed at the General Meeting of Shareholders of the Company

Reserves - are established in the justified, credibly assessed value. Reserves are created in case of an existing obligation of the company (legal or customary)which results from past events and when it is probable, that fulfilling of this duty will result in the necessity of the outflow of financial means, and is possible the credible estimation of the amount of obligation**.**

Employee benefits - the company pays the contributions into obligatory retirement benefit plan, depending on the amount of gross wages paid in accordance with the applicable laws. The Company has no other retirement benefit plans. In order to determine the present value of future obligations relating to retirement benefits and the related current cost of employment is applied an actuarial valuation method.
Accrued liabilities are equal to discounted payments which will be made in future, taking into consideration among others staff turnover, planned increase of salaries and relate to the period to the date ending the reporting year. Provision for the retirement gratuity is created in order to allocate costs to the periods to which they relate. Provision for retirement gratuity are recognized in the profit or loss account, except for actuarial gains and losses arising from changes in actuarial assumptions (including due to changes in the discount rate) and the actuarial adjustments that are recognized in the statement of comprehensive income.

Equity
Equity is recognized in the accounting records by type, in accordance with the defined legal regulations and the Statutes of the Company. Equity comprises:

- Share capital – shown in the nominal value of the issued and registered shares
- Revaluation reserve comprises:
  - difference from the revaluation between the fair value and the purchase price, less deferred tax among others of buildings and land valued at fair value,
  - capital arising from the foreign exchange – translation of financial statements of foreign operations of the Representation Office,
  - actuarial gains and losses arising from the changes in actuarial assumptions (including due to discount)
- Retained earnings which include:
  - Spare capital that is created from the surplus of sale of shares above its nominal value, the annual write down for net profit and the write down covering revaluation of property, plant and equipment in the previous years.
  - Reserve capital which arose from the profit allocated to equity
  - Undistributed profit/loss brought forward and profit(loss) for the current year
  - Advance payments on account of dividends.

Revenue from sale includes the fair value of revenues from sale of services, goods and materials**.** Revenue from contracts for construction services (construction management) and design and engineering services is determined in proportion to the degree of completion of the service. Degree of completion of the service is measured by the share of costs incurred from the date of the contract to the date of recognition of income in the total cost of the service provided.
Correctness of calculations of the degree of the progress of service as well as expected total expenses and revenues from the service performed is verified at the end of each quarter.
Revenue from sale of goods and materials is recognized in the profit and loss account when the Company has transferred to the buyer the significant rewards of ownership of these assets and ceased to be permanently involved in the management of the transferred assets and does not exercise effective control over them.

Income tax - fiscal charges comprise the current taxation by corporate income tax and the change in reserves or assets from the deferred income tax.
Current tax liabilities are established on the basis of current tax regulations and the established taxable income. Current tax liabilities for the current period and previous periods are included as the liability in the amount, in which it wasn't paid.

Provision to deferred income tax is recognized using the liability method, on transitional differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates in force on the balance sheet date Transitional differences are the differences in measurement of assets and liabilities for tax purposes and balance sheet purposes.

Deferred tax assets are recognized if it is probable that in future the taxable income will be achieved that enables the use of transitional differences. Deferred tax assets are recognized separately from tax losses that can be deducted in the next years.

5. Explanatory notes to separate financial statements as at and for the period ended 31 December 2013

Note No. 1 – Property, plant and equipment

	As at 31 December 2013	As at 31 December 2012
Property, plant and equipment, including:	1 976	2 013
- land	145	145
- buildings, premises and water and civil engineering objects	339	482
- machinery and equipment	1 055	970
- vehicles	19	36
- other fixed assets	418	380
Construction under progress	5	2
Total property, plant and equipment	**1 981**	**2 015**

Property, plant and equipment – ownership structure		
a) own	1 981	2 015
Total carrying amount of property, plant and equipment	**1 981**	**2 015**

Changes in property, plant and equipment in 2013

	Land, including the right of perpetual usufruct of land	Buildings, premises, and water and civil engineering objects	Machinery and equipment	Vehicles	Other PPE	Construction under progress	Total PPE
Gross value							
As at 1 January 2013	**145**	**1 585**	**5 143**	**502**	**3 167**	**2**	**10 544**
Increase (due to)	-	-	729	-	216	3	948
- acquisition of PPE	-	-	729	-	216	3	948
Decrease (due to)	-	-	-1 193	-156	-78	-	-1 427
- disposal of PPE	-	-	-938	-156	-32	-	-1 126
- liquidation of PPE	-	-	-255	-	-46	-	-301
As at 31December 2013	**145**	**1 585**	**4 679**	**346**	**3 305**	**5**	**10 065**
Depreciation							
As at 1 January 2013 – accumulated depreciation	**-**	**1 103**	**4 173**	**466**	**2 787**	**-**	**8 529**
Depreciation for the period (due to)	-	143	-549	-139	100	-	-445
- increase (depreciation accrued)	-	143	386	17	178	-	724
- decrease due to disposal of PPE	-	-	-680	-156	-32	-	-868
- decrease due to liquidation of PPE	-	-	-255	-	-46	-	-301
As at 31 December 2013 - accumulated depreciation	**-**	**1 246**	**3 624**	**327**	**2 887**	**-**	**8 084**
Net value of PPE as at 31 December 2013	**145**	**339**	**1 055**	**19**	**418**	**5**	**1 981**

Comparative data

Change in PPE in 2012

	Land, including the right of perpetual usufruct of land	Buildings, premises, and water and civil engineering objects	Machinery and equipment	Vehicles	Other PPE	Construction under progress	Total PPE
Gross value							
As at 1 January 2012	**292**	**1 142**	**4 844**	**1 680**	**4 341**	**2**	**12 301**
Increase (due to)	32	443	300	-	210	-	985
- acquisition of PPE	-	-	300	-	210	-	510
- other changes, including:	32	443	-	-	-	-	475
revaluation of PPE	32	443	-	-	-	-	475
Decrease (due to)	-179	-	-1	-1 178	-1 384	-	-2 742
- disposal of PPE	-	-	-	-1 178	-90	-	-1 268
- liquidation of PPE	-	-	-1	-	-1 294	-	-1 295
- other changes, including:	-179	-	-	-	-	-	-179
change of the right of perpetual usufruct to the right of ownership	-179	-	-	-	-	-	-179
As at 31 December 2012	**145**	**1 585**	**5 143**	**502**	**3 167**	**2**	**10 544**
Depreciation							
As at 1 January 2012 – accumulated depreciation	**190**	**686**	**3 946**	**1 296**	**3 934**	**-**	**10 052**
Depreciation for the period (due to)	-190	417	227	-830	-1 147	-	-1 523
- increase (depreciation accrued)	23	109	228	180	220	-	760
- decrease due to disposal of PPE	-	-	-	-1 010	-89	-	-1 099
- decrease due to liquidation of PPE	-	-	-1	-	-1 231	-	-1 232
- other changes, including:	-213	308	-	-	-47	-	48
revaluation of PPE	-	308	-	-	-	-	308
As at 31 December 2012 - accumulated depreciation	**-**	**1 103**	**4 173**	**466**	**2 787**	**-**	**8 529**
Net value of PPE as at 31 December 2012	**145**	**482**	**970**	**36**	**380**	**2**	**2 015**

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 31 December 2013 recognized in the books remained at the level of valuation at the date of 31 December 2012, 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 actual experience in such valuations carried out in locations where there are assets of the Company. Valuation was carried out by reference to the market transaction prices for similar assets. There was no change in a valuation technique during the year.

Details concerning land, buildings and constructions, as well as information about the hierarchy of fair values as at 31 December 2013

	Level 1	Level 2	Level 3	Fair value as at 31 December 2013
	w tys. zł	w tys. zł	w tys. zł	w tys. zł
Land	-	-	145	145
Buildings and constructions	-	-	339	339
Total	-	-	484	484

There was no displacement between levels 1, 2 and 3 during the fiscal year.

Note No.2 – Intangible assets

	As at 31 December 2013.	As at 31 December 2012
Concessions, patents, licenses and similar assets including computer software	201	140
Total intangible assets	**201**	**140**

Intangible assets – ownership structure		
own	201	140
Total intangible assets	**201**	**140**

Changes in intangible assets in 2013

	Concessions, patents, licenses and similar assets including computer software	Total intangible assets
Gross value		
As at 1 January 2013	**3 390**	**3 390**
Increase (due to)	154	154
- purchase	154	154
As at 31 December 2013	**3 544**	**3 544**
Amortization and impairment		
As at 1 December 2013 – accumulated amortization	**3 250**	**3 250**
Amortization for the period (due to)	93	93
- increase (amortization accrued)	93	93
As at 31 December 2013 - accumulated amortization	**3 343**	**3 343**
Net intangible assets as at 31 December 2013	**201**	**201**

Comparative data

Changes in intangible assets in 2012

	Concessions, patents, licenses and similar assets including computer software	Total intangible assets
Gross value		
As at 1 January 2012	**3 311**	**3 311**
Increase (due to)	79	79
- purchase	79	79
As at 31 December 2012	**3 390**	**3 390**
Depreciation and impairment		
As at 1 January 2012 - accumulated amortization	**3 185**	**3 185**
Amortization for the period (due to)	65	65
- increase (amortization accrued)	65	65
As at 31 December 2012 - accumulated amortization	**3 250**	**3 250**
Net intangible assets as at 31 December 2012	**140**	**140**

Note No. 3 – Shares in subsidiaries

Shares in subsidiaries	**As at 31 December 2013**	**As at 31 December 2012**
a) in subsidiaries	10 060	15 026
Net shares	10 060	15 026
Impairment losses of long term investment	160	160
Gross shares	**10 220**	**15 186**

Change in shares in subsidiaries and other entities	**As at 31 December 2013**	**As at 31 December 2012**
a) at the beginning of the period	15 026	10 626
b) increase (due to)	52	5 000
- acquisition of shares in subsidiaries	52	5 000
c) decrease (due to)	5 018	600
- sale of shares in subsidiaries	516	600
- other, including the change in the structure of the participation in the subsidiary to a jointly controlled	4 502	-
At the end of the period	**10 060**	**15 026**

Change in write-downs of shares in subsidiaries	**As at 31 December 2013**	**As at 31 December 2012**
As at the beginning of the period	160	160
As at the end of the period	160	160

On 7 January 2013 PRO-INHUT sp. z o.o. (subsidiary indirectly) based on the resolution of the Extraordinary Meeting of Shareholders increased the company's capital by PLN 3 thousand through the creation of new 6 shares, which were subscribed by minority shareholders. As a result of changes in the articles of association the Issuer's indirect share decreased by 5.6% and is 93.4%.

On 28 February 2013, the Assembly of Partners adopted a resolution on the dissolution and opening the liquidation of the company PRO-PLM Sp. of o.o. 100% subsidiary directly and indirectly.

On 18 December 2013, on the basis of the contract of sale PROCHEM SA sold the shares of the subsidiary Elektromontaż Kraków SA based in Krakow. Subject of the transaction was 70 000 shares with a nominal value of PLN 5 each, for a total amount of PLN 5 600 000. Shares were acquired by PROCHEM Investments Sp. z o.o. seated in Warsaw, a 100% subsidiary of the Issuer.
The book value of these assets in the books of accounts of the Issuer amounted to PLN 515.9 thousand.
Prior to the transaction, the Issuer directly held 38.75% of the capital of Elektromontaż Krakow SA, after the transaction has 11.62%.
As a result of the purchase of own shares for redemption by Elektromontaż Kraków SA there is a change in the structure of participation. As at 31 December 2013, the share of the Parent Entity increased by 0.4% percentage points to 70.4%.

Note No. 4 – Shares in jointly controlled and associated entities

Shares in jointly controlled and associated entities	As at 31 December 2013.	As at 31 December 2012
- Net shares	5 210	708
- write-downs of shares	1 498	1 498
Gross shares	**6 708**	**2 206**

Change in write-downs of shares in jointly controlled and associated entities	As at 31 December 2013.	As at 31 December 2012
As at the beginning of the period	1 498	918
Increases, the establishment of write-down for shares	-	580
As at the end of the period	1 498	1 498

On April 3, 2013, the General Meeting of Shareholders of subsidiary IRYDION Sp. z o.o. resolved to increase the share capital by PLN 4 500 thousand, through the issue of 4 500 new shares with a nominal value of PLN 1,000 each. The new shares were subscribed as follows:

- 4 499 shares at the issue price of PLN 14 996.5 thousand were acquired by Look Finansowanie Inwestycji S.A. seated in Wrocław,
- 1 share at issue price of PLN 3.5 thousand was acquired by PROCHEM S.A.

After the increase the share capital of Irydion sp. z o.o. amounts to PLN 9 000 thousand. After changes in the articles of association, the Issuer's share in capital and voting rights decreased to 50%, and Irydion Sp. z o.o. was recognized as a jointly-controlled entity.

On 3 April 2013, the company IRYDION Sp. z o.o. signed an agreement with a shareholder Look Finansowanie Inwestycji SA based in Wroclaw, under which the Look Finansowanie Inwestycji SA granted the loan in the amount of PLN 15 000 thousand, with the date of repayment until 30 September 2018. The interest rate on the loan does not differ from market conditions. The monetary means acquired under both the issuance of new shares and the loan will be earmarked to the implementation of a joint undertaking of shareholders of IRYDION Sp. z o.o., i.e. a development project - under the name Astrum Business Park in Warsaw. This project involves the construction of , in two phases, an office building on the land, which is owned by IRYDION.

On this day was also signed the partners agreement setting out the rules for the implementation of the above mentioned joint venture.

The fair value of the joint venture - investment property under construction - as at 31 December 2013 amounted to PLN 61 045 thousand, of which to the Issuer falls PLN 30 522.5 thousand.

Key data from the financial statements of the jointly controlled entity are presented in the following table - ***Shares in jointly controlled entities and associates***.

Shares in subsidiaries

Item No.	a	b	c	d	e	f	g	h	i	j	k
	Name (company) with an indication of legal form	Registered office	Scope of company's activities	Type of relationship (subsidiary, jointly controlled entity or associate, details of direct and indirect)	Consolidation methods applied/ valuation using equity method, or an indication that the entity is not subject to consolidation/ valuation under equity method	Date of acquisition of control / joint control / significant influence	Value of shares at cost	Revaluation adjustments (total)	Carrying value of shares	Percentage of share capital held directly and indirectly	Participation in total number of votes at the General Assembly (directly and indirectly)
1	ProchemINWESTYCJE Sp. z o. o.	Warsaw	Consulting on business activity and management	subsidiary	full	22 June 1992	2 999	-	2 999	100.0%	100.0%
2	PRO-ORGANIKA Sp. z o.o.	Warsaw	Commercial activity	subsidiary	full	28 June 1996	320	160	160	91.4%	91.4%
3	P.K.I. PREDOM Sp. z o.o.	Wrocław	Construction deigning, urban planning, process engineering	Indirect subsidiary (Prochem Inwestycje sp. z o.o. holds 75% of capital)	full	19 July 2002	177	-	177	81.1%	69.4%

4	PROCHEM ZACHÓD Sp. z o.o.	Warsaw	Marketing activities, construction works, design services, commercial activity and forwarding	subsidiary	full	18 March 1998	960	-	960	60.0%	60.0%
5	ELEKTROMONTAŻ KRAKÓW S.A. *	Kraków	Assembly of electrical installations and equipment	indirect subsidiary (PROCHEM Inwestycje holds 58.8% of shares)	full	10 December 2001	221	-	221	70.4%	70.4%
6	PROCHEM RPI Sp. z o.o.	Warszawa	Developer's activity	subsidiary (Prochem Inwestycje holds 3.33%)	full	08 April 1998	493	-	493	100.0%	100.0%
7	ELMONT INWESTYCJE Sp. z o.o.	Kraków	Developer's activity	Indirect subsidiary (Elektromontaż Kraków S.A. holds 50% of shares)	full	05 April 2007	5 050	-	5 050	85.2%	85.2%

Shares in subordinated entities - continuation.

Item No.	a	b						c			d			e	f
	Name of the entity	Equity, including:	Share capital	Own shares (negative value)	Retained earnings	Profit (loss) brought forward	Net profit (loss)	Liabilities and provisions to liabilities, including:	Non-current liabilities	Current liabilities	Receivables, including:	Non-current receivables	Current receivables	Total assets	Revenues from sales
1	PROCHEM INWESTYCJE Sp. z o. o.	5 229	3 000	-	2 229	-	558	25 016	19 035	5 981	128	-	128	30 245	3 992
2	PRO-ORGANIKA Sp. z o.o..	407	350	-	57	-	6	1 240	-	1 240	744	-	744	1 647	4 264
3	P.K.I. PREDOM Sp. z o.o.	9 395	600	-	8 795	-	351	2 577	1 718	859	1 684	-	1 684	11 971	4 909

4	PROCHEM ZACHÓD Sp. z o.o.	1 821	1 600	-	221	-	60	39	-	39	9	-	9	1 860	-
5	ELEKTROMONTAŻ KRAKÓW S.A.**	26 835	1 293	-5	25 542	2 755	-3 578	18 410	1 268	17 142	10 267		10 267	45 245	35 621
6	PROCHEM RPI Sp. z o.o.	455	600	-	-145	-142	-3	-	-	-	1	-	1	455	-
7	Elmont Inwestycje Sp. z o.o.	10 768	8 000	-	2 768	-	-403	10 614	10 371	243	2	-	2	21 382	-

*** Share in the total number of votes at the general meeting and the percentage of capital held in the subsidiary Elektromontaż Kraków SA was established as at 31 December 2013 after the settlement of the shares repurchased for redemption by Elektromontaż Krakow SA.*

*** Data from the consolidated financial statements of Elektromontaż Kraków S.A. Capital Group*

From the presentation was excluded PRO-PLM Sp. z o.o. a subsidiary seated in Warsaw, which liquidation proceedings completed on 4 January 2014.

Shares in jointly controlled and associated entities

Lp.	a	b	c	d	e	f	g	h	i	j	k
	Name (company) and legal form	Registed office	Scope of company's activities	Type of relationship (subsidiary, jointly controlled entity or associate, details of direct and indirect)	Consolidation methods applied/ valuation using equity method, or an indication that the entity is not subject to consolidation/ valuation under equity method	Date of acquisition of control / joint control / significant influence	Value of shares at cost	Revaluation adjustments (total)	Carrying value of shares	Percentage of share capital held directly and indirectly	Participation in total number of votes at the General Assembly (directly and indirectly)

1	ITEL Sp. z o.o.	Gdynia	Other electrical installations	associated	Equity method	13 September 2005	708	-	708	42.0%	42.0%
2	IRYDION Sp. z o.o.	Warsaw	rental of properties on own account	jointly controlled	the equity method (change in the participation structure in associated entity from the subsidiary to jointly controlled as from 3 April 2013)	24 March.2000	4 503	-	4 503	50.0%	50.0%

Shares in jointly controlled and associated entities - continuation

Item No.	a	b					c			d			e	f
	Name of the entity	Equity, including:	Share capital	Retained earnings, including	profit (loss) brought forward	Net profit (loss)	Liabilities and provision to liabilities, including:	Non-current liabilities	Current liabilities	Receivables, including:	Non-current receivables	Current receivables	Total assets	Revenues from sales sprzedaży
1	ITEL Sp. z o.o.	1 950	1 292	658	-71	634	2 311	160	2 151	3 221	-	3 221	4 261	8 180
2	IRYDION Sp. z o.o.	38 282	9 000	29 282	-	217	32 407	28 785	3 622	3 314	-	3 314	70 689	-

Note 5 – deferred income tax

- deferred tax assets

Changes in deferred tax assets	As at 31 December 2013	As at 31 December 2012
1. Deferred tax assets as at the beginning of the period, recognized in the financial result (profit or loss)	**2 668**	**2 311**
- provisions for future costs	28	11
- write down for receivables	246	-
- unpaid remuneration under contracts of mandate and specific task contracts	41	25
- provision for retirement benefit	82	85
- provision for holiday benefits	141	164
- unpaid employee benefits	48	56
- write-down for inventories	54	54
- tax loss	1 728	1 900
- deferred tax on write-down for financial assets	300	-
- the difference between balance sheet depreciation and tax depreciation	-	16
2. Increase	**653**	**1 382**
a) recognized in the financial result	**635**	**1 382**
- provisions for future costs	85	32
- write-down for receivables	372	246
- unpaid remuneration under contracts of mandate and specific task contracts	52	41
- provision for retirement benefit	7	8
- provision for holiday benefits	53	14
- unpaid employee benefits	5	47
- provision for tax loss	-	694
- deferred tax on write-down for financial assets	-	300
- the costs of the discounted cash flows	61	-
b) recognized in equity in connection with negative temporary differences (due to)	**18**	**-**
- provision for retirement benefits	18	-
3. Decrease	**1 538**	**1 025**
- the use of the provision for future costs	74	15
- paid remuneration under contracts of mandate and specific task contracts	41	25
- payment of pension benefits accrued in the previous periods costs	-	11
- payment of holiday benefits accrued in the previous periods costs	2	37
- paid employee benefits	5	55
- the use of asset created for tax loss	1 400	866
- on write-down of financial assets	16	-
- the difference between balance sheet depreciation and tax depreciation	-	16
4. Total deferred tax assets as at the end of the period, including:	**1 783**	**2 668**
a) recognized in the financial result (profit or loss)	**1 765**	**2 668**
- provisions for future costs	39	28
- write- down for receivables	618	246

- unpaid remuneration under contracts of mandate and specific task contracts	52	41
- provision for retirement benefits	89	82
- provision for holiday benefits	192	141
- unpaid employee benefits	48	48
- tax loss	328	1 728
- deferred tax on write-down for financial assets	284	300
- write-down for inventories	54	54
- the costs of the discounted cash flows	61	-
b) recognized in equity in connection with negative temporary differences (due to)	**18**	**-**
- provision for retirement benefits	18	-

- provision for deferred income tax

Change in provision for deferred income tax	As at 31 December 2013	As at 31 December 2012
1. Provision for deferred income tax as at the beginning of the period, including:	**682**	**1 470**
a) recognized in the financial result	**607**	**1 426**
- interest on loan	191	594
- revaluation of non-current financial assets	136	136
- accrued income from not completed service	279	675
- the difference between the operating lease installment and the depreciation of the leased fixed assets included in costs	1	21
b) recognized in equity	**75**	**44**
- revaluation at fair value of long-term investments	75	44
2. Increase	**735**	**340**
a) recognized in the financial result (profit or loss) for the period due to positive temporary differences (due to)	**735**	**309**
- interest on loan	139	30
- accrued income from not completed service	368	279
- revenues under the liabilities discounted	228	-
b) recognized in equity	**-**	**31**
- revaluation at fair value of long-term investments	-	31
3. Decrease	**290**	**1 128**
a) recognized in the financial result (profit or loss) for the period due to positive temporary differences (due to)	**290**	**1 128**
- paid interest on loan	11	433
- accrued income from not completed service	278	675
- the difference between the operating lease installment and the depreciation of the leased fixed assets included in costs	1	20
4. Total provision for deferred income tax as at the end of the period	**1 127**	**682**
a) recognized in the financial result (profit or loss)	**1 052**	**607**
- interest on loan	319	191
- revaluation of non-current financial assets	136	136
- accrued income from not completed service	369	279
- revenues under the liabilities discounted	228	-
- the difference between the operating lease installment and the depreciation of the leased fixed assets included in costs	-	1

b) recognized in equity	**75**	**75**
- revaluation at fair value of long-term investments	75	75

Total amount of temporary differences associated with investments in subsidiaries for which the provision for tax was created in the amount of PLN 306 thousand include:

- interest on non-current loans granted to subsidiaries – PLN 225 thousand
- interest on non-current loans granted to jointly controlled and associated entities – PLN 57 thousand
- interest on current loans granted to subsidiaries, jointly controlled and associated entities – PLN 24 thousand.

Presentation in the statement of financial position

	As at 31 December 2013	As at 31 December 2012
Deferred tax assets	1 783	2 668
Provision for deferred income tax	-1 127	-682
Deferred tax assets	**656**	**1 986**

Note No. 6 – other financial assets

Other financial assets	As at 31 December 2013	As at 31 December 2012
a) from subsidiaries, jointly controlled and associated entities :	33 822	26 985
- non-current loans granted	33 822	26 985
b) other non-current financial assets - the discounted security deposit, which constitutes a hedge for a bank guarantee of repayment of advance	7 084	-
Total other financial assets	**40 906**	**26 985**

Loans granted – as at 31 December 2013

- loan granted to jointly controlled company Irydion Sp. z o.o. seated in Warsaw in the amount of PLN 11 299 thousand including: amount of the loan PLN 11 000 thousand., accrued interest PLN 299 thousand. Interest rate is set annually according to WIBOR 6M, repayment date 31 December 2015. ,
- Loans granted to subsidiary PROCHEM Inwestycje Sp. z o.o. in the amount of PLN 18 079 thousand including : amount of the loan PLN 17 000 thousand., accrued interest PLN 1 079 thousand. Interest rate is set annually according to WIBOR 6M effective as at the end of every calendar year, repayment date 31 December 2016.
- Loans granted to subsidiary Elmont Inwestycje Sp. z o.o. in the amount of PLN 4 444 thousand including: amount of a loan PLN 3 780 thousand., accrued interest PLN 664 thousand. Interest rate is set annually according to WIBOR 6M effective as at the end of every calendar year, repayment date 31 December 2015.

Increase:

- Accrued interest on loan to associated company Irydion Sp. z o.o. – PLN 299 thousand,
- Accrued interest on loan to PROCHEM Inwestycje Sp. z o.o. – PLN 306 thousand,
- Accrued interest on loan to Elmont- Inwestycje Sp. z o.o. – PLN 102 thousand,
- Loan granted to subsidiary PROCHEM Inwestycje Sp. o.o. in the amount of PLN 6 000 thousand
- Loan granted to subsidiary Elmont Inwestycje Sp. o.o. in the amount of PLN 130 thousand.

Loans granted - as at 31 December 2012

- Loan granted to subsidiary Irydion Sp. z o.o. seated in Warsaw in the amount of PLN 11 000 thousand. Interest rate is set annually according to WIBOR 6M, repayment date 31 December 2015,
- Loans granted to subsidiary PROCHEM Inwestycje Sp. z o.o. in the amount of PLN 11 773 thousand, including: amount of the loan PLN 11 000 thousand, accrued interest PLN 773 thousand. Interest rate is set annually according to WIBOR 6M effective as at the end of each calendar year, repayment date December 31, 2015.
- Loans granted to subsidiary Elmont Inwestycje Sp. z o.o. in the amount of PLN 4 212 thousand, including: amount of the loan PLN 3 650 thousand, accrued interest PLN 562 thousand.

Note No. 7 – inventories

Inventories	**As at 31 December 2013**	**As at 31 December 2012**
Materials	3 126	2 359
Total inventories	**3 126**	**2 359**
Write-down of inventories	285	285

The value of materials recognized in operating costs of the period - *material consumption* - is PLN 457 thousand, and in the analogous period of the previous year was recognized an amount of PLN 424 thousand.

Note No. 8 – trade and other receivables

Trade and other receivables	**As at 31 December 2013**	**As at 31 December 2012**
Trade receivables	44 666	48 923
Write-down of trade receivables	-5 796	-3 632
Net trade receivables, including:	**38 870**	**45 291**
- with maturity up to 12 months	35 031	36 741
- with maturity above 12 months	3 839	8 550
Other receivables	2 814	2 731
Write-down of other receivables	-2 277	-2 277
Net other receivables	**537**	**454**
Total receivables	**39 407**	**45 745**

Trade and other receivables from subsidiaries	**As at 31 December 2013**	**As at 31 December 2012**
Trade receivables:	6 697	9 004
- from subsidiaries	5 975	9 004
- from jointly-controlled and associated entities	722	-
Total net trade and other receivables from subsidiaries	6 697	9 004
Write-downs of receivables from related entities	108	116
Total gross trade and other receivables from related entities	**6 805**	**9 120**

Change in write-downs of trade and other receivables	**As at 31 December 2013**	**As at 31 December 2012**
As at the beginning of the period	5 909	5 251

a) increase (due to)	2 233	1 378
- provision for receivables	2 233	1 378
b) decrease (due to)	69	720
- payment received	39	90
- the use of reserves established in the previous periods	-	213
- resolving	30	417
Write-downs of trade and other receivables as at the end of the period	**8 073**	**5 909**

Trade receivables with maturity date remaining from the balance sheet date	As at 31 December 2013	As at 31 December 2012
a) up to 1 month	10 458	9 018
b) above 1 month up to 3 months	1 247	2 111
c) above 3 months up to 6 months	600	400
d) above 6 months up to 1 year	3 034	3 410
e) above 1 year	3 839	8 550
f) receivables overdue	25 488	25 434
Total receivables from supplies and services, overdue (gross value)	44 666	48 923
g) write-downs for receivables from supplies and services	-5 796	-3 632
Total receivables from supplies and services (net value)	**38 870**	**45 291**

In the majority of contracts signed by the Company the payment term for services is determined in the range from 14 to 60 days.

The aging analysis of trade receivables past due (gross value))	As at 31 December 2013	As at 31 December 2012
a) up to 1 month	1 025	1 843
b) above 1 month up to 3 months	272	1 258
c) above 3 months up to 6 months	179	472
d) above 6 months up to 1 year	2 025	707
e) above 1 year	21 987	21 154
Total receivables from supplies and services, past due (gross value)	25 488	25 434
f) write-downs for receivables from supplies and services, past due	-5 796	-3 632
Total receivables from supplies and services, past due (net value)	**19 692**	**21 802**

As at 31 December 2013 and 31 December 2012 trade receivables include deposits under the statutory guarantee for construction and assembly works respectively in the amounts of PLN 18 543 thousand and PLN 23 132 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, for which the Company did not create provisions, since there was no significant change in the quality of the debt compared to previous accounting periods, therefore is considered as to be recovered. The Company has collateral in the form of the seized guarantee deposits under statutory warranty from the subcontractors in the amount of PLN 2 928 thousand. For more information see Note No. 38 - *The significant proceedings pending before the court*

In other receivables were presented the fees concerning the purchase resulting from the preliminary sale agreement concluded in the form of a authenticated deed Repertory A No 4628/2012, for two apartments for a total net amount of PLN 396 thousand. The agreement was concluded with „Eurobudownictwo” limited liability company seated in Wrocław.

Note No. 9 – other financial assets

Other financial assets	**As at 31 December 2013**	**As at 31 December 2012**
a) From subsidiaries indirectly and directly :	3 429	553
- current loans granted	3 429	553
b) From other entities :	198	198
- current loans granted	198	198
c) other financial assets - the discounted security deposit, which constitutes a hedge for a bank guarantee of repayment of advance	1 679	-
Total other financial assets	**5 306**	**751**
Write-downs of other financial assets	207	-
Gross other financial assets	**5 513**	**751**

Loans granted - as at 31 December 2013

- Interest on loan granted to subsidiary Pro-Organika Sp. z o.o. PLM 106 thousand, repayment date 31 December 2014.
- Loan granted to the Civil Committee of Building of the Cardiological 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 1 211 thousand, including amount of the loan PLN 1 200 thousand, accrued interest PLN 11 thousand interest rate is set annually according to WIBOR 1M effective as at the end of every calendar year, repayment date 31 March 2014.
    2. Loan in the amount of PLN 1 511 thousand, including amount of the loan PLN 1 500 thousand, accrued interest PLN 11 thousand, interest rate is set annually according to WIBOR 1M effective as at the end of every calendar year, repayment date 31 March 2014.
    3. Loan in the amount of PLN 601 thousand, including amount of the loan PLN 600 thousand, accrued interest PLN 1 thousand, interest rate is set annually according to WIBOR 1M effective as at the end of every calendar year, repayment date 31 March 2014.

Increase

- Loan granted to subsidiary Elektromontaż Kraków S.A. seated in Krakow :
    1. Loan in the amount of PLN 1 200 thousand, interest rate is set annually according to WIBOR 1M effective as at the end of every calendar year, repayment date 31 March 2014.
    2. Loan in the amount of PLN 1 500 thousand, interest rate is set annually according to WIBOR 1M effective as at the end of every calendar year, repayment date 31 March 2014.
    3. Loan in the amount of PLN 600 thousand, interest rate is set annually according to WIBOR 1M effective as at the end of every calendar year, repayment date 31 March 2014.
    4. Loan granted to jointly-controlled company Irydion sp. z o.o. in the amount of PLN 100 thousand, interest rate is set annually according to WIBOR 1M effective as at the end of every calendar year, repayment date 31 December 2013.

- Accrued interest on loan granted to Pro Organika Sp. z o.o. – PLN 3 thousand
- Accrued interest on loans granted to PROCHEM Zachód Sp. z o.o. – PLN 1 thousand
- Accrued interest on loans granted to Elektromontaż Kraków S.A. – PLN 23 thousand
- Accrued interest on loan granted to Irydion Sp. z o.o. – PLN 1 thousand.

Decrease

1. Repaymenmt of loan with acccrued interest in the amount of PLN 98 thousand by Pro-Organika sp. z o.o.

2. Repayment by IRYDION sp o.o. of loan, together with accrued interest in the amount of PLN 101 thousand.

3. Repayment of loan granted to subsidiary PROCHEM Zachód Sp. z o.o. seated in Warsaw:
   - loan in the amount of PLN 81 thousand, together with accrued interest,
   - loan in the amount of PLN 52 thousand, together with accrued interest,
   - loan in the amount of PLN 12 thousand, together with accrued interest,
   - loan in the amount of PLN 1 thousand, together with accrued interest.

4. Write-down of interest value on loan granted to IRYD Sp. z o.o. in the amount of PLN 207 thousand.

Loans granted - as at 31 December 2012

- Loans granted to subsidiary PROCHEM Zachód Sp. z o.o. seated in Słubice :
  1. Loan in the amount of PLN 80 thousand, including amount of a loan PLN 50 thousand, accrued interest as at balance sheet day PLN 30 thousand, interest on a loan according to the rate of the rediscount credit on an annual basis, repayment date 30 April 2013.
  2. Loan in the amount of PLN 52 thousand, including amount of a loan PLN 30 thousand, accrued interest as at balance sheet day PLN 22 thousand, interest on a loan according to the rate of the rediscount credit on an annual basis, repayment date 30 April 2013.
  3. Loan in the amount of PLN 12 thousand, including amount of a loan PLN 10 thousand, accrued interest as at balance sheet day PLN 2 thousand, interest on a loan according to the rate of the rediscount credit on an annual basis, repayment date 30 April 2013.
  4. Loan in the amount of PLN 1 thousand, including amount of a loan PLN 1 thousand, interest on a loan according to the rate of the rediscount credit on an annual basis, repayment date 30 April 2013.

- Loan granted to subsidiary Pro-Organika Sp. z o.o. PLN 201 thousand, including: amount of a loan PLN 95 thousand, accrued interest as at balance sheet day PLN 106 thousand, interest set annually at 7 %, repayment date 31 December 2013.
- Loan granted to the Civil Committee of Building of the Cardiological 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.
- Acquisition under compensation from the subsidiary Irydion Sp. z o.o. of interest on a loan granted to company IRYD Sp. z o.o. in the amount of PLN 207 thousand.

Note No. 10 – other assets

Other assets by types :	**As at 31 December 2013**	**As at 31 December 2012**
a) prepayments	665	483
- cost of property and personal insurance	172	184
- software maintenance costs	453	260
- subscriptions	9	26

- deferred costs	29	11
- other	2	2
b) other accrued costs and prepayments	9 883	10 285
- amounts due from the ordering parties under long-term contracts	9 883	10 285
Total other assets	**10 548**	**10 768**

In item – *other accrued costs and prepayments* – were recognized amounts due from the ordering parties under long-term contracts, measured under IAS 11.

Note No. 11 – share capital

SHARE CAPITAL (THE STRUCTURE)							
Series / emission	Type of share	Type of shares preference	Number of shares	Series / emission at nominal value	Method of coverage of capital	Registrtation date	Right to dividend (fronm)
Founding	inscribed	3 votes per 1 share	830	830	cash	23 July 1991	1 October 1991
Founding	inscribed	-	1 004	1 004	cash	23 July 1991	1 October 1991
Founding	bearer	-	1 815 666	1 815 666	cash	23 July 1991	1 October 1991
B	inscribed	-	4 750	4 750	cash	29 July 1993	1 January 1993
B	bearer	-	677 750	677 750	cash	29 July 1993	1 January 1993
C	bearer	-	530 000	530 000	cash	20 April 1994	1 January 1994
D	bearer	-	865 000	865 000	cash	5 September 1994	1 January 1994
Total number of shares			3 895 000				
Total share capital				3 895 000			
Nominal value of 1 share = PLN 1.00							

The share capital of the Company amounts to PLN 3 895 thousand and is divided into 3 895 000 shares with the nominal value of PLN 1 each. Total number of votes from all shares is 3 896 660.

The capital structure of the company is as follows:

- founding series – 1 817 500
- series B – 682 500
- series C – 530 000
- series D – 865 000

Total equity 3 895 000

In 2013, there were no changes in the share capital of the Issuer.

According to information in the Company's possession as at the day of the statements the following shareholders have at least 5% of the votes at the General Meeting of Shareholders.:

Description	Number of shares (units)	% of voters in total number of votes	% of share capital
1. PHC AGREEMENT, including:	1 178 320	30.28	30.25
Steve Tappan	509 797	13.08	13.09
2. Otwarty Fundusz Emerytalny PZU „Złota Jesień"	387 000	9.93	9.94
3. Legg Mason Towarzystwo Funduszy Inwestycyjnch S.A., Including:	560 549	14.39	14.39
- Legg Mason Parasol Fundusz Inwestycyjny Otwarty „Legg Mason Parasol FIO"	284 054	7.29	7.29
4. Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A.	207 792	5.33	5.33

In the period from the last annual financial statements a change in the ownership structure of the substantial block of shares relates to:

- Company PROCHEM Holding M. Garliński Spółka Komandytowa (hereinafter referred to as PROCHEM Holding), which adopted a resolution on the dissolution and termination of the activities and division of company's assets. Based on the resolution on the division of the company's assets on October 16, 2013 transferred the owned shares of PROCHEM S.A. to existing general partners and limited partners of the company PROCHEM Holding. From the notification received on 18 October 2013 follows that company PROCHEM Holding does not hold any shares of PROCHEM S.A. Before the change PROCHEM Holding held shares entitling to 807 713 votes at the General Meeting, corresponding to 20.73% of the total number of votes and 20.74% of the share capital.
- „AGREEMENT PHC ". On 18 October 2013 the Issuer was notified of the conclusion of agreement under the name of "AGREEMENT PHC" authorizing to exercise the rights from the owned shares of PROCHEM S.A. The agreement was signed by former partners of the dissolved limited partnership PROCHEM Holding M. Garliński Spółka Komandytowa and will be valid until 31 December 2016. The members of the agreement have in common 1 178 320 of Issuer's shares, which gives the right to 1 179 920 votes at the General Meeting of Shareholders, corresponding to 30.28% of the total number of votes and represents 30.25 % of the share capital.
- Legg Mason Parasol Fundusz Inwestycyjny Otwarty Fundusz Własności Pracowniczej PKPO Specjalistyczny Fundusz Inwestycyjny Otwarty and Leeg Mason Akcji Skoncentrowany Fundusz Inwestycyjny Zamknięty on 4 November 2013 notified that the number of owned shares decreased by 49 866 shares of the company PROCHEM.
- On 18 October 2013, the Issuer was notified about the increase in the number of shares owned by Mr. Steve Tappan by 232 616 shares. At the same time Steve Tappan informed on accession on 17 October 2013, to the Agreement PHC concluded by the former partners of the dissolved limited partnership PROCHEM Holding M. Garliński Spółka Komandytowa..
- On 7 January 2014 the Issuer was notified about the purchase of company's shares by Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A. (Noble Fund Fundusz Inwestycyjny Otwarty, Noble Fund Opportunity Fundusz Inwestycyjny Zamknięty, Noble Fund 2DB Fundusz Inwestycyjny Zamknięty). Funds hold 207 792 shares of the Company, representing 5.33% of share capital, entitling to 207 792 votes from those shares, representing 5.33% of the total number of votes of the Company.

Note No. 12 - revaluation reserve

	As at 31 December 2013	As at 31 December 2012
As at opening balance sheet	1 086	951
Revaluation of PPE	-	135

Foreign exchange translation differences	-56	-
Actuarial losses on valuation of provisions for employee benefits	-73	-
Other changes	-7	-
As at closing balance sheet	**950**	**1 086**

Note No. 13 – retained earnings	**As at 31 December 2013**	**As at 31 December 2012**
Spare capital	15 730	15 723
Other capital reserve	46 289	46 270
Profit of the period	6 643	3 056
Total	**68 662**	**65 049**

Note No. 14 – provision for retirement and similar benefits

The Company operates a post-employment benefits plan, which include retirement gratuity for employees. Provisions for retirement gratuity payments are calculated on an individual basis for every employee. The basis for calculating provision for the employee is the expected amount of the benefit that the Company is obligated to pay under the current remuneration policy. Retirement gratuity is paid once at the time of retirement or disability pension. Current value of these obligations is determined by an independent actuary and revalued. The level of provisions corresponds to discounted payments to be made in the future, taking into account staff turnover, and relate to the period until the date ending the reporting year. The financial discount rate to calculate the current value of retirement benefit obligations has been determined based on market yields on government bonds on government bonds, whose currency and maturity are similar to currency and estimated term of employee benefit obligations.
The principal actuarial assumptions at the end of the reporting period:

Data in percentage (%)	**2013**	**2012**
Discount rate	4.5%	4.8%
Average anticipated annual increase in the base for the calculation of the retirement and pension benefits in 2014-2023; in 2012 in 2013-2022	2.1%	2.0%
Weighted average index of employee mobility	6.4%	6.4%
Increase of the base of retirement benefits:		
- in 2014 and in 2013	3.0%	2.0%
- in 2015-2023; in 2012 in 2013-2022	2.0%	2.0%
- in other years	2.5%	2.5%

Post-employment benefits, retirement and pension benefits

(in PLN thousands)	**2013**	**2012**
Liabilities as at the beginning of the period	**432**	**445**
Current employment costs	24	23
Cost of interest	21	25
Actuarial gains and losses recognized in other comprehensive income	96	-
Net actuarial gains or losses	-	-8
Benefits paid	-11	-53

Liabilities as at the end of the period, including:	562	432
- current liabilities note 18	31	17
- non-current liabilities	531	415

Book value of provisions for retirement and similar benefits as at 31 December 2013 and 31 December 2012 is the same as the current value.

Historical information

As at	current value of liabilities arising from above benefits
31 December 2013	562
31 December 2012	432
31 December 2011	445
31 December 2010	397
31 December 2009	395

Employee benefit costs are included in general and administrative expenses. In 2012 the provision for employee benefits have changed as a result of updated assumptions, primarily the discount rate and change in planned salary increase index.
Total amount of expenses recognized in the financial result for 2013 amounts to PLN 45 thousand.

In PLN thousands	Year ended 31 December 2012	Year ended 31 December 2012
Current employment costs	24	23
Cost of interest	21	25
Actuarial gains (losses)	-	-8
Total costs	**45**	**42**

Note No. 15 – other non-current liabilities

	As at 31 December 2013	As at 31 December 2012
liability under the transformation against payment of perpetual usufruct right to right of ownership	24	27

Noe No. 16 – current bank loans

	As at 31 December 2013	As at 31 December 2012
- credits in overdraft on current account	-	6 347

As of December 31, 2013, the Company has two lines of credit totaling PLN 9 million. The engagement as at the balance sheet date amounted to PLN 0.

Information on bank loans

Name of the bank	Registered office	Amount of the credit according to the agreement (in PLN thousands)	Credit amount for repayment (in PLN thousands)	Interest	Time of repayment	Security for the payment
mBank SA	Warsaw	6,000	-	WIBOR for O/N	30 June .2014	Promissory note in

		Credit in overdraft on current account		deposits in PLN + margin		blank
ING Bank Śląski S.A.	Katowice	3,000 Credit in overdraft on current account	-	WIBOR for 1 month deposits in PLN + margin	16 November 2014	Statement on submission to execution

Note No. 17 – trade payables

	As at 31 December 2013	As at 31 December 2012
a) to subsidiaries	749	1 920
- for supplies and services with maturity:	749	1 920
- up to 12 months	101	1 687
- more than 12 months	648	233
b) to other entities	17 018	27 163
- for supplies and services with maturity:	17 018	27 163
-up to 12 months	14 295	19 961
- more than 12 months	2 723	7 202
Total trade payables	**17 767**	**29 083**

Note No 18 – other liabilities

	As at 31 December 2013	As at 31 December 2012
a) to other entities	990	1 980
- due to taxes, duties insurance and other benefits	948	1 948
- due to remuneration	4	-
- other (by type)	38	32
• liabilities to employees	30	27
• to shareholders	2	1
• liability under the transformation against payment of perpetual usufruct right to right of ownership	3	-
• otherpozostałe	3	4
b) other short-term provisions	2 021	1 748
- provision for loss on contracts	372	495
- provision for future costs (the moving part of the remuneration and contract of mandate)	512	434
- audit costs	90	55
- short-term provision for retirement benefits	31	17
- provision for unused annual leaves	1 016	747
c) special funds	6	6
Total other liabilities	**3 017**	**3 734**

Note No. 19 – deferred income

	As at 31 December 2013	As at 31 December 2012
Deferreed income, including:	25 717	11
- deferred income – downpayments received	25 565	11
- amounts due from the ordering parties under long-term contracts	152	-

Deferred income as at the end of the period, including:	**25 717**	**11**
Non-current liabilities	**19 338**	**-**
Current liabilities	**6 379**	**11**

In 2013, the Company received an advance for the implementation of an investment project in Belarus in the amount of EUR 7 230 thousand. The amount of the advance payment was recognized in deferred income and will be settled for invoices issued for completed services and supplies.

Note No. 20 - revenues from sale of services

Revenues from sale of services (type of service and type of activity)	Period ended 31 December 2013	Period ended 31 December 2012
- Revenues from sale of services, including:	**82 889**	**84 296**
- from related entities	21 671	4 286

Revenues from sales (territorial structure)	Period ended 31 December 2013	Period ended 31 December 2012
Domestic market	73 770	84 296
- including from related entities	21 671	4 286
Eksports	9 119	-

Revenues under contracts for construction services (general contracting) and other services are presented in note 30.
The gross amount due from ordering parties/buyers for the work under the contracts was presented in note 10.

In 2013, there was a concentration of revenues from sale of construction services for a jointly-controlled entity, company IRYDION Sp. z o.o. Revenues from sale of construction and assembly services for company Irydion Sp. z o.o. in 2013 amounted to PLN 20.8 m, constituting 25% of revenues from sale of services.

Note No. 21 - revenues from sale of goods and materials

Revenues from sale of materials (by type of material and type of activity)	Period ended 31 December 2013	Period ended 31 December 2012
- revenues from sale of goods	**451**	**1 110**
- including from related entities	194	0

Revenues from sale of goods and materials (territorial structure)	Period ended 31 December 2013	Period ended 31 December 2012
Poland	451	1 110
- including from related entities	194	-

Note No. 22 – cost of services

Costs by type	Period ended 31 December 2013	Period ended 31 December 2012
a) amortization and depreciation	817	825

b) consumption of materials and energy	946	1 249
c) outsorcing	53 538	65 498
d) taxes and charges	92	94
e) remuneration	19 640	15 848
f) social security and other benefits	3 274	2 700
g) other types of costs (by category)	2 499	2 136
- property and personal insurance	539	585
- business trips	476	341
- State Fund for Rehabilitation of Disabled Persons (PFRON)	207	176
- other	1 277	1 034
Total costs by type	**80 806**	**88 350**
Change in inventories, goods and accruals and prepayments	646	443
General and administrative expenses (negative value)	-7 901	-7 200
Cost of services	**73 551**	**81 593**

Note No. 23 – other operating income

	Period ended 31 December 2013	**Period ended 31 December 2012**
a) gain on sale of non-financial non-current assets	146	143
b) grants	-	22
c) reversal of impairment allowance (due to)	68	229
- for receivables	68	229
d) other, including:	3 569	277
- reimbursement of litigation costs	9	16
- received compensation, fines and penalties	409	34
- revenues from car rental	89	94
- impairment allowance for receivables past due	2 846	-
- other	216	133
Total other operating income	**3 783**	**671**

Note No. 24 – other operating expenses

	Period ended 31 December 2013	**Period ended 31 December 2012**
a) impairment allowance (due to)	2 233	1 378
- for receivables	2 233	1 378
b) other, including:	616	295
- litigation costs	173	102
- impairment allowance for receivables past due	1	19
- paid compensation, fines and penalties	203	7
- revaluation of materials / accounting for inventory	-	23
- other	239	144
Total operating costs	**2 849**	**1 673**

Note No. 25 – financial income

	Period ended 31 December 2013	**Period ended 31 December 2012**
a) income from dividends and profit sharing	304	3
- from related entities	304	3
b) interest on granted loans	735	739

- from subsidiaries	435	739
- from jointly-controlled entities	300	-
c) other interest	63	122
- from other entities	63	122
d) surplus of foreign exchange gains	381	
e) other, including:	1 357	218
- valorisation of remuneration	93	215
- income from discounted non-current liabilities	1 195	-
- remuneration for the loan security	-	3
- other	69	-
Total financial income	**2 840**	**1 082**

Note No. 26 – finance costs

	Period ended 31 December 2013	Period ended 31 December 2012
a) interest on bank loans	305	263
- for other entities	305	263
b) other interest	185	126
- for other entities	185	126
c) surplus of foreign exchange losses	-	79
d) other, due to :	1 262	867
- commission on bank guarantees	534	128
- commission on credits	53	145
- commission on l/c	130	12
- impairment of shares	-	580
- impairment of interest	207	-
- other/ costs due to discount of financial assets	338	2
Total finance costs	**1 752**	**1 335**

Note No. 27 – income tax

Current income tax	Period ended 31 December 2013	Period ended 31 December 2012
1. Gross profit	**8 554**	**1 878**
2. The difference between gross profit and taxable income base (by category)	**-5 718**	**-1 878**
a) income, not classified as tax revenue	**-14 187**	**-10 675**
i) temporary		
- accrued interest on loans granted and bank deposits	-730	-158
- received and accrued revenues from the work-in-progress	-11 889	-10 285
- income from the discount	-1 196	-
ii) permanent		
- release of provision for receivables not constituting tax deductible expenses in the previous periods	-68	-229
- dividends received	-304	-3
b) tax revenues recognized in the books as income brought forward	**10 339**	**20 835**
i) temporary		
- received interest accrued in the previous years	54	2 248
- income from contracts completed in such a part, which in the previous year did not constitute an income	10 285	18 587

c) costs not being tax deductible expenses	**5 512**	**-4 094**
i) permanent		
- depreciation of fixed assets not classified as a tax deductible expenses e.g. depreciation from the revalued amounts , depreciation of fixed assets co-financed with EU funds	139	199
- State Fund for Rehabilitation of Disabled Persons (PFRON)	207	176
- membership fees	21	27
- car insurance in excess of the set limit	7	14
- impairment of receivables	-	83
- other costs not classified as income tax expenses	572	201
- inventory shortages	-	23
- costs of Representation of the Company in Belarus	876	-
ii) temporary		
- other costs of supplementary payroll (BFP) – paid in next month	273	214
- the difference between balance sheet depreciation and tax depreciation	-	12
- provision for the balance sheet audit	115	55
- provision to employee benefits (retirement, unused annual leaves)	331	115
- provision for future costsd	334	715
- impairment of receivables	2 212	1 296
- provision for financial operations	207	580
- expenses from the discount of long-term cash flows	323	-
- work-in-progress in the country taxed in the previous year	-8 231	-15 295
- work-in-progress in the country as at the end of the period - is not constituting tax deductible costs in the current year	8 782	8 231
- costs, not being tax deductible expenses in the previous periods	-680	-767
- costs of benefits not paid to employees	24	27
d) deductions from income	**-7 382**	**-7 944**
Loss brought forward	-7 382	-7 944
3. Income tax basis	**2 836**	**-**
4. Income tax at the rate of 19% on the territory of the Republic of Poland	**539**	**-**
5. Income tax estimation - Representation in Belarus	**24**	**-**
6. Income tax - a lump sum from the dividend	**1**	**-**
7. Income tax – total current tax	**564**	**-**

Deferred income tax recognized in profit and loss account	**Period ended 31 December 2013**	**Period ended 31 December 2012**
- decrease (increase) due to the arising and reversal of temporary differences	1 347	-1 178
Total deferred income tax	**1 347**	**-1 178**

Establishment of the effective tax rate

(in PLN thousands)

Profit for the period	6 643	3 056
Income tax	1 911	-1 178

Profit before tax	8 554	1 878
income tax at the applicable rate of 19%	1 625	357
income, not classified as tax revenue	-71	-44
costs not being tax deductible expenses	346	79
utilization of tax losses in the current period for which it was not created deferred tax	-	-643
the deferred tax assets on tax losses, which were not recognized in the previous years	-	-694
the deferred tax asset on write-downs of shares created in the previous years	-	-174
other	11	-59
Income tax	**1 911**	**-1 178**

Note No. 28 – factors and events which have a significant impact on the financial results achieved in the current reporting period

In 2013, a significant impact on the performance of the Issuer had the result on the sale of shares of Elektromontaż Kraków S.A. Result on transaction recognized in profit on disposal of shares in subsidiaries amounted to PLN 5 085 thousand.

Note No. 29 – 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 investment in PPE, intangible assets, equity investments and securities held for trading.
Received dividends 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 on borrowings, loans and leases are recognized in cash flows - financing activities. Financial activity include also received and repaid bank loans and borrowings.

Differences between the amounts directly from the financial 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	**6 510**
Receivables as at 1 January 2013	45 745
Other assets as at 1 January 2013	10 768
Receivables from disposal of fixed assets	-123
Receivables from prepayment for purchase of investment property	-396
Opening balance sheet after adjustments	**55 994**
Receivables as at 31 December 2013	39 407
Other assets as at 31 December 2013	10 548
Receivables from disposal of fixed assets	-75
Receivables from prepayment for purchase of investment property	-396
Closing balance sheet after adjustments	**49 484**
Change in current liabilities (except for borrowings, loans and special purpose funds)	**-11 958**
Liabilities as at 1 January 2013	29 083
Other liabilities as at 1 January 2013	3 734
Deferred income as at 1January 2013	11
Provision to retirement benefit obligations	-17

Provision to unused annual leaves	-747
Provision to audit of statements	-55
Provision to other costs	-496
Investment committments	-109
Liabilities to shareholders	-1
Deferred income transferred to other adjustments	-11
Opening balance sheet after adjustments	**31 392**
Liabilities as at 31 December 2013	17 767
Other liabilities as at 31December 2013	3 017
Provision to retirement benefit obligations	-31
Provision to unused annual leaves	-1 016
Provision to audit of statements	-90
Provision to other costs	-372
Investment committments	-124
Liabilities due to discount of non-current liabilities	285
Liabilities to shareholders	-2
Closing balance sheet after adjustments	**19 434**

Change in other adjustments	**16 603**
Change in deferred income - advances received	25 554
Security deposit is a collateral for the bank guarantee of return of advance payment*	- 8 763
Other adjustments	- 188

*) In connection with the implementation of the investment project in Belarus, the Company in order to secure the return of advance payment, has provided a bank guarantee of advance refund for the amount of EUR 7 230 thousand. As security of guarantee, the Company under a contract of a security deposit in cash 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 the project implementation. Date of completion of the contract of security deposit was determined as at 12 April 2016. As at 31 December 2013 the unsettled and discounted portion of security deposit is presented in the statement of financial position in item other financial assets - in non-current assets and in current assets respectively in the amount of PLN 7 084 thousand and PLN 1 679 thousand. (Notes 6 and 9).

Note No. 30 – operating segments

Operating segment is a component part of the entity:

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

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

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

Segment result is determined on the level of operating income.

The company's activities, for managing purposes were divided into the four main sectors of operation, such as: construction management(general contracting), design services and other engineering services (supervisions along with the project manager service), the lease of the construction equipment and other activity including among others the income from the sublet, sale of photocopy services and other.

Segment assets include all assets used by a segment, consisting primarily of receivables, inventories and PPE less provisions and impairment losses.

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

Revenues from activities outside Polish borders during the period from 1 January 2013 to 31 December 2013 amounted to PLN 9 119 thousand, (in the analogous period of the previous year did not occur).
Detailed data concerning the activities of PROCHEM SA in the individual segments are presented in the following table. Below is an analysis of the revenues and results of the Company's reportable separate segments.

Current period from 1 January to 31 December 2013

For the period from 1 January to 31 December 2013	General contracting	Design and engineering services	Rental of construction equipment	Other	Items not assigned	Total
Revenues	42 784	35 492	2 762	2 302	-	83 340
Total revenues of the segment	**42 784**	**35 492**	**2 762**	**2 302**	**-**	**83 340**
Result						
Profit (loss) of the segment	**734**	**101**	**283**	**318**	**-**	**1 436**
Financial income	-	-	-	-	7 927	7 927
Finance costs	-	-	-	-	-1 752	-1 752
Net financial income	**-**	**-**	**-**	**-**	6 175	6 175
Results from other operating activities	-	-	-	-	934	934
Profit before tax	-	-	-	-	8 554	8 554
Income tax	**-**	**-**	**-**	**-**	-1 911	-1 911
Profit for the period	**-**	**-**	**-**	**-**	**6 643**	**6 643**
Assets and liabilities						
Assets of the segment (related to activities)	25 726	10 388	3 844	776	-	40 734
Assets not assigned/unallocated (among others shares, stocks and other financial assets)	**-**	**-**	**-**	**-**	80 392	80 392
Total assets	**25 726**	**10 388**	**3 844**	**776**	**80 392**	**121 126**
Liabilities of the segment (related to activities)	41 822	457	665	540		43 484
Liabilities not assigned	-	-	-	-	4 135	4 135
Equity	**-**	**-**	**-**	**-**	73 507	73 507
Total equity and liabilities	**41 822**	**457**	**665**	**540**	**77 642**	**121 126**
Depreciation of PPE	62	46	178		438	724
Amortization of intangible assets	-	-	-	-	93	93
Impairment of assets of the segment (receivables from supplies and services)	-54	-220	- 4 967	-555	-	-5 796

Comparative period from 1 January to 31 December 2012

For the period from 1 January to 31 December 2012	General contracting	Design and engineering services	Rental of construction equipment	Other	Items not assigned	Total
Revenues	59 263	19 034	4 036	3 073	-	85 406
Total revenues of the segment	**59 263**	**19 034**	**4 036**	**3 073**	**-**	**85 406**
Results						
Profit (loss) of the segment	**29**	**-6 595**	**1 792**	**362**	**-**	**-4 412**
Financial income	-	-	-	-	8 627	8 627
Finance costs	-	-	-	-	-1 335	-1 335
Net financial income	-	-	-	-	7 292	7 292

Results from other operating activities	-	-	-	-	-1 002	-1 002
Profit before tax	-	-	-	-	1 878	1 878
Income tax	-	-	-	-	-1 178	-1 178
Profit for the period	-	-	-	-	**3 056**	**3 056**
Assets and l;iabilities						
Assets of the segment (related to activities)	36 572	4 554	3 117	1 049	-	45 292
Assets not assigned/unallocated (among others shares, stocks and other financial assets)	-	-	-	-	64 355	64 355
Total assets	**36 572**	**4 554**	**3 117**	**1 049**	**64 355**	**109 647**
Liabilities of the segment (related to activities)	24 648	3 270	101	1 237	-	29 256
Liabilities not assigned	-	-	-	-	10 361	10 361
Equity	-	-	-	-	70 030	70 030
Total equity and liabilities	**24 648**	**3 270**	**101**	**1 237**	**80 391**	**109 647**
Depreciation of PPE	111	70	263	-	316	760
Amortization of intangible assets	-	-	-	-	65	65
Impairment of assets of the segment (receivables from supplies and services)	-66	-21	-2 973	-572	-	-3 632

Note No. 31 - profit per one share

Net profit per 1 share in trading as at the balance sheet day 31 December 2013 amounted to PLN 1.71; profit in 2012 amounted to PLN 0.78.

Note No. 32 – distribution of profit

Pursuant to Resolution No. 5 of the Annual General Meeting of 8 June 2013, profit for the period in 2012 of the Issuer in the amount of PLN 3 055 759.39 was appropriated for the payment of the dividend in the amount of PLN 3 038 100, and for the capital reserve in the amount of PLN 17 659.39.

Proposed distribution of profit for 2013

Profit for the period for 2013 in the amount of PLN 6 643 123.89 is proposed to allocate to capital reserve.

Note No. 33 - dividends

In the reporting period, the Issuer has paid a dividend for the year 2012 in the amount of PLN 3 038 100 , that is PLN 0.78 per share.

Note No. 34 - financial instruments and financial risk management

34.1 Categories and classes of financial instruments

Financial assets

As at 31 December 2013		**Categories of financial instruments**	
(in PLN thousands)		**Loans, receivables and other**	**Total**
Classes of financial instruments	**Note No.**		
Receivables from supplies and services	8	38 870	38 870
Financial means	29	3 725	3 725
other financial assets - the discounted	6 i 9	8 763	8 763

security deposit, which constitutes a hedge for a bank guarantee of repayment of advance			
Loans granted	6 i 9	37 449	37 449
Total		**88 807**	**88 807**

As at 31 December 2012		**Categories of financial instruments**	
(in PLN thousands)		**Loans, receivables and other**	**Total**
Classes of financial instruments	**Note No.**		
Receivables from supplies and services	8	45 291	45 291
Financial means	29	3 164	3 164
Loans granted	6 i 9	27 736	27 736
Total		**76 191**	**76 191**

Financial liabilities

As at 31 December 2013		**Categories of financial instruments**		
(in PLN thousands)		**Financial liabilities measured at amortized costs**	**Liabilities excluded from IAS 39**	**Total**
Classes of financial instruments	Note No.			
Payables	17	17 767	-	17 767
Total		**17 767**	**-**	**17 767**

As at 31 December 2012		**Categories of financial instruments**		
(in PLN thousands)		**Financial liabilities measured at amortized costs**	**Liabilities excluded from IAS 39**	**Total**
Classes of financial instruments	Note No.			
Loans	16	6 347	-	6 347
Payables	17	29 083	-	29 083
Total		**35 430**	**-**	**35 430**

Impairment of financial assets by classes of financial instruments

(in PLN thousands)	**As at**	
	31 December 2013	**31 December 2012**
Receivables from supplies and services	(5 796)	(3 632)
Other financial assets	(207)	-
Total	(6 003)	(3 632)

Write-downs of financial assets are provided in Notes 8 and 9.

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

Operating lease

The company is a party to the lease agreement of office space. The agreement has been classified as operating lease. It has been concluded for a period of 10 years. It includes additional fees for additional services that are settled once a year. Rent under the agreement once a year is indexed by

the Harmonized Index of Growth of Consumer Goods Price in the European Union (index), published two months before the date of indexation.
Part of leased office space is subleased. The lease and sublease agreements expire in 2015.
Over the year in profit and loss account for 2013 was recognized an amount of PLN 3 961 thousand as the cost of fees, in 2012 this amount was PLN 2 852 thousand.
Revenue from sublease is recognized in operating income.
In 2013 in profit and loss account was recognized an amount of PLN 756 thousand as income from the sublease, in 2012 the amount was PLN 769 thousand.
As of January 18, 2011 the company is a party to an agreement with Toyota Leasing Polska sp. z o.o., on the rental of passenger cars. As at 31 December 2012 lease agreements cover 47 company cars.

Over the year in profit and loss account in 2013 was recognized an amount PLN 816 thousand as the cost relating to rental of cars, and in 2012 PLN 688 thousand.
Minimal payments under non-cancellable operating leases are as follows:

Operating lease agreement in which the Company is the lessee

In PLN thousands	**2013**	**2012**
Up to 1 year	3 412	3 502
1-5 years	2 128	5 478
More than 5 years	-	-

Operating lease agreement in which the Company is the lessor

In PLN thousands	**2013 r.**	**2012 r.**
Up to 1 year	314	774
1-5 years	147	1 225
More than 5 years	-	-

34.2. Financial risk managements

The Company's operations are exposed to the following financial risks:
- credit risk;
- liquidity risk;
- market risk (including currency risk, interest rate risk).

Credit risk
The company in its commercial activity conducts sales to business entities with deferred payments, as a result of it may arise the risk of non-payment by contractors for the services provided. The company, in order to mitigate the credit risk manages the risk through the obligatory procedure of gaining hedging.
The accepted period of the repayment of amount due associated with the normal course of the sale is 14 - 60 days..
Amounts due from contracting parties are regularly monitored by financial services. In case of overdue amounts due procedures of the vindication are started..
The aging analysis of trade receivables that are past due at the end of the reporting period, but for which there is no impairment is presented in Note 8.
In order to reduce the risk of not recovering receivables from deliveries and services, the Company receives a collateral from its customers in the form of, among other: bank and insurance guarantees, mortgage, promissory notes and security deposits.

For the improvement of the current liquidity, in order to release the receivables retained by investors from the title of proper security for the implemented contracts and statutory warranty for construction work and assembly work, the Company grants bank guarantee and the insurance within the guarantee lines launched for this purpose.
The credit risk related to financial means and bank deposits is considered by the company to be low. All entities in which the Company invests available funds operate in the financial sector. These include domestic banks and branches of the foreign banks of the highest quality credit credibility of short-term loans.

The credit risk, resulting from loans granted inside the group is regarded by the Company to be low, due to the fact that the loans are designed for a specific purpose such as the purchase of investment property. In some cases when the subordinated entity is not fulfilling its obligations under loans in the long period, the Issuer shall make write-down for loans and interest accrued on the loan. Changes in write-downs of loans granted were presented in notes 6 and 9.
In the opinion of the Board In the opinion of the Management Board the risk of impaired financial assets is reflected by write-downs. Information on the impairment allowance of financial assets is presented in Note 34.1.

Liquidity risk
The Company is exposed to the liquidity risk resulting from the relation of current liabilities to current assets.
As at 31 December 2032 and 31 December 2012, the index of ratio of current assets to current liabilities (current liquidity ratio) was respectively 2.24 and 1.60.
Detailed information regarding loans is disclosed in note 16.
Analysis of maturity of the liabilities in notes 14, 15, 16, 17 and 18.

Market risks

1. Exchange rate risk
Part of contracts for sale of services is concluded with foreign companies in foreign currencies (EUR, US$). In case of a significant strengthening of the domestic currency it may adversely affect the performance of the Company. Partly, this risk is mitigated in the natural way through the purchase of equipment and services necessary for the accomplishment of these contracts abroad, as well as through the purchase of relevant financial instruments.

Exposure to currency risk as at 31 December 2013

(in PLN thousands)	EUR	USD	NOK	BYR	Total after translation into PLN
Financial asets					
Receivables from supplies and services	1 172	-	-	839 958	5 126
Financial means	272	1	88	21 960	1 180
Other financial assets	2 113	-	-	-	8 763
Total	**3 557**	**1**	**88**	**861 918**	**15 069**
Financial liabilities					
Payables	434	-	-	226 828	1 872
Deferred income (advances received)	6 164	-	-	-	25 565
Total	**6 598**	**-**	**-**	**226 828**	**27 437**

Exposure to currency risk as at 31 December 2012

(in PLN thousands)	EUR	USD	NOK	Total after translation

				into PLN
Aktywa finansowe				
Receivables from supplies and services	67	-	-	274
Financial means	286	2	88	1 232
Total	**353**	**2**	**88**	**1 506**
Financial liabilities				
Payables	92	-	-	376
Total	**92**	**-**	**-**	**376**

Analysis of sensitivity to currency risk as at 31 December 2013

(in thousands)	**Increase in exchange rate**	**Total impact on profit before tax**	**Drop in the exchange rate**	**Total impact on profit before tax**
EUR/PLN	15%	-1 892	15%	1 892
NOK/PLN	15%	7	15%	-7
BYR/PLN	15%	30	15%	-30
Total impact		**-1 855**	**0**	**1 855**

Analysis of sensitivity to currency risk as at 31 December 2012

(in thousands)	**Increase in exchange rate**	**Total impact on profit before tax**	**Drop in the exchange rate**	**Total impact on profit before tax**
EUR/PLN	15%	160	15%	-160
USD/PLN	15%	1	15%	-1
NOK/PLN	15%	7	15%	-7
Total impact		**168**	**0**	**-168**

Exposure to currency risk of revenues and expenses during the reporting period

Analysis of the impact of potential change in value of financial instruments as of 31 December 2013 on gross financial result in connection with hypothetical change in foreign currency exchange rates compared to the Polish zloty / functional currency.

Revenues and expenses concerning PROCHEM SA are primarily denominated in Polish currency. Income in foreign currency, achieved in the currency in 2013 and 2012 were as follows:

currency	**revenues**		**Average exchange rate for sales**		**expenses**		**Average exchange rate for purchases**	
(in thousands)	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
EUR	2 719	2 230	4.1713	4.2211	968	1 243	4.2355	4.1964
USD	-	-	-	-	11	5	3.1750	3.2094
BYR	-	-	-	-	524 650	-	0.0003	-

In the reporting period EUR was the main currency.

Hypothetically assuming if Polish zloty weakened / strengthened by 1% against the Euro, the revenues in 2013 would have increased or decreased by PLN 113 thousand and in 2012 by about 94 thousand, which would have an impact on profit before tax, while the costs would increase / decrease in 2013 by PLN 41 thousand, and in 2012 by about 52 thousand.

Aforementioned deviations were calculated based on historical volatility for individual currencies and forecasts.
Sensitivity of financial instruments for currency risk was calculated as the difference between the initial book value of financial instruments and the potential book value at assuming increase / decrease of exchange rates.
For other currencies the sensitivity of financial instruments is irrelevant.

2. Interest rate risk

The Company is exposed to the risk of volatility of cash flows arising from interest rate resulting from bank loans based on floating interest rate WIBOR ON (overnight) and loans granted based on variable rates WIBOR 1M and WIBOR 6M.
The Company did not take into account in the analysis the decline in interest rates.

Analysis of financial instruments with variable interest rates

	WIBOR		**bills of exchange rediscount**	
(in PLN thousand)	**As at 31 December 2013**	**As at 31 December 2012**	**As at 31 December 2013**	**As at 31 December 2012**
Financial assets				
Loans granted	35 080	27 192	-	145
Financial liabilities				
loans	-	6 347	-	-

Analysis of cash flow sensitivity of financial instruments with variable interest rate on profit before tax

	Deviations assumed		**inflows (in PLN thousands)**	
(in PLN thousands)	**As at 31 December 2013**	**As at 31 December 2012**	**As at 31 December 2013**	**As at 31 December 2012**
Financial assets				
WIBOR	+50 base point	+50 base point	175	136
Bills of exchange rediscount	+50 base point	+50 base point	-	1
Financial liabilities				
loan	+50 base point	+50 base point	-	(32)

The risk of an adverse settlement of litigation with PERN S.A.

In view of the substantial extension of legal proceeding in a dispute with PERN SA which began in 2006, and is currently pending before the District Court in Warsaw on the accounting for the contract interrupted on 10 of November 2005 for the implementation of an investment project under the name of "Pipeline in a section from the ST-1 Adamowo - to Plebanka raw material base ", the risk exists of the need to fulfill in 2014 by PROCHEM the commitments concerning seized guarantee deposits from subcontractors, which as at the balance sheet date amounted to PLN 2 928 thousand, before the security deposits retained by PERN SA are refunded. Amounts due under the deposit of PROCHEM SA from PERN SA as at 31 December 2013 amounted to PLN 17 364 thousand. The Company believes that the risk is minimal, but the Board of PROCHEM SA takes into account a necessity of accumulation of adequate funds for this purpose. A detailed description of the dispute is presented in Note 38.

Note 35- related party transactions

In 2012 the members of Supervisory Board and Management Board did not conclude any contracts with companies belonging to PROCHEM SA Capital Group.
Transactions with affiliated entities, as below, were concluded on market conditions and relate to sale

and purchase of services among others construction services , assembly services and rental services as well as mutually granted loans.
Settlements with related entities include receivables, trade payables and financial liabilities.
Guarantees and sureties granted to related entities are presented in note 36.

Transactions with subsidiaries.

Data for the reporting period

As at 31 of December 2013 the settlements of the Issuer with subsidiaries directly and indirectly developed as follows:
Receivables from non-current loans – PLN 22 523 thousand,
Receivables from current loans – PLN 3 429 thousand,
Trade and other receivables – PLN 5 975 thousand,
Trade payables – PLN 733 thousand.

In the period from 1 January 2013 to 31 December 2013 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 582 thousand.
Revenues from interest on loans amounted to – PLN 435 thousand.
Revenues from dividends received amounted to - PLN 304 thousand.
Remuneration under valorization of the contract value – PLN 93 thousand.
Financial income – profit on sale of shares of Elektromontaż Kraków S.A.– PLN 5 085 thousand.

The comparative period

As at 31 December 2012 the settlements of the Issuer with subsidiaries directly and indirectly developed as follows:

Receivables under non-current loans with interest - PLN 26 985 thousand,
Receivables under current loans with interest - PLN 553 thousand,
Trade and other receivables - PLN 9 004 thousand
Trade payables - PLN 1 920 thousand

In the period from 1 January 2012 to 31 December 2012 the following transactions of the Issuer with subsidiaries directly and indirectly took place:

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

Total income from those transactions amounted to – PLN 4 286 thousand,
Revenues from interest on loans amounted to - PLN 739 thousand,
Remuneration under valorization of the contract value - PLN 215 thousand,
Financial income – profit on sale of shares of Elektromontaż Kraków S.A.- PLN 7 545 thousand
Other operating income – PLN 79 thousand,
Dividends received – PLN 3 thousand,
Cost of services – PLN 4 286 thousand

Transactions with jointly-controlled and associated entities

The reporting period

As at 31 December 2013 the settlements of the Issuer with jointly-controlled and associated entities developed as follows:

- Receivables under non-current loans PLN 11 299 thousand
- Trade and other receivables – PLN 722 thousand
- Trade payables – PLN 16 thousand.

In the period from 1 January 2013 to 31 December 2013 the following transactions of the Issuer with jointly-controlled and associated entities took place:

- Revenues from sale of services – PLN 21 283 thousand
- Financial income under interest on loan granted – PLN 299 thousand

Revenues from sale of services totally relate to income from jointly controlled entity IRIDION Sp. with o.o. in Warsaw, on whose behalf the investment project is carried out under the name of "Astrum Business Park" in Warsaw.

The comparative period

In the period from 1 January 2012 to 31 December 2012 transactions with associated entities under financial income took place – guarantee fee - in the amount of PLN 3 thousand.
As at 31 December 2012 the settlement of accounts of the Issuer with subsidiaries directly or indirectly under trade payables and trade receivables did not occur.

Note No. 36- contingent liabilities and contingent assets and other security

Security granted

Security granted	**As at**	
	31 December 2013	**31 December 2012**
Bank guarantee of good performance	11 407	12 774
Payment guarantee	1 134	1 035
Tender guarantee	1 235	-
Advance payment guarantee	29 478	-
Total security granted	**43 254**	**13 309**
Contingent liabilities		
Guarantee securing obligations under statutory warranty and guarantee – granted on behalf of associated entity	-	286
Total security granted and contingent liabilities	**43 254**	**14 095**

In 2013 Issuer recorded the increase in granted security and in contingent liabilities by the amount of PLN 29 159 thousand.

Security received	**As at**	
	31 December 2013	**31 December 2012**
Bank guarantee of good performance	1 206	2 078
Bill of exchange for securing terms of contract	577	577
Total surety received	**1 783**	**2 655**

In 2013 the Issuer recorded decline in the value of received security by the amount of PLN 872 thousand.

Contingent receivables from PERN were described in Note 38..

Note No. 37 – events after reporting date

On 4 January 2014 was completed the liquidation procedure of the subsidiary PRO-PLM Sp. with o.o. with its registered office in Warsaw. The company PRO-PLM Sp. with o.o. was a 100% subsidiary.

On 7 January 2014 the subsidiary PROCHEM Inwestycje Sp. z o.o. seated in Warsaw acquired shares in Elektromontaż Kraków seated in Krakow under the agreement of sale of inscribed shares. Subject of the transaction were 10 000 shares with the nominal vale of PLN 5 each, for a total amount of PLN 500 thousand. As a result of the transaction the company increased its share in capital and votes by 3.88%.

On 14 February 2014 the Company underwrote two promissory notes issued by subsidiary PRO-INHUT Sp. z o.o. based in Dąbrowa Górnicza on behalf of investor in order to secure the claims. The surety to the amount of PLN 831 thousand.

On 28 March 2014 the Issuer acquired 32 in PROCHEM Zachód Sp. z o.o. with the nominal value of PLN 10 000 each, for a total amount of PLN 100 000. shares under the agreement of sale. As a result of the transaction the company increased its share in capital and votes up to 80% (increase in share by 20%).

On March 31, 2014, the Issuer signed with the company ELEKTROMONTAŻ Kraków SA annexes to the loan agreements, in which the term for repayment of the loan of 31 March 2014 was changed for 31 December 2015. Other terms and conditions of the contract of loan remained unchanged.

Note No. 38- significant proceedings pending before the court

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

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

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

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

On 5 February 2013 before the District Court in Warsaw, a hearing was held with the participation of experts, after which the court decided to oblige the parties to submit the pleadings clarifying the final conclusions of evidence to complement the expert opinions and postponed the hearing until 16 May 2013.
By order dated February 25, 2013, the District Court in Warsaw XXVI Economic Department upheld the previous decision of the Court, and finally has awarded a remuneration for the expert for drafting the opinion. In grounds for the judgment the Court determined that, at the hearing on 5 February 2013, the certified expert has carefully explained the methodology that has been adopted for the preparation of the legal opinion and it is not inconsistent with the thesis of the Court, and there are no legitimate grounds to complaint that the methodology adopted by the experts is not correct.
On 14 May 2013, the Issuer received a notice from the District Court in Warsaw of revocation hearing scheduled for 16 May 2013 and the next date of hearing has not been appointed yet.
On 9 August 2013, the Issuer received from the District Court in Warsaw, the decision as of 1 August 2013, from closed session of the Court. At the meeting, the Court decided to admit evidence of a supplementary opinion of research institute - Warsaw University of Technology in Warsaw, in the circumstance of determining the value of services, supplies, and other liabilities made by PROCHEM S.A. and directly related to the implementation of the agreement that have been made after the date of withdrawal from the contract on the basis of commitments contracted prior to the withdrawal from the contract. In November 2013 the experts appointed by the court have started the work associated with the preparation of the supplementary opinion. On 25 February 2014, the Court received the supplementary opinion that confirms the amount of the claim of PROCHEM SA

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

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

Note No. 39 – other supplementary data to the financial statements

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

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

- Jarosław Stępniewski – 80 943 units.;
- Marek Kierysznicki –70 143 units;
- Krzysztof Marczak – 42 700 units;
- Andrzej Karczykowski – 115 186 units;
- Marek Garliński – 86 400 units;
- Adam Parzydeł – 15 300 units.

In the period since separate financial statements for 2012 there was a change in number of Issuer's shares held by the members of Management Board and Supervisory Board:

1. Increase following the division of the assets of the dissolved company PROCHEM Holding M.Garliński Spółka Komandytowa:
    - Andrzej Karczykowski - 95 186 shares,
    - Marek Garliński – 49 276 shares,
    - Adam Parzydeł – 15 300 shares,
    - Jarosław Stępniewski – 43 156 shares,
    - Marek Kierysznicki – 52 643 shares,
    - Krzysztof Marczak – 33 669 shares,

2. Increase following the acquisition on the WSEZ:

- Marek Garliński – 124 shares,
- Krzysztof Marczak – 1 share.

Information on granting a surety for loan or borrowing or guarantees by the issuer or its subsidiary – jointly to on entity or to its, if the total value of existing surety or guarantee is equivalent to as least 10% of the issuer's equity

In 2013 the Issuer did not grant to other entity any guarantees or loan or borrowing sureties of this value.

In 2013 Issuer granted loans:

- to subsidiary Elektromontaż Kraków S.A. seated in Krakow, current loans in the amount of PLN 3 300 thousand. Interest on loans set by WIBOR 1M.
- to company PROCHEM Inwestycje Sp. z o.o. non-current loan in the amount of PLN 6 000 thousand. Interest on loan set by WIBOR 6M.

Remuneration of the members of Management Board and Supervisory Board

Remuneration paid in 2013 in the Issuer's enterprise to the Members of Management Board :

1. Jarosław Stępniewski	PLN 447 thousand : including remuneration established on profit in 2012 – PLN 34 thousand.,
2. Marek Kiersznicki	PLN 266 thousand : including remuneration established on profit in 2012 - PLN 28 thousand,
3. Krzysztof Marczak	PLN 269 thousand : including remuneration established on profit in 2012 - PLN 28 thousand,

Remuneration paid in the Issuer's enterprise to the Members of the Supervisory Board :

1. Karczykowski Andrzej	PLN 54 thousand : including remuneration established on profit in 2012 – PLN 24 thousand,
2. Marek Garliński	PLN 154 thousand: including remuneration established on profit in 2012 – PLN 24 thousand,
3. Dariusz Krajowski-Kukiel	PLN 54 thousand : including remuneration established on profit in 2012 – PLN 24 thousand,
4. Krzysztof Obłój	PLN 54 thousand : including remuneration established on profit in 2012 – PLN 24 thousand,
5. Adam Parzydeł	PLN 54 thousand : including remuneration established on profit in 2012 . – PLN 24 thousand.

Remuneration paid to Members of the Management Board in 2013 for performing the function in the Management Boards and Supervisory Boards of companies belonging to the capital group:

1. Jarosław Stępniewski PLN 60 thousand
2. Marek Kiersznicki PLN 169 thousand
3. Krzysztof Marczak PLN 175 thousand

Note No. 40- approval of financial statements

Separate financial statements of PROCHEM S.A. for 2013 were approved by the Management Board of PROCHEM S.A. on 24 April 2014..

Signatures of the Members of Management Board

24 April 2014	Jarosław Stępniewski	Chairman of the Board	....
date	first name and surname	position	signature
24 April 2014	Marek Kiersznicki	Vice Chairman	....
date	first name and surname	position	signature
24 April 2014	Krzysztof Marczak	Vice Chairman	....
date	first name and surname	position	signature

Signature of the person responsible for bookkeeping

24 April 2014	Barbara Auguścińska-Sawicka	Chief Accountant	....
date	first name and surname	position	signature