

**CONSOLIDATED FINANCIAL STATEMENT OF PROCHEM
CAPITAL GROUP FOR 2009**

**PROCHEM S.A.
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Contents

I. Selected financial data

II. Consolidate financial statement of Prochem Capital Group

1. Consolidated Statement of Financial Position
2. Consolidated Profit and Loss Account and Statement of Comprehensive Income
3. Consolidated Statement of Changes in Owner's Equity
4. Consolidated Statement of Cash Flows

III. Notes on assumed accounting principles (policy) and other explanatory remarks

1. Explanatory Notes to Statement of Financial Position
3. Explanatory Notes to Profit and Loss Account and Statement of Comprehensive Income

IV. Other Explanatory Information to Interim Consolidated Financial Statement

I. Selected Financial Data

Net revenue from sales and profits expressed in PLN and Statement of Cash Flow were converted into Euro according to the rate set as the arithmetic mean of average prices announced by the Chairman of the National Bank of Poland for the closing date of every month and are amounting to:

- for 2008 - 3.5463 PLN/EUR
- for 2009 - 4.3406 PLN/EUR

Balance data was converted according to the average price announced by the Chairman of the National Bank of Poland as at the day of drawing financial statement up which as at the balance sheet day amounted to:

- 4.1724 PLN/EUR as at 31 Dec. 2008
- 4.1082 PLN/EUR as at 31 Dec. 2009

Selected Financial Data	Reporting period ended on 31 December		Reporting period ended on 31 December	
	2009	2008	2009	2008
	In PLN thousand		In Euro thousand	
Continuing operations				
Revenue from sales	170 588	365 235	39 301	102 990
Gross profit (loss) on sales	15 655	37 568	3 607	10 594
Profit (loss) from operating activities	4 927	19 378	1 135	5 464
Gross profit (loss)	4 503	20 763	1 037	5 855
Net profit (loss)	2 447	15 401	564	4 343
Assigned to :				
parent entity's equity	164	12 721	38	3 587
minority shareholders	2 283	2 680	526	756
Net cash from operating activities	-6 876	265	-1 584	75
Net cash flow from investment activity	-6 413	-13 633	-1 477	-3 844
Net cash flow from financial activity	641	-1 785	148	-503
Total net cash flow	-12 648	-15 153	-2 914	-4 273
Total assets	189 735	260 987	46 184	62 551
Total long term assets	101 929	94 558	24 811	22 663
Total current assets	87 806	166 429	21 373	39 888
Equity assigned to shareholders of parent entity	103 735	103 022	25 251	24 691
Equity assigned to minority shareholders	13 781	13 421	3 355	3 217
Total equity	117 516	116 443	28 605	27 908
Total long- term liabilities	9 384	10 890	2 284	2 610
Total short-term liabilities	62 835	133 654	15 295	32 033
Weighted average number of ordinary shares (units)	3 895 000	3 900 000	3 895 000	3 900 000
Book value per one ordinary share (in PLN/Euro)	26.63	26.42	6.48	6.34
Net profit (loss) per one ordinary share (in PLN/Euro)	0.04	3.26	0.01	0.92

Weighted average number of ordinary shares was corrected by the number of shares repurchased for the purpose of redemption (5,000 units.)

Consolidated Financial Statement of PROCHEM Capital Group

For the period from 1 January 2009 to 31 December 2009

Consolidated Statement of Financial Position

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

	Note No	As at 31 Dec. 2009	As at 31 Dec. 2008
Assets			
Fixed assets			
Tangible assetse	1	36 702	38 462
Intangible assets	2	484	968
Real estate investments	3	56 673	47 527
Shares of subordinated entities	4	3 386	3 386
Shares of entities consolidated by equity method	5	629	715
Assets on account of deferred income tax	6	4 055	3 499
Other long-term assets	7		1
Total fixed assets		101 929	94 558
Current assets			
Stock	8	6 629	6 737
Trade receivables and other receivables	9	57 138	126 217
Other financial assets	10	3 432	3 214
Other assets	11	14 415	11 421
Cash and short-term deposits		6 192	18 840
Total current assets		87 806	166 429
Total assets		189 735	260 987
Liabilities			
Equity			
Share capital	12	3 900	3 900
Shares (stocks) of parent entity (negative value)		-5	-2
Spare capital	13	50 574	38 643
Revaluation capital	14	13 663	13 697
Other reserve capitals	15	36 836	35 433
Profit (loss) brought forward		-1 397	-1 370
Net profit (loss)for the current year		164	12 721
Parent entity's equity		103 735	103 022
Minority capital		13 781	13 421
Total equity		117 516	116 443
Long-term liabilities			
Long-term bank credits	16	1 033	1 471
Provision on account of deferred income tax	17	5 815	3 710
Retirement liabilities		1 829	3 744
Other reserves	18	12	275

Other long-term liabilities	19	695	1 690
Total long-term liabilities		9 384	10 890
Short-term liabilities			
Short-term bank credits	20	5 088	3 147
Short-term loans	21	776	158
Trade payables	22	47 019	105 973
Liabilities on account of current income tax		212	1 822
Other liabilities	23	9 454	20 078
Deferred income	24	286	2 476
Total short-term liabilities		62 835	133 654
Total liabilities		189 735	260 987

Book value – parent entity’s equity		103 735	103 022
The number of shares (units)		3 895 000	3 900 000
Book value per one share (in PLN)		26.63	26.42

Consolidated Statement of Comprehensive Income for the period from 1 January 2009 to 31 December 2009

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

CONSOLIDATED PROFIT AND LOSS ACCOUNT (version for calculating)	Note No	Period ended on 31 Dec. 2009	Period ended on 31Dec. 2008 r.
Continuing operations			
Net revenues from sale of services, goods and materials, including :		170 588	365 235
Net revenues from sale of services	25	163 297	354 277
Net revenues from sale of goods and materials	26	7 291	10 958
Cost of services, goods and materials sold, including :		154 933	327 667
Cost of services sold	27	148 340	317 848
Cost of goods and materials sold		6 593	9 819
Gross profit (loss) from sale		15 655	37 568
Other revenues	28	10 554	10 010
Other costs	29	5 500	10 103
General management costs		15 782	18 097
Profit (loss) from operating activity		4 927	19 378
Financial revenues	30	1 551	2 670
Profit (loss) from sale of shares of subordinated entities			85
Finance costs	31	1 895	1 144
Share in profit of associated entities		-80	-226
Profit (loss) before tax		4 503	20 763
Income tax :	32	2 056	5 362
- current income tax		411	3 780
- deferred income tax		1 645	1 582
Net profit (loss)		2 447	15 401
Net profit (loss) assigned to: :			
Shareholders of parent entity		164	12 721
Minority shareholders		2 283	2 680

Other comprehensive income

Assessed value of available-for-sale assets	-	-
Revaluation of fixed assets	-	-
Share in other comprehensive income of associated entities	-	-
Results of changes of accounting policy	-	-
Hedge accounting	-	-
Actuarial profits and losses	-	-
Income tax concerning other comprehensive income	-	-
Other comprehensive income (net)	-	-
Total comprehensive income	2 447	15 401
Total comprehensive income assigned to :		
Shareholders of parent entity	164	12 721
Minority shareholders	2 283	2 680
Weighted average number of ordinary shares (units)	3 895 000	3 900 000
Profit (loss) per one ordinary share (in PLN per 1 share) –		
From continuing operations assigned to shareholders of parent entity	0.04	3.26
Comprehensive income per 1 ordinary share (in PLN per 1 share) –		
from continuing operations	0.04	3.26

Consolidated Statement of Changes in Owners' Equity

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

	Share capital	Shares of parent entity	Spare capital	Revaluation capital	Other reserve capitals	Undistributed result from previous years b/fwd	Profit(loss) in the fiscal year	Equity assigned to shareholders of parent entity	Equity assigned to minority shareholders	Total equity
The reporting period from 1 January to 31 December 2009										
As at the beginning of the period	3 900	-2	38 643	13 697	35 433	11 351		103 022	13 421	116 443
As at the beginning of the period after adjustment to comparable data	3 900	-2	38 643	13 697	35 433	11 351	0	103 195	13 421	116 443
Distribution of the result brought forward			11 896		1 403	-12 212		1 087	-1 130	-43
Payment of dividend						-506		-506	-792	-1 298
Payment to the charity fund						-30		-30		-30
Net profit (loss) in the given period							164	164	2 282	2 446
Own shares purchased with the aim of redemption		-3						-3		-3
Other movements			35	-31				1		1
Other comprehensive income										
As at the end of the period	3 900	-5	50 574	13 663	36 836	-1 397	164	103 735	13 781	117 516
Last year for the period from 1 January to 31 December 2008										
As at the beginning of the period	3 903	0	34 240	12 985	31 425	11 102	0	93 655	11 174	104 829
As at the beginning of the period after adjustment to comparable data	3 903	0	34 240	12 985	31 425	11 102	0	93 655	11 174	104 829
Distribution of the result brought forward			6 928		4 886	-11 619		195	2 326	2 521
Payment of dividend						-2 730		-2730	-205	-2 935
Payment to charity fund						-50		-50		-50
Net profit (loss) in the given period							12 721	12 719	126	12 845
Repurchase of shares with the aim of redemption		-2						0		0
Shares redemption	-3				-103			-106		-106
Change of status of the company from associated to subsidiary						-606		-606		-606
Other comprehensive income										
Other movements			-2 525	712	-775	2 533		-55		-55
As at the end of the period	3 900	-2	38 643	13 697	35 433	-1 370	12 721	103 022	13 421	116 443

Consolidated Statement of Cash Flows for the period from 1 January 2009 to 31 December 2009 (indirect method)

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

	Period ended on Dec. 2009	31	Period ended on 31 Dec. 2008
Operating cash flow			
Gross profit (loss)		4 583	20 989
Total adjustments for		-11 198	-15 978
Amortization and depreciation		4 557	4 799
Interests and profit sharing (dividends)		423	46
(Profit)loss from sales of tangible assets		-141	-178
(Profit) loss from investments recognized in Profit and Loss Account		-6 127	-9 165
Loss on account of the depreciation for trade receivables		195	4 201
Reversal of revaluating write off for trade receivables		-1 297	-66
(Positive)/negative exchange differences		392	-1 112
Movements in provisions		-1 108	7 274
Changes in stocks		-68	-4 097
Movements in receivables		70 874	-34 729
Movements in short-term liabilities with the exception of loans and credits		-78 178	17 966
Other adjustments		-720	-917
Operating cash		-6 615	5 011
Income tax paid		-261	-4 746
Net cash provided by operating activities		-6 876	265
Investment cash flows			
Inflows		358	1 372
Sales of intangible assets and tangible assets		247	428
Selling the investment in real estate and intangible assets			
From financial assets, including:		0	432
a) in associated entities		0	432
- sale of financial assets			411
- interest			21
Other inflows		111	512
Outflows		6 771	15 005
Purchase of intangible assets and tangible assets		2 948	9 331
Investments in real estates and intangible assets		2 878	5 254
For financial assets in affiliated including:		45	420
- purchase of financial assets		45	192
- loans granted			200
- other expenditures			28
Other investment expenditures		900	
Net cash flow from investment activity		-6 413	-13 633

Financial cash flows		
Inflows	16 692	9 416
Credits and loans	16 668	9 330
Other financial inflows	24	86
Outflows	16 051	11 201
Buy-back of own shares (stocks)		106
Outflows under distribution of profit, other than payments to shareholders	1 298	2 935
Repayment of credits and loans	14 308	7 759
Buy back of debt securities		145
Payments from the title of finance lease	212	
Interest	233	256
Net cash from financial activity	641	-1 785
Increase/(decrease) of net cash flow and cash equivalents	-12 648	-15 153
Cash and cash equivalents at the beginning of period	18 840	33 993
Cash and cash equivalents at the end of period	6 192	18 840

Notes on assumed accounting principles (policy) and other explanatory remarks to Consolidated Financial Statement

1. The formation of a company and the basic scope of its activity

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

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

Capital Group of Prochem S.A. comprises the following subsidiaries directly and indirectly and associated companies:

Subsidiaries covered by full consolidation:

- Prochem Inwestycje Sp. z o.o. with registered office in Warsaw – subsidiary directly (100.0%);
- Irydion Sp. z o.o. with registered office in Warsaw – subsidiary directly (100.0%);
- PRO-INHUT Sp. z o.o. with registered office in Dąbrowa Górnicza– subsidiary indirectly (99.0%);
- Pro-Organika Sp. z o.o. with registered office in Warsaw – subsidiary directly (91.4%);
- Prochem Serwis Sp. z o.o. with registered office in Warsaw – subsidiary indirectly (90.0%);
- PREDOM Sp. z o.o. with registered office in Wrocław – subsidiary indirectly (81.1% of share in capital and profit, 69.4% of share in votes);
- ASI Polska Sp. z o.o. with registered office in Gliwice– subsidiary indirectly (90.0%);
- Prochem Zachód Sp. z o.o. with registered office in Słubice – subsidiary directly (60.0%);
- PROTRADE Sp. z o.o. with registered office in Gdynia– subsidiary indirectly (72%) (ASI Polska Sp. z o.o. subsidiary in 90.0% holds 80.0%)
- ELPRO Sp. z o.o. Kraków – subsidiary indirectly (77.2%, including 54.5% share in 50% share of Elektromontaż Kraków)
- Elmont Inwestycje Sp. z o.o. Kraków – subsidiary indirect (77.2%, including 54.5% share in 50% share of Elektromontaż Kraków)
- Elektromontaż Kraków S.A. – subsidiary direct (54.5%) – the company is drawing up consolidated financial statement, which contains data of the subsidiary in 100% ELMONT-POMIARY Sp. z o.o. with registered office in Krakow and two associates ELPRO Sp. z o.o. and Elmont Inwestycje Sp. z o.o.
- IRYD Sp. z o.o. with registered office in Warsaw – subsidiary indirectly 100%
- ATUTOR Integracja Cyfrowa Sp. z o.o. with registered office in Warsaw – subsidiary indirectly (97.2% of shares Holds Company Prochem Inwestycje Sp. z o.o. subsidiary in 100%).

In 2009 as from 30 September 2009 ZPU Elektromontaż subsidiary of Elektromontaż Kraków S.A. - above which the dominant entity lost the control was excluded from the consolidation. The company was put into liquidation.

Associated entities covered by consolidation under the equity method:

- PRO PLM Sp. z o.o. with registered office in Warsaw – associated indirectly (50% of shares belongs to company Prochem Inwestycje Sp. z o.o. subsidiary in 100%),
- PROMIS Sp. z o.o. with registered office in Warsaw – associated indirectly (45% of right of vote and 97.6 % of share capital belongs to company Prochem Inwestycje Sp. z o.o. subsidiary in 100%),
- ITEL Sp. z o.o. Gdynia – 35.2% of shares,
- TEOMA S.A. with registered office in Warsaw – associated indirectly (12.8% of shares, including Prochem Inwestycje Sp. z o.o. subsidiary in 100% holds 7.9% of shares).

At the consolidation not including in the consolidation entities which aren't conducting activity is an adopted principle - financial data of these companies isn't distorting the information about financial results of Prochem S.A. Group. Companies not covered by consolidation:

- Prochem RPI Sp. z o.o. with registered office in Warsaw – subsidiary,
- Predom Projektowanie Sp. z o.o. with registered office in Wrocław – subsidiary
- Pasterex Sp. z o.o, with registered office in Warsaw - associated company.

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

On 24 February 2009 the Issuer signed the agreement of the sale of shares, on the basis of which purchased 1000 units of shares of the subsidiary of the nominal value of PLN 5 each, up to the total amount of PLN 30,000 thousand (say: thirty thousand of zlotys). The ownership of the share was transferred to the Issuer with the day of payment for shares, i.e. 10 March 2009. After the effected transaction the share of PROCHEM S.A. in equity and votes of Elektromontaż Kraków S.A. amounts to 54.45%.

In April 2009 with decision of the District Court for the capital city of Warsaw the capital of the company Teoma SA with the registered office in Warsaw was raised by the amount of PLN 17,000. As a result of raising capital a direct and indirect share of the Issuer in owners' equity of the company Teoma was reduced up to 12.86 %, the right of vote constitutes 12.86 %.

3. Base for the presentation and drawing the Financial Statement up

Consolidated Financial Statement of the Capital Group of PROCHEM S.A. as at 31 December 2009 and corresponding period of the comparable year was drawn up according to International Accounting Standards and International Financial Reporting Standard. This Consolidated Financial Statement meets all IFRS requirements and is reflecting in the true and fair way the material and financial situation of the Issuer and his financial result.

Consolidated Financial Statement of the Capital Group of PROCHEM S.A. as at 31 December 2009 was prepared at assuming continuing economic activity in a foreseeable future and it is stated that circumstances pointing out to the threat to continuing activity by the Issuer and entities belonging to Capital Group don't exist.

The operational activities of the companies belonging to the Capital Group of Prochem don't have seasonal character.

The Financial Statement is being presented in Polish zlotys („zloty” or „PLN”), which is functional currency and the presentation currency.

The Financial Statement was drawn up based on the principle of the historical cost, with the exception of:

- land, buildings and constructions,
- investments in subsidiaries, associated or in joint undertakings,
- real estate (land) investments,
- allocating assets for sale,
- derivatives of financial instruments.

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

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

Applied accounting principles followed by the Capital Group is introduced below.

Tangible assets and intangible assets

Tangible assets are presented in accordance with International Accounting Standards (MSR 16).

Tangible assets comprises capital assets and expenditure on the capital assets under construction which the entity is going to exploit in their activity for administrative needs in the period longer than one year, and which in the future will result in benefit to the entity.

Expenditure on the capital assets include investment outlay as well as incurred expenses for future deliveries of machinery, equipment and services connected with manufacturing of capital assets (transferred advance payments).

Tangible assets at first are being evaluated according to the purchase price or the manufacturing costs. Principles of valuation following the initial approach:

- Land, buildings and constructions buildings are shown in the post-revaluation amount, constituting the fair price of it for the day of the revaluation, set by experts, reduced by the amount of the later accumulated depreciation and later accumulated revaluating write-off. Fair price will be set by experts regularly every two years.
- Other tangible assets are being shown according to the purchase price or the manufacturing cost, increased by possible costs of improvements, but reduced by the accumulated depreciation and accumulated revaluating write-off.

An increase in value resulting from the revaluation of land, buildings and constructions is being included in other comprehensive revenues and is showing the surplus from the revaluation in the total amount of the equity capital, except for the situation, when the increased value is reversing the earlier writing off for the same item included in the profit and loss account. A decrease in the value resulting from the revaluation of land, building and constructions is being included in cost in the period, being ahead of an amount of earlier evaluation of this asset item included in other comprehensive revenues. A decrease resulting from revaluation included in other comprehensive revenues is reducing the total surplus from the revaluation included in the equity capital.

The company treats perpetual usufructs as land.

Value of capital assets allocated for liquidation, withdrawn from use as a result of the change of technology or other reasons, is being updated by writing off. This writing off is carried to the debit of other operating costs.

Tangible fixed assets allocated for sale are shown according to International Financial Reporting Standards (MSSF 5).

Expenditure on the tangible assets borne later is included in balance-sheet total, when it is probable that the entity will benefit from it, and it is possible to evaluate this cost credibly. All other costs of repairs and maintenance of tangible fixed assets are being included in the profit and loss account in reporting periods, in which they were carried. Profit and loss from selling of tangible assets are being set by comparing the sales revenue with the balance value of the given tangible asset and included in the profit and loss account.

Tangible assets are subject to depreciation. Allowance for depreciation on tangible assets is provided by systematic, scheduled dividing the initial value into the established service life of the asset component. A straight line depreciation method is applied.

Land isn't subject to a depreciation.

Tangible assets- in-progress coming into existence for purposes of the conducted operational activity, as well as for purposes not yet determined, are being presented in the financial statement at the production cost reduced by revaluating write-offs. The manufacturing cost includes all payments and costs of the external financing capitalized according to applied accounting principles. The depreciation concerning these tangible assets is starting in the moment of beginning using them.

Tangible fixed assets are being subjected to the impairment test if premises pointing at appearing of the depreciation exist, in addition for the construction-in-progress in the period of the realization, possible depreciation is determined for every balance sheet day. Effects of the depreciation are being carried forward in other operating costs. The premises pointing out to the depreciation of tangible fixed assets didn't appear in 2009. Tangible fixed assets shown in this report were included in appropriate values.

As at the balance sheet day tangible assets which are different from ground, buildings and structures, evaluated in the post-revaluation amount, and the construction-in-progress are estimated according to the cost reduced by made depreciation allowances and possible impairment write-offs.

Intangible assets are being shown according to International Accounting Standards MSR 38. The component of intangible assets is being evaluated according to the purchase price reduced by amortization allowances and revaluating write-off.

Intangible assets, apart from the goodwill are being amortized. Amortisement of intangible assets is provided by systematic, scheduled dividing the initial value into the established service life of the asset component. A straight method of depreciation is applied.

Intangible assets are being subjected to the impairment test if premises pointing at appearing of the impairment exist. Effects of the amortization are being carried forward to other operating costs. Management Board of the company thinks that conditions pointing out to the impairment of intangible assets didn't appear in 2009. Intangible assets shown in this report were included in appropriate values.

As at the balance sheet day intangible assets are valued at cost less amortization and possible impairment write-offs.

Leasing - asset components being a leased object are being included in the amount established at the moment of commencing the use. Every lease payment is being divided into the part constituting the obligation and the financial part. The liability is being shown in balance in the position "Other liabilities". Finance charges are charging the profit and loss account. Tangible fixed assets constituting the leased object are being amortized during the economic service life of the asset.

Costs of the external financing according to International Accounting Standards 23 (MSR 23) - costs of the external financing are being included as costs in the period, in which they were carried, except for costs which it is possible directly to assign for the purchase, the building or producing the asset component (capital assets, investment real estate).

Activating of costs of the external financing is starting when:

1. costs of the external financing are being incurred,
2. an expenditure on this asset component is being incurred,
3. action essential to prepare the asset component for his planned use or the sale is being conducted.

Activating of costs of financing is being suspended in case of stopping active conducting the investment activity for the longer time. Costs of the external financing are subject to activating to the time of allocating the asset component for the use or of the sale.

Investments in subsidiaries, associated or in joint undertakings are included according to International Accounting Standards 39 (MSR 39) - in the moment of the initial take the element of financial assets is being evaluated in the goodwill by the financial result.

Shares in other entities are being evaluated according to the purchase price less impairment write-offs. As at 31 December 2009 Company's Management Board made an appraisal whether premises pointing out to the depreciation of shares held in given entities exist. After carrying out an analysis, the premises which would appoint to the need to recognize the allowance for depreciation weren't identified.

Real estate investments - it is a real estate (ground, the building or the part of a building or both these elements) which the company treats as the source of the income from rents to or is holding in possession on account of the increase in their value, comparatively for both these benefits, in addition such a real estate isn't:

- being used in the operational activity,
- allocated for sale as part of the normal investment activity.

Profits or losses arising on the sale/liquidation of the real estate are determined as the difference between the sales revenue and the balance value of these positions and they are being included in the profit and loss account.

Since 1 January 2009 International Accounting Standards 40 (MSR 40) is applicable to real estates under construction which in the future will be exploited as investment real estates, it means that they can be evaluated not only in the production cost, but also at the fair price. On the condition that it will be possible to determine credibly the fair price, if not, until the moment, in which the company will be able to determine credibly fair value, the real estate under construction is being evaluated according to the production cost. Effects of the evaluation on account of the difference between the balance value of the real estate under construction and the fair value of the investment real estate should be included in the financial result.

Before change the investment real estate under construction were subject to International Accounting Standards 16 (MSR 16) regulations - *Tangible fixed assets* - it means that these real estates were evaluated in the production cost all the way to the moment of moving the investment real estate –in- progress to investment real estates. In the moment of the transfer company should establish the fair value of the real estate. If the fair value differed from the production cost, differences should be included directly in the financial result.

Current assets

Stock - materials, goods, semi-finished products and the work in progress are being shown in the item of stock. Stocks are being evaluated originally in the purchase price.

As at the balance sheet day the evaluation of materials and goods is held in compliance with principles of the conservative estimate, namely these categories are being valued according to the purchase price, the production cost or the net value possible to get, depending on which one from them is lower.

Stocks of goods and materials are being covered by revaluating write off according to the following principles:

- goods and materials stored over 1 year - 30 % balance sheet value,

- goods and materials stored over 2 years – 100% balance sheet value,
- goods and materials slowly rotating - according to the individual assessment of the price possible to get for the balance sheet day.

The expenditure of supplies is held with the application of the FIFO method - "first in - first off". Revaluating write-off concerning supplies, as well as their reversals, are carried forward to other costs and the operating income.

Loans - are coming into existence when the entity is transferring financial means directly to the debtor, not intending to enter their amount due into the trading. They are being ranked among current assets, provided the date of their maturity doesn't exceed 12 months from the balance sheet day.

Loans with the maturity date exceeding 12 months from the balance sheet day are being ranked among fixed assets.

The amounts due are formulated at first according to the fair price (of amounts originally invoiced), and next they are being evaluated according to the amortised cost with applying the effective interest rate, including the allowance for the depreciation. Revaluating writing-off for the amount due is formed when objective evidence exist that the entity won't receive all amounts due resulting from primary conditions of the amount due, and is included in the profit and loss account in the item - other operating cost. The amount of writing-off constitutes a difference between the balance value of the amount due and the current value of estimated future cash flows discounted according to the effective interest rate.

Cash and cash equivalents cover the cash in hand and on banking accounts, deposits with the original maturity date up to three months and financial assets evaluated in the fair value by the financial result meeting the requirements of the definition of the monetary equivalent. Cash is being evaluated in the nominal value. Cash equivalents classified as financial assets are being evaluated in the fair value by the financial result. The fair value is being established on the basis of market quotations for every balance sheet day.

Current liabilities are established according to amounts originally invoiced - in the amount requiring the payment.

Long-term liabilities are being evaluated according to the amortised cost with applying the effective interest rate.

Payments of dividends for shareholders of the company are being included as liability in the financial statement of the company in the moment, in which 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 being created when an existing legal obligation is resting with the company (legal or customary) resulting from past events and when it is probable, that fulfilling this duty will cause the necessity of the outflow of financial means as well as it is possible to effect credible estimation of the amount of this obligation.

Social benefits - the group is paying the contributions of the compulsory pension program subject to the gross remuneration, under effective laws and regulations. The company doesn't have other pension programs. With a view to establishing the current value of future

obligations concerning retirement gratuities and the costs of the current employment associated with them, actuarial evaluation is applied.

Owners' Equity and remaining assets and liabilities - in the nominal value, including:

- Owners' equity – share capital was shown in the nominal value of issued and registered shares.
- Spare capital is being created from surpluses of the sale of shares above their nominal value, from write down from net annual profit and from write down from the result of the revaluation of fixed assets in previous years.

The income from sales includes the fair value of the income from sales of services and goods. The income from building services is being evaluated according to International Accounting Standards 11 (MSR 11) - Agreements for the building service.

The income from performing the not finished building service under an agreement, made as at the balance sheet day is being set proportionally to the degree of the progress of the service. The degree of the progress of the service is being measured with the participation of costs incurred since the date of the conclusion of contract up to the day of setting the income in total costs of the service.

The correctness of adopted methods of establishing the degree of the progress of the service, as well as expected total costs and the income from the provided service is being verified at the end of every quarter.

The costs which are arising in the uneven way in the sequence of the financial year are being accounted in the time.

Income tax - fiscal charges contain the current taxation with corporate income tax and the change in reserves or assets on account of the deferred income tax.

Current tax liabilities are being set on the basis of current tax regulations and the set taxable income.

Shares in joint undertakings - joint undertaking means arrangements stipulated in the contract, by virtue of which two or more sides are undertaking the business activity being subject to a co-control. Joint undertakings can have different forms and structures, among others: jointly controlled activity, jointly controlled assets and co-controlled entities.

Jointly controlled activity - the most often it is Agreement of the Consortium concluded with a view to increasing production capacities or acquiring the potential essential for realization/acquiring of determined investment topic (of wider scope of work). The Agreement of the Consortium usually regulates the way of the distribution to partners of the income from sales of shared product/services and all joint expenses. Each partner is using its own tangible assets and has own supplies. Each partner of the undertaking is also incurring own costs, entering into obligations as well as raising funds to finance own activity what results in the occurrence of his own obligations.

The Leader of the Consortium most often represents the Consortium towards Ordering, is signing records of acceptance of works performed by the Consortium on the basis of which is issuing an invoice on Ordering. The Leader of Consortium is including the total income into the income shown in profit and loss account and the costs of members of a Consortium for their participation in the accomplishment of the task is including into costs.

Co-controlled entities - it is a joint undertaking which requires establishing the legal person, the partnership or other subject, in which each partner of the undertaking is holding shares.

Such an entity is acting on the same principles, as other economic entities, except for the fact that arrangements stipulated in the contract between partners of the undertaking are establishing the co-control over the business activity of the subject. Co-controlled entity is controlling assets of a joint undertaking, entering into obligations, bearing costs and bringing income, concluding a contract in his own name, acquiring financial measures with a view to allocating them for the activity of the joint undertaking. This entity is keeping books, drawing up and submitting financial statements. Every partner is contributing to the co-controlled entity in the form of financial means. The contributions should be included in the accounting records of the partner and in the individual financial statement as investment in the co-controlled entity. The partner is evaluating the share in the co-controlled entity under the equity pick-up method irrespective of it, whether he has such investments in subsidiaries and whether determines his reports as consolidated reports. The partner is stopping applying the equity pick-up method with the moment of ceasing exercising the co-control over the co-controlled entity or significant exerting of influence on such an entity.

Shares in the co-controlled entity categorised as allocated for the sale are being included according to International Financial Reporting Standards 5 (MSSF 5).

4. Transformation of Financial Statements

Consolidated Financial Statement of Capital Group of Prochem S.A. for the period from 1 January to 31 December 2009 is keeping comparability in relation to data of the Statement for the period from 1 January to 31 December 2008.

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

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

In 2009 on results achieved by the Capital Group the following events had the significant effect:

- a) reserves were established for the deferred income tax in the amount of PLN 3,365 thousand and reserves were dissolved for the deferred income tax of the amount of PLN 1,081 thousand established in previous periods,
- b) assets from the title of deferred income tax were used in the amount of PLN 1,193 thousand and were established in the amount of PLN 1,623 thousand,
- c) reserves for amounts due were established in the amount of PLN 219 thousand, reserves for amounts due in the amount of PLN 1,588 thousand were dissolved,
- d) reserves for remaining accruals in the amount of PLN 988 thousand were dissolved, and reserves in the amount of PLN 346 thousand were established,
- e) reserve for unused leave in the amount of PLN 83 thousand was dissolved,
- f) reserve for social security benefits in the amount of PLN 836 thousand was dissolved,
- g) paid penalties for the delay in the performance of works and of services in the amount of PLN 4.077 thousand,

- h) creating the revaluating write off covering value of shares in the amount of PLN 372 thousand,
- i) write down of the loan interest in the amount of PLN 13 thousand,
- j) using the reserve established in previous years in the amount of PLN 5,900 thousand for penalties for the delay in the performance of works and other costs.

In 2009 on results achieved by the Issuer the following events had the significant effect:

- k) reserves were established for the deferred income tax in the amount of PLN 1,081 thousand and reserves for the deferred income tax established in previous periods in the amount of PLN 456 thousand were dissolved,
- l) assets from the title of deferred income tax were used in the amount of PLN 606 thousand and were established in the amount of PLN 1169 thousand,
- m) reserve for amounts due was established in the amount of PLN 78 thousand, reserve for amounts due in the amount of PLN 210 thousand was dissolved,
- n) reserve for unused leave in the amount of PLN 83 thousand was dissolved ,
- o) reserve for social security benefits in the amount of PLN 246 thousand was dissolved,
- p) financial result of 2009 was burdened with the amount of PLN 4,015 thousand on account of calculated and paid penalties,
- q) using the reserve established in previous years in the amount of PLN 5,900 thousand for penalties for the delay in the performance of works and other costs.

6. Non-financial other information

Non-financial other information among others, such as objectives and the politics of the financial risk management of the Issuer were described in the Management Board's Report on the Company's Activities.

7. Explanatory Notes to Consolidated Statement of Financial Position as at 31 December 2009

Note No 1 –Tangible Assets

	As at 31 Dec. .2009	As at 31 Dec. 2008
Tangible assets, including:	34 645	34 611
- land	4 440	4 532
- buildings, premises and objects of the civil engineering	22 331	18 793
- technical devices and machines	2 121	2 641
- means of transport	3 987	5 388
- other tangible assets	1 766	3 257
Tangible assets- in-progress/real estates-in-progress	2 057	3 851
Total tangible assets	36 702	38 462

Real estate investments-in-progress comprise costs associated with preparing the investment real estate – construction of the office and service centre in Warsaw at the Łopuszańska Rd. - for hire. Costs ranked among real estate investments as at 31 December 2009:

- Costs of administrative charges, fiscal charges and court fees connected with the excluding the plot from the farming – PLN 18.4 thousand;
- Cost of permit design necessary for obtaining building permit - PLN 2,000.0 thousand
- Other costs (among others tax on land) – PLN 43.8 thousand.

According to accounting policy - since 1 January 2009 International Accounting Standards 40 (MSR 40) is applicable to real estates-in- progress which in the future will be exploited as investment real estates, it means that they can be evaluated not only at the production cost, but also at the fair price. On the condition that it will be possible to determine credibly the fair price, if not, until the moment, in which the company will be able to determine credibly fair value, the real estate under construction is being evaluated according to the production cost. Effects of the evaluation on account of the difference between the balance value of the real estate under construction and the fair value of the investment real estate should be included in the financial result.

Before change the investment real estate under construction were subject to International Accounting Standards 16 (MSR 16) regulations - *Tangible fixed assets* - it means that these real estates were evaluated in the production cost all the way to the moment of moving the investment real estate –in- progress to investment real estates.

In the estimation of the company's management board, in the condition of ruling crisis, until the moment of achieving the state of unfinished building of the planned structure of the centre under the roof it will be hard credibly to determine fair value of the real estate - in -progress. Therefore the evaluation will be in the production cost.

Tangible assets – ownership structure	As at 31 Dec. 2009	As at5 31 Dec. 2008
a) own	17 373	17 410
b) used on the basis of the tenancy agreement, the lease or other agreement, including lease contract, including:	19 329	21 052
- lease of tangible assets	2 969	4 066
- hire and lease	15 199	15 815
- value of right of perpetual usufruct	1 161	1 171
Total balance sheet tangible assets	36 702	38 462

Change in tangible assets - 2009

	Land, including right of perpetual usufruct of land	Buildings, premises and objects of the civil engineering	Technical devices and machines	Means of transport	Other tangible assets	Tangible assets- in- progress	Total tangible assets
Gross value							
As at 1 January 2009	4 739	19 800	8 068	8 381	9 194	3 851	54 033
a) increase (on account of)	0	4 330	247	353	-634	-1 794	2 502
-purchase of tangible assets		493	231	369	104		1 197
- other changes		3 837	16	-16	-738	-1 794	1 305
b) decrease (on account of)	0	0	484	358	278	0	1 120
- sale of tangible assets			484	358	278		1 120

Grupa Kapitałowa Prochem

Skonsolidowane sprawozdanie finansowe sporządzone zgodnie z Międzynarodowymi Standardami Sprawozdawczości Finansowej za okres od 01 stycznia 2009 r. do 31 grudnia 2009 r.

As at 31 December 2009	4 739	24 130	7 831	8 376	8 282	2 057	55 415
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Depreciation

As at 1 Jan. 2009 -accumulated depreciation	207	1 007	5 427	2 993	5 937	0	15 571
Depreciation (on account of)	92	792	283	1 396	579	0	3 142
- increase (calculated depreciation)	92	792	731	1 605	777		3 997
- decrease on account of sale and liquidation of tangible assets			448	209	198		855
As at 31 Dec. 2009 -accumulated depreciation	299	1 799	5 710	4 389	6 516	0	18 713
Net value of tangible assets as at 31 Dec. 2009	4 440	22 331	2 121	3 987	1 766	2 057	36 702

Comparative data

Change in tangible assets - 2008

	Land, including right of perpetual usufruct of land	Buildings, premises and objects of the civil engineering	Technical devices and machines	Means of transport	Other tangible assets	Tangible assets- in- progress	Total tangible assets
Gross value							
As at 1 Jan. 2008	5 534	21 616	7 905	6 573	8 916	99	50 643
b) increase(on account of)	524	1	859	2 725	1 154	3 849	9 112
- purchase of tangible assets	524	1	859	2 725	1 154	3 849	9 112
c)decrease (on account of)	1 319	1 817	696	917	876	97	5 722
- sale of tangible assets	1 319	1 445	666	912	876	97	5 315
-liquidation of tangible assets			30	5			35
- other changes		372					372
As at 31 Dec. 2008	4 739	19 800	8 068	8 381	9 194	3 851	54 033

Depreciation

As at 1 Jan. 2008 -accumulated depreciation	933	1 091	5 206	2 419	5 637	21	15 307
Depreciation(on account of)	-726	-84	221	574	300	-21	264
- increase (calculated depreciation)	93	717	941	1 755	851		4 357
- decrease on account of sale and liquidation of tangible assets	819	801	720	1 181	551	21	4 093
As at 31 Dec. 2008 -accumulated depreciation	207	1 007	5 427	2 993	5 937	0	15 571
Net value of tangible assets as at 31 Dec. 2008	4 532	18 793	2 641	5 388	3 257	3 851	38 462

Tangible assets shown in this statement were included in appropriate values. In current account year a depreciation didn't take place.

Note No 2 – Intangible Assets

INTANGIBLE ASSETS	As at 31 Dec. 2009	As at 31 Dec. 2008
Acquired concessions, patents, licenses and similar including software	484	968
Total intangible assets	484	968

INTANGIBLE ASSETS (OWNERSHIP STRUCTURE)	As at 31 Dec. 2009	As at 31 Dec. 2008
own	484	968
Total intangible assets	484	968

MOVEMENTS IN INTANGIBLE ASSETS IN 2009

	Acquired concessions, patents, licenses and similar including software	Total intangible assets
a) gross value in the beginning of period	4 068	4 068
b) increase (on account of)	17	17
- purchase	17	17
d) gross value in the end of period	4 085	4 085
e) accumulated amortisation in the beginning of period	3 100	3 100
f) amortisation in the period (on account of)	501	501
- increase (calculated amortisation)	501	
g) accumulated amortisation in the beginning of period	3 601	3 601
h) net value in the end of period	484	484

Comparative data

MOVEMENTS IN INTANGIBLE ASSETS IN 2008

	Acquired concessions, patents, licenses and similar including software	Total intangible assets
a) gross value in the beginning of period	3 498	3 498
b) increase (on account of)	651	651
- purchase	651	651
c) decrease (on account of)	81	81
- sale/liquidation	81	81
d) gross value in the end of period	4 068	4 068
e) accumulated amortisation in the beginning of period	2 339	2 339

Grupa Kapitałowa Prochem

Skonsolidowane sprawozdanie finansowe sporządzone zgodnie z Międzynarodowymi Standardami Sprawozdawczości Finansowej za okres od 01 stycznia 2009 r. do 31 grudnia 2009 r.

21

f) amortisation (on account of)	761	761
-increase (calculated amortisation)	761	
g) accumulated amortisation in the end of period	3 100	3 100
h) net value in the end of period	968	968

Intangible assets shown in this statement were included in appropriate values. In current account year a decrease in value didn't take place.

Note No 3 – Real Estate Investments

REAL ESTATE INVESTMENTS	As at 31 Dec. 2009	As at 31 Dec. 2008
Value of perpetual usufruct of land	16 454	10 431
Buildings and structures	14 871	11 748
Value of land	25 348	25 348
Total real estate investments	56 673	47 527

In 2007 the Group made a decision about purchasing the plot for construction of the office and commercial centre for rent. Above mentioned immovable property was purchased as the land used for crops. Purchase price of the immovable property/ land amounted to PLN 16,348.2 thousand, including 320 thousand as tax on civil law transactions. The tax on civil law transactions was charged and collected unjustly, so the Company appealed for the refund of tax in January 2010. On 6 March 2010 subsidiary Irydion received decision of the revenue office about stating the overpayment. Corrections of the evaluation of the investment property /ground being in possession of the Irydion Company were made in 2008 upon receipt of the decision on excluding agricultural lands permanently from the agricultural production. The evaluation was effected by an independent certified financial expert. Fair value of immovable property was determined at PLN 26,350 thousand. Value of immovable property has risen by PLN 9,000 thousand. Net profit from the evaluation in the amount of PLN 7.290 thousand appertain to the result of 2008. Following the decision of the company Management Board, 90 % of changes of the value from the evaluation of the transfer of the ownership of the plot were accepted. As at 31 December 2009 independent financial expert maintained market value which is amounting to PLN 26,350 thousand. The Management Board of the Company holds up their decision from 2008 concerning approach to change of value of immovable property/ground.

Note No 4 – Shares and Stocks in Subsidiaries and Other Entities

SHARES AND STOCKS IN SUBSIDIARIES	As at 31 Dec. 2009	As at 31 Dec. 2008
a) in subsidiaries	493	493
b) in associated entities not under consolidation	20	20
c) in other entities	2 873	2 873
Net value of shares and stocks	3 386	3 386

Grupa Kapitałowa Prochem

Skonsolidowane sprawozdanie finansowe sporządzone zgodnie z Międzynarodowymi Standardami Sprawozdawczości Finansowej za okres od 01 stycznia 2009 r. do 31 grudnia 2009 r.

22

Revaluating write off covering value of financial fixed assets	1 160	1 160
Gross value of shares and stocks	4 546	4 546

MOVEMENTS IN SHARES AND STOCKS IN SUBSIDIARIES	As at 31 Dec. 2009	As at 31 Dec. 2008
a) as at the beginning of period	3 386	2 186
- shares and stocks	3 386	2 186
b) increase (on account of)	0	1 350
- including of the company IRYD sp. z o.o. consolidation on 1 Jan. 2008 r		1 350
- participation in the limited partnership		1 350
c) decrease (on account of)		150
- elimination entry on consolidation concerning value of shares of company IRYD covered by consolidation		150
d) as at the end of period	3 386	3 386
- shares and stocks	3 386	3 386

MOVEMENT IN REVALUATING WRITE OFF OF THE VALUE OF SHARES AND STOCKS IN SUBSIDIARIES	As at 31 Dec. 2009	As at 31 Dec. 2008
As at the beginning of period	1 160	1 654
a) decrease (on account of)		494
- revaluating write off covering value of shares		494
As at the end of period	1 160	1 160

On 24 February 2009 the Issuer signed the contract of sale of shares on the basis of which the Issuer purchased 1,000 shares of the subsidiary of the nominal value of PLN 5 each, in total amount of PLN 30,000 (say: thirty thousand of zlotys). Ownership of the shares to the Issuer was transferred on the day of payment for shares that is on 10 March 2009. After the effected transaction participation of PROCHEM S.A. in capital and votes of the company Elektromontaż Cracow is 54.45%.

As at 31 December 2009 the Group made an appraisal whether premises pointing to the decrease of value of shares and stocks in given entities exist. Upon carrying out analysis the premises which would appoint to the need to recognize impairment write off weren't identified.

On 21 April 2009 PROCHEM Inwestycje Sp. z o.o. purchased 1 share of PRO-INHUT Sp. z o.o. for total amount of PLN 15,657.00. Participation in capital of the Company amounts to 99% and in votes to 99.

The value of financial assets is determined based on their utility established on the basis of forecasts of future cash flow for the period of at least five years, with the application of the discount rate.

The balance value of shares indicated in the financial statement for 2009 is real. Prochem Inwestycje Sp.z o.o. in Warsaw and ASI Polska Sp. z o.o. in Gliwice didn't prepare consolidated statements. Entity's statements of subsidiaries and associated companies are included into consolidated statement drawn up by Prochem SA.

Joint undertakings – company Prochem S.A. signed the agreement of the consortium, which object constitutes the shared accomplishment by members of a syndicate of the Contract

concluded with Ordering for the Engineer for the Task 2: Modernisation and extension of “Czajka” Sewage Treatment Plant. The agreement of the consortium is in effect from a day of the signing of contract with Ordering to the expiry date of claims arising from the Contract advanced by Ordering. Participation of S.A. in the consortium constitutes 51%. The Issuer being the Leader of Consortium represents the consortium towards Ordering, signs records of acceptance of works performed by the Consortium, on the basis of which issues invoice on Ordering. The Leader is including the total revenues into the revenue shown in profit and loss account and the costs of Members of the Consortium for their participation in the accomplishment of the task includes in cost of subcontractors.

Revenues invoiced on Ordering are included in Profit and Loss Account and are as follows:

	For the period from 1 Jan.2009 to 31 Dec. .2009 (in th. of PLN)	For the period from 1 Jan. 2008 to 31 Dec. 2008 r. (in th. of PLN)
Revenues from sale of services	687	0
Cost of o project	959	133
including: value of services provided by consortium member (according to participation)	330	0

Shares and Stocks in Subordinated Entities

Lp.	a	b	c	d	e	f	g	h	i	j	k
	Name of the entity and legal form	Registered office	Objects of the company	Character of the connection(subsidiary, co-subsidiary, associated, with specifying direct and indirect connections)	Applied consolidation method/valued under the equity pick-up method or showing that entity isn't subject to a consolidation/estimation under the equity pick-up method	Date of commencement of controlling/co-controlling/obtaining substantial influence	Value of shares according to the purchase price	Corrections updating the value	Balance value of shares	Percentage of held share capital	Participation in the total number of votes at the General Meeting
1	IRYDION sp. z o.o.	Warsaw	Lease of the real estate on own account	subsidiary	fully	24 March 2000	4 500		4 500	100.0	100.0
2	PROCHEM INWESTYCJE sp. z o. o.	Warsaw	Consulting on business activity and management	subsidiary	fully	22 June 1992	2 999		2 999	100.0	100.0
3	ASI Polska sp. z o.o.	Gliwice	Services in the scope of management of enterprises and valuation of assets of the enterprise, engineering and technical services, technical testing and analysis, start-up operations and operation tests of the installation of the production lines	indirect subsidiary	fully	14 January 2000	3 381		3 381	92.5	92.5
4	PROCHEM SERWIS sp. z o.o.	Warsaw	Management and maintenance of technical installations for housing estates and office buildings	indirect subsidiary	fully	24 June 1999	198		198	90.0	90.0
5	PREDOM sp. z o.o.	Wrocław	Building, technological design, urban planning	indirect subsidiary	fully	19 July 2002	764		764	81.1	69.4
6	PRO-INHUT sp. z o. o.	Dąbrowa Górnicza	Building, technological design, urban planning	indirect subsidiary	fully	04 October 2001	49		49	99.0	99.0
7	PRO-ORGANIKA S.A.	Warszawa	Building, technological design, urban planning	subsidiary	fully	28 June 1996	320		320	91.4	91.4

8	PROCHEM ZACHÓD sp. z o.o.	Ślubice	marketing activity, building and design service, the trade and forwarding	subsidiary	fully	18 March 1998	960		960	60.0	60.0
9	PROTRADE sp. z o.o.	Gdynia	construction services	indirect subsidiary	fully	29 June 2006 r.	48		48	74.0	74.0
10	ELEKTROMONTAŻ KRAKÓW S.A.	Kraków	electrical installations and assembly services	indirect subsidiary	fully	10 Dec. 2001	1 051		1 051	53.5	53.5
11	ELMONT INWESTYCJE sp. z o.o.	Kraków	developing and the sales of real estate and the lease of the real estate on own account, management of non-residential property	indirect subsidiary	fully	05 April 2007	8 048		8 048	76.8	76.8
12	ELPRO sp. z o.o.	Kraków	developing and the sales of real estate and the lease of the real estate on own account, management of non-residential property	indirect subsidiary	fully	17 April 2002	2 941		2 941	76.8	76.8
13	IRYD sp. z o.o.	Warsaw	developing and the sales of real estate on own account,	indirect subsidiary	fully	13 July 2000	150		150	100.0	100.0
14	ATUTOR INTEGRACJA CYFROWA sp. z o.o.	Warsaw	production and the sale of the software, integration of computer systems, teleinformatic services	associated (indirect)	fully	28 Sept. 2000	308		308	90.0	90.0
15	PREDOM PROJEKTOWANIE sp. z o.o.	Wrocław	engineering and design services	indirect subsidiary	is not subject to consolidation	01 May 2002	53	53	0	73.2	58.7
16	PROCHEM RPI S.A.	Warsaw	development activities	Associated (subsidiary in 100% Prochem Inwestycje holds 3.33% of shares)	is not subject to consolidation	08 April 1998	493		493	100.0	100.0
17	PASTEREX sp. z o.o.	Warsaw	developing and implementing of modern technologies	associated (indirect)	is not subject to consolidation	26 Oct. 1999	1 000	1 000	0	50.0	50.0
18	Elmont Pomiary	Kraków	development services	subsidiary	fully	20 April 2004	190		190	100.0	100.0

Shares and Stocks in Subordinated Entities - continuation

Item No	a Name of the entity	b Equity, including						c Liabilities and reserves for liabilities, including :			d Trade receivables and other receivables , including:		e Total assets	f Total revenues from sales	
		Share capital	Spare capital	Other capital, including:			Long-term	Short-term	Long-term	Short-term					
				profit(loss) from previous years	Net profit (loss)										
1	IRYDION Sp. z o.o.	19 850	4 500	15 122	228	173	55	19 547	19 545	2	3 578	3 578	39 397		
2	PROCHEM INWESTYCJE Sp. z o.o.	4 075	3 000	467	608		608	17 989	4 048	13 941	470	470	22 064	3 593	
3	ASI Polska Sp. z o.o.	6 122	1 334	3 734	1 054		-32	4 916	1 076	3 840	2 513	2 513	11 038	15 185	
4	PROCHEM SERWIS Sp. z o.o.	771	220		551		-30	676	313	363	718	718	1 447	5 225	
5	PREDOM Sp. z o.o.	6 307	600	1 490	4 217		197	1 853	1 180	673	869	869	8 160	4 207	
6	PRO-INHUT Sp. z o.o.	1 533	50	1 400	83		83	1 037		1 037	1 997	1 997	2 570	7 076	
7	PRO-ORGANIKA S.A.	217	350		-133	-175	42	2 359	5	2 354	1 650	1 650	2 576	3 079	
8	PROCHEM ZACHÓD Sp. z o.o.	1 319	1 600		-281	-271	-10	189		189	8	8	1 508		
9	PROTRADE sp. z o.o.	262	60		202	55	147	824		824	858	858	1 086	3 796	
10	ELEKTROMONTAŻ KRAKÓW S.A.	23 531	1 600	13 486	8 445		2 488	8 096	1 427	6 669	11 685	11 685	31 627	28 036	
11	ELMONT INWESTYCJE sp. z o.o.	13 512	8 000	843	4 669		4 669	8 380	7 457	923	551	551	21 892	30	
12	ELPRO sp. z o.o.	4 487	3 290	947	250		62	108	16	92	1 288	1 288	4 595	404	
13	IRYD Sp. z o.o.	-585	150		-735	-655	-80	5 158		5 158	3 212	3 212	4 573		
14	ATUTOR Sp. z o.o.	-125	355		-480	-602	122	759	259	500	436	436	634	1 196	
15	PROCHEM RPI Sp. z o.o.	464	600		-136	-144	8	1		1	20	20	465		
16	PASTEREX sp. z o.o.				Is not subject to consolidation										
17	PREDOM PROJEKTOWANIE Sp. z o.o.				Is not subject to consolidation										
18	Elmont Pomiary Sp. z o.o.	352	190	146	16		16	210		210	157	157	570	785	

Grupa Kapitałowa Prochem

Skonsolidowane sprawozdanie finansowe sporządzone zgodnie z Międzynarodowymi Standardami Sprawozdawczości Finansowej za okres od 01 stycznia 2009 r. do 31 grudnia 2009 r.

Shares and Stocks in Other Entities

SHARES AND STOCKS IN OTHER ENTITIES								
Item No.	a	b	c	d	e		f	g
	Name of the entity and legal form	Registered office	Objects of the enterprise	Balance value of shares	Equity, including: - share capital		% of possessed share capital	Participation in the total number of votes at the General Meeting
1	Kostrzyńsko-Słubicka Specjalna Strefa Ekonomiczna SA	Kostrzyn nad Odrą	consulting on business activity and management	1500	96 512	28 059	5.4%	5.4%
2	IRYD Sp. zo.o. CONCORDE Investissement S.A. Sp.K.	Warsaw	developing and the sales of real estate on own account,	1350	2 300	2 701	50.0%	50.0%

Note No 5 – Shares and Stocks in Entities Consolidated under the Equity Method

SHARES AND STOCKS IN ENTITIES CONSOLIDATED UNDER THE EQUITY METHOD	As at 31 Dec. 2009	As at 31 Dec. 2008
- shares and stocks	629	715
Net value of shares and stocks	629	715
- revaluating write off covering value of shares or stocks	1 518	1 146
Gross value of shares and stocks	2 147	1 861

MOVEMENTS IN SHARES AND STOCKS IN ENTITIES CONSOLIDATED UNDER EQUITY METHOD	As at 31 Dec. 2009	As at 31 Dec. 2008
a) at the beginning of period	715	1 062
b) increase (on account of)	-81	-226
- participation in result of current year	-81	-226
c) decrease (on account of)	5	
- revaluating write off covering value of shares	5	
d) net value at the end of period	629	715
e) revaluating write off	1 518	1 146
f) gross value at the end of period	2 147	1 861

MOVEMENT IN REVALUATING WRITE OFFS COVERING VALUE OF SHARES AND STOCKS IN THE ENTITIES CONSOLIDATED UNDER EQUITY METHOD	As at 31 Dec. 2009	As at 31 Dec. 2008
At the beginning of period	1 146	1 146
Increase of revaluating write off	372	
At the end of period	1 518	1 146

Shares and Stocks in Entities Consolidated under the Equity Method

Item No	a	b	c	d	e	f	g	h	i	j	k
	Name of the entity and legal form		Objects of the enterprise	Character of the connection(subsidiary, co-subsidiary, associated, with specifying direct and indirect connections	Applied consolidation method	Date of commencement of controlling/co-controlling/obtaining substantial influence	Value of shares according to the purchase price	Total corrections updating the value	Balance value of shares /stocks	Percentage of held share capital	Participation in the total number of votes at the General Meeting
1	TEOMA S.A.	Warsaw	other wholesale special	Associated indirect(subsidiary in 100% Prochem Inwestycje holds 7,5 % of shares)	Equity method	30 Sept. 2000	1 493	1 493	0	12.8	12.8
2	PROMIS Sp. z o.o.	Warsaw	developing and implementing of modern technologies of flue gas desulfurization	Associated (indirect)	Equity method	18 Sept. .2000	220		220	97.6	45.0
3	PRO-PLM Sp. z o.o.	Warsaw	services in the scope: of maintaining premises in good order, of administering premises, engineering	Associated (indirect)	Equity method	07 Jan. 2000	25	25	0	50.0	50.0
4	ITEL sp. z o.o.	Gdynia	other electrical installations and assembly services	Associated	Equity method	13 Sept. 2005	708		708	35.2	35.2

Item No.	a	b						c			d			e	f
		Name of the entity	Equity, including:			Liabilities and reserves for liabilities, including :			Receivables, including:			Total assets	Total revenues from sales		
			Share capital	Spare capital	Other capital, including:		Long-term liabilities	Short-term liabilities	long-term receivables	short-term receivables					
				Total revenues from sales	net profit (loss)										
1	TEOMA S.A.	-564	5 050	2 364	-7 978	-7 759	-219	18 370	3 140	15 230	10 260	3 966	6 294	17 806	32 453
2	PROMIS Sp. z o.o.	1 348	225	372	751	751	61	61	25	36	92		92	1 409	2 842
3	PRO-PLM Sp. z o.o.	-1	50		-51	-50	-1	27		27	14		14	26	
4	ITEL Sp. z o.o.	-267	686	292	-1 245	-55	-1 190	2 379	125	2 254	1 348		1 348	2 111	4 037

Grupa Kapitałowa Prochem S.A.**Note No 6 – Deferred Income Tax Assets**

CHANGE IN ASSETS ON ACCOUNT OF DEFERRED INCOME TAX	As at 31 Dec. 2009	As at 31 Dec. 2008
1. Assets on account of deferred income tax at the beginning of period, including::	3 499	2 798
a) parked in the financial result	3 438	2 388
- reserves established to future costs	513	755
- revaluating write off covering value of amount due	312	0
- exchange differences		7
-unpaid remuneration on account of contracts of mandate and contract to perform a specific task	385	173
- deferred revenue	1 276	1 278
-interest on loan	118	61
- reserve to costs of the current period concerning the movable part of remuneration, payment in the next period	168	0
- reserve to post-retirement benefits	536	88
- reserve to holiday benefits	83	0
- unpaid contribution to social security benefits (ZUS)	41	0
- unpaid fringe benefits	6	0
- other		26
b) parked in equity capital	61	410
- reserve to post-retirement benefits	61	410
2. Increase	2 403	2 697
a) parked in the financial result of the period in relation to negative temporary differences (on account of)	2 402	2 697
- reserves established to future costs	492	469
- revaluating write off covering value of amounts due	14	312
- exchange differences	0	2
- unpaid remuneration on account of contracts of mandate and contract to perform a specific task	98	383
- deferred income	4	26
- interest on loan	50	93
- reserve to costs of the current period concerning the movable part of remuneration, payment in the next period		436
- reserve to post-retirement benefits	279	486
- reserve to holiday benefits		100
- unpaid contribution to social security benefits (ZUS)		41
- unpaid fringe benefits	5	7
- other	1 460	342
b) parked in equity in relation to negative temporary differences (on account of)	1	0
- reserve to post-retirement benefits	1	0
3. Decrease	1 847	1 996
a) parked in the financial result of the period in relation to negative temporary differences (on account of)	1 847	1 647
- using reserve established to costs	504	711
- using reserves established to amounts due	185	0
- exchange differences		9
- paid remuneration on account of contracts of mandate and contract to perform a specific task, included in the costs of the previous period	384	171
- deferred income	30	28
- interest on loan	41	36

*Grupa Kapitałowa Prochem**Skonsolidowane sprawozdanie finansowe sporządzone zgodnie z Międzynarodowymi Standardami Sprawozdawczości Finansowej za okres od 01 stycznia 2009 r. do 31 grudnia 2009 r.*

31

Grupa Kapitałowa Prochem S.A.

- payment of the movable part of remuneration, included in costs of the previous period	168	268
- payment of post retirement benefits	454	38
- payment of holiday benefits entered in the books into costs of the previous period	19	17
- paid contribution to social security benefits (ZUS) entered in the books into costs of the previous period	41	0
- paid fringe benefits	8	1
- other	13	368
b) parked in equity capital in relation to negative temporary differences (on account of)		349
- reserve to post-retirement benefits		349
4. Total assets on account of deferred income tax in the end of period , including:	4 055	3 499
a) parked in financial result	3 993	3 438
- reserves established to future costs	501	513
- revaluating write off covering value of amounts due	141	312
- unpaid remuneration on account of contracts of mandate and contract to perform a specific task	99	385
- deferred revenue	1 250	1 276
- interest on loan	127	118
- reserve to costs of the current period concerning movable part of remuneration		168
- reserve to post-retirement benefits	361	536
- reserve to holiday benefit	64	83
- unpaid contribution to social security benefits (ZUS)	0	41
- unpaid fringe benefits	3	6
- other	1 447	0
b) parked in equity capital in relation to negative temporary differences (on account of)	62	61
-reserve to post-retirement benefit	62	61

Increase on account of arising temporary differences caused by the dissimilarity of the moment of recognition the cost as borne in accordance with tax regulations as at 31 Dec. 2009:

title	value (in PLN th.)	tax amount (19%) (in PLN th.)
- establishing reserves to future costs	2 589	492
- revaluating write off covering value of amounts due	74	14
- interest on loan	263	50
- deferred income	21	4
- unpaid remuneration on account of contracts of mandate and contract to perform a specific task	5 106	98
- unpaid post-retirement benefits	1 468	279
- unpaid fringe benefits	26	5
- establishing reserve to tax loss	7 684	1 460

Decrease of assets on account of deferred income tax as at 31 Dec. 2009:

title	value (in PLN th.)	tax amount (19%) (in PLN th.)
- using the reserve established to future costs	2 653	504
- using the reserve established to amounts due	974	185
- payment of remuneration on account of contracts of mandate and contract to perform a specific task	2 026	384
- payment of the movable part of remuneration, included in costs of the previous period	884	168
- dissolving the reserve to post-retirement benefits	2 389	454
- payment of holiday benefits entered in the books into costs of the previous period	100	19

Grupa Kapitałowa Prochem S.A.

- paid contribution to social security benefits (ZUS) entered in the books into costs of the previous period	216	41
- paid fringe benefits	42	8
- other	68	13
- deferred income	158	30
- interest on loan	215	41

As at 31 Dec. 2009 the balance of negative temporary differences parked in the financial result comprises:

title	value (in PLN th.)	tax amount (19%) (in PLN th.)
- reserves established to future costs	2 637	501
- revaluating write off covering value of amounts due	742	141
- unpaid remuneration on account of contracts of mandate and contract to perform a specific task	521	99
- reserve to post-retirement benefits	1 900	361
- deferred income	6 579	1 250
- interest on loan	668	127
- reserve to holiday benefits	337	64
- reserve to ½ tax loss in 2009	7 616	1 447
- unpaid fringe benefits	10	3

The date of expiry of negative temporary differences is determined as at 31 Dec. 2009 except for the reserve to post-retirement benefits which the expiration date is determined for 2030.

Note No 7 – Other Long-lived Assets

OTHER LONG-LIVED ASSETS	As at 31 Dec. 2009	As at 31 Dec. 2008
a) in other entities		1
- other		1
Total other long-lived assets		1

Note No 8 – Inventory

INVENTORY	As at 31 Dec. 2009	As at 31 Dec. 2008
Materials	5 229	5 486
Semi-finished products and products in process	610	770
Goods	790	481
Total inventory	6 629	6 737

Value of inventory parked in costs in 2009 amounts to PLN 1 250. In the given financial year an appraisal of materials and goods being on the stock was made. Costs of revaluating write off covering inventory amount to PLN 169 thousand and were included in other operating costs.

Grupa Kapitałowa Prochem S.A.**Note No 9 – Trade Receivables and Other Receivables**

TRADE RECEIVABLES AND OTHER RECEIVABLES	As at 31 Dec. 2009	As at 31 Dec. 2008
Trade receivables		
From affiliated entities		85
- from sales of services, with time of payment:		85
- up to 12 months		85
From other entities	54 738	120 977
- from sales of services , with time of payment:	54 608	118 749
- up to o 12months	44 759	99 845
- over 12months	9 849	18 904
- down-payment	90	2 228
- claimed in a court	40	
Total net short-term trade receivables	54 738	121 062
Revaluating write off covering value of trade receivables	5 616	6 977
Total gross trade short-term receivables	60 354	128 039
Other receivables		
From affiliated entities	11	1
-with time of payment :	11	1
- up to 12 months	1	1
- over 12 months	0	0
- claimed in a court	10	0
From other entities	2 389	5 154
- with time of payment:	835	1 132
- up to 12 months	835	1 132
- over 12 months	0	0
- on account of taxes, subsidy, customs, social insurance, health insurance and other benefits	1 071	3 807
- other	483	215
Total net other short-term receivables	2 400	5 155
Revaluating write off covering value of other receivables	2 171	2 373
Total gross other short-term receivables	4 571	7 528
Total net short-term trade receivables and other receivables	57 138	126 217
Revaluating write off covering value of trade receivables and other receivables	7 787	9 350
Total gross short term trade receivables and other receivables	64 925	135 567

TRADE RECEIVABLES AND OTHER RECEIVABLES FROM AFFILIATED ENTITIES

	As at 31 Dec. 2009	As at 31 Dec. 2008
Trade receivables including:		85
- from associated entities		85
Other including :	11	1
- from associated entities	11	1
Total net short-term trade receivables and other from affiliated entities	11	86
Revaluating write off covering value of receivables from affiliated entities	512	531
Total gross short-term trade receivables and other receivables from affiliated entities	522	617

Grupa Kapitałowa Prochem S.A.**MOVEMENTS REVALUATING WRITE OFF COVERING VALUE OF TRADE RECEIVABLES AND OTHER RECEIVABLES**

	As at 31 Dec. 2009	As at 31 Dec. 2008
At the beginning of period	9 348	5 671
a) increase (on account of)	173	4 375
- establishing reserves	173	4 317
- claimed in a court		58
b) decrease (on account of)	1 734	696
- received payments	355	66
- using reserves established in previous periods	1 319	69
- dissolving	60	561
Revaluating write off covering value of short-term trade receivables and other in the end of period	7 787	9 350

AMOUNTS DUE ON ACCOUNT OF SUPPLIES AND SERVICES (GROSS VALUE) - OF TIME OF PAYMENT REMAINING FROM THE BALANCE SHEET DAY:

	As at 31 Dec. 2009	As at 31 Dec. 2008
a) up to 1 month	8 143	70 992
b) over 1 month up to 3 months	10 698	12 170
c) over 3 months up to 6 months	491	12 850
d) over 6 months up to 1 year	22 212	3 127
e) over 1 year	11 607	6 801
f) overdue receivables	7 203	22 099
Total (gross) on account of sales of services	60 354	128 039
g) revaluating write off covering value of receivables from sales of services	5 616	6 977
Total net receivables from sales of services	54 738	121 062

The balance of amounts due from sales of services includes also overdue amounts of the balance value of PLN 17,364 thousand from the title of bail on account of statutory warranties, to which the company didn't establish reserves, since a substantial change of the quality of this debt didn't take place, in relation to what still they are being regarded as recoverable. The company has security in the form of seized bails from the title of statutory warranty from subcontractors in the amount of PLN 16,515 thousand.

In majority of contracts signed by the company the time of payment for services is determined in the period from 14 up to 60 days.

GROSS OVERDUE RECEIVABLES DUE ON ACCOUNT OF SALES OF SERVICES - WITH THE DIVISION INTO AMOUNTS DUE NOT PAID IN THE PERIOD:

	As at 31 Dec. 2009	As at 31 Dec. 2008
a) up to 1 month	698	2 758
b) over 1 month up to 3 months	412	3 683
c) over 3 months up to 6 months	75	4 952
d) over 6 months up to 1 year	303	5 395
e) over 1 year	5 715	5 311
Total gross overdue receivables from sales of services	7 203	22 099
f) revaluating write off covering value of receivables from sales of services overdue	5 616	6 939
Total net receivables from sales of services overdue	1 587	15 160

Grupa Kapitałowa Prochem S.A.**Note No 10 – Other Financial Assets**

OTHER FINANCIAL ASSETS	As at 31 Dec. 2009	As at 31 Dec. 2008
From subsidiaries directly and indirectly :	3 210	3 010
- short-term loans	3 210	3 010
From other entities :	222	204
- short-term loans	222	204
Total other financial assets	3 432	3 214

Loans granted as at 31 Dec. 2008

- Loan granted to the Civil Committee of the Structure of the Cardiological Hospital of the Marshal Józef Piłsudski in Warsaw by PROCHEM S.A. in the amount of PLN 204 thousand, including: loan amount PLN 133 thousand, amount of accrued interest PLN 71 thousand, interest set in the amount of statutory interest, term of a loan 30 June 2008
- Loan granted to associated company PRO PLM Sp. z o.o. by subsidiary PROCHEM INWESTYCJE Sp. z o.o. with registered office in Warsaw PLN 20 thousand. Parties set interest in the amount of 10% on an annual basis.
- Loan granted by subsidiary IRYD Sp. z o.o. in Warsaw to company IRYD Concorde Investissement S.A. Limited Partnership in Warsaw PLN 210 thousand, including: loan amount PLN 200 thousand, charging interest according to the pawnshop rate. Term of a loan 31 Dec. 2009. Amount of accrued interest as at the balance sheet day PLN 10 thousand.
- Loan granted by subsidiary IRYD Sp. z o.o. in Warsaw to company IRYD Concorde Investissement S.A. Limited Partnership in Warsaw in 2007 PLN 2,780 thousand including: loan amount PLN 2,590 thousand, charging interest according to the pawnshop rate. Term of a loan 31 Dec. 2008. Amount of accrued interest as at the balance sheet day amounts to PLN 190 thousand.

Increase

- Accrued interest on loan granted to the Civil Committee of the Structure of the Cardiological Hospital – PLN 18 thousand
- Accrued interest by company IRYD Sp. z o.o. for company IRYD Sp. z o.o. Concorde Investissement S.A. S.K. ad valorem of given borrowings amounts to PLN 220 thousand

Decrease

- Revaluating write off covering value of the loan granted to associated company PRO PLM Sp. z o.o. by subsidiary PROCHEM INWESTYCJE Sp. z o.o. with registered office in Warsaw amounts to PLN 20 thousand

Loans granted as at 31 Dec. 2009

- Loan granted to the Civil Committee of the Structure of the Cardiological Hospital of the Marshal Józef Piłsudski in Warsaw by PROCHEM S.A. in the amount of PLN 222 thousand including: loan amount PLN 133 thousand, amount of accrued interest is PLN 89 thousand, interest set in the amount of statutory interest, due date of a loan 30 June 2008
- Loan granted by subsidiary IRYD Sp. z o.o. in Warsaw to company IRYD Concorde Investissement S.A. Spółka Komandytowa w Warszawie PLN 230 thousand, including: loan amount PLN 200 thousand, charging interest according to the pawnshop rate. Due date of a loan 31 Dec. 2009 Amount of accrued interest as at balance sheet day amounts to PLN 31 thousand.
- Loan granted by subsidiary IRYD Sp. z o.o. in Warsaw to company IRYD Concorde Investissement S.A. Spółka Komandytowa w Warszawie in 2007 amounts to PLN 2 980 thousand, including: loan amount PLN 2,590 thousand, charging interest according to the

Grupa Kapitalowa Prochem S.A.

pawnshop rate. Due date of a loan 31 Dec. 2009 Amount of accrued interest as at balance sheet day amounts to PLN 390 thousand.

Note No 11 – Other Assets

OTHER ASSETS (BY TYPES)	As at 31 Dec. 2009	As at 31 Dec. 2008
a) Prepayments	673	729
- costs of property and personal insurance	259	250
- maintenance cost of softwares	231	182
- subscriptions	29	37
- accounting for the write-off of the employee benefit fund		17
- period costs		147
- initial rent from lease agreement	76	44
- other	78	52
b) other accrued costs and prepayments	12 826	10 685
- surplus of the receivables on account of production not completed above advance payments	12 779	10 622
- other	47	63
c) remaining	916	7
- other	916	7
Total remaining assets	14 415	11 421

In the item - *Other accrued costs and prepayments* was included the evaluation of construction contracts for building - in - progress as at the balance sheet day.

Note No 12 – Share Capital

SHARE CAPITAL (STRUCTURE)							
Series / emission	Type of the share	Nature of share preference	Number of shares	Value of series/ emission acc. to the nominal value	Capital coverage	Registration date	Right to dividend (from the date)
founding	registered	3 votes per	1 840	1 840	cash	23 July 1991	1 Oct. 1991
founding	registered	1 share	15 754	15 754	cash	23 July 1991	1 Oct. 1991
founding	bearer		1 799 906	1 799 906	cash	2 July 1991	1 Oct. 1991
B	registered		5 250	5 250	cash	29 July 1993	1 Jan. 1993
B	bearer		677 250	677 250	cash	29 July 1993	1 Jan. 1993
C	bearer		530 000	530 000	cash	20 April 1994	1 Jan. 1994
D	bearer		870 000	870 000	cash	05 Sept. - 1994	1 Jan. 1994
Total number of shares			3 900 000				
Total share capital				3 900 000			
Nominal value of 1 share = PLN 1							

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

Grupa Kapitałowa Prochem S.A.

Description	Qty of shares (units)	% of votes in the total number of votes	% of capital share
1. Prochem Holding Sp. z o.o.	962,341	24.65	24.68
2. Steve Tappan	382,751	9.80	9.81
3. ING Towarzystwo Funduszy Inwestycyjnych SA, including ING Parasol Specjalistyczny	358,312	9.18	9.19
Fundusz Inwestycyjny Otwarty	228,950	5.86	5.87
4. Union Investment Towarzystwo Funduszy Inwestycyjnych S.A.	345,000	8.84	8.85
5. PTE PZU SA	325,521	8.34	8.35
6. Legg Mason Zarządzanie Aktywami S.A	201,948	5.17	5.18

In the period from transmitting the previous annual report of the change in the structure of the ownership of considerable share packets of the issuer concerns:

1. Prochem Holding Sp. z o.o. – the number of shares possessed was reduced by 37,659 units. It means reducing the percentage share in the total number of votes by 0.97% and of share in the equity capital by 0.96%.
2. PTE PZU SA – the number of shares possessed was increased by 31,080 units. It means increase of the percentage share in the total number of votes and of share in equity capital by 0.80%.
3. Millennium Towarzystwo Funduszy Inwestycyjnych S.A. on 17 March 2010 sold the part of the Issuer's shares, as a result of which the reducing the share in the Company below 5% took place. After the transaction the fund announced that was in possession of 166 553 shares, what constitute 4.2706% of share in the capital and 4.2666% of share in the total number of votes.
4. On 17 March 2010 Legg Mason Zarządzanie Aktywami S.A, acquired for the account of Fundusz Własności Pracowniczej Polskich Kolei Państwowych SFIO and Legg Mason Akcji skoncentrowany FIZ shares of the company Prochem. As at this day on an account of the Fund are 201,948 units of the company's shares, what constitutes 5.18% of the capital of the company and 5.17% of total number of votes.

In 2009 Issuer purchased 3000 units of own shares with the aim of redemption. The average unit price of acquiring of shares amounted to PLN 15.50 per 1 unit. The nominal value of purchased shares amounts to PLN 3000.

As at the day of drawing up the information 5000 units of own shares purchased for the purpose of redemption are in possession of PROCHEM S.A. what constitutes 0.13% of share capital and gives 5000 votes at the General Meeting of Shareholders i.e. 0.13%.

Note No 13 – Spare Capital

SPARE CAPITAL	As at 31 Dec. 2009	As at 31 Dec. 2008
a) from the sale of shares above their nominal value	14 037	14 037
b) legal reserve	14 582	15 163
c) other (by type)	21 955	9 443
- value of the participation paid-up in the form of assets	72	72
- moving the difference of the net worth, arising upon a revaluation of fixed assets in case of their sale or liquidation	565	601
- other (profit write-off)	21 318	8 770
Total spare capital	50 574	38 643

Grupa Kapitałowa Prochem

Skonsolidowane sprawozdanie finansowe sporządzone zgodnie z Międzynarodowymi Standardami Sprawozdawczości Finansowej za okres od 01 stycznia 2009 r. do 31 grudnia 2009 r.

38

Grupa Kapitałowa Prochem S.A.

Note No 14 – Revaluation Capital

REVALUATION CAPITAL	As at 31 Dec. 2009	As at 31 Dec. 2008
a) arising upon a revaluation of fixed assets	9 643	9 677
b) value of investment properties	4 020	4 020
Total revaluation capital	13 663	13 697

Note No 15 – Other Reserve Capital

OTHER RESERVE CAPITAL (ACCORDING TO THE AIM OF ALLOCATION)	As at 31 Dec. 2009	As at 31 Dec. 2008
- reserve fund allocated for investment	35 909	34 422
- reserve fund allocated for purchase and redemption of shares	927	1 011
Total other reserve capital	36 836	35 433

Note No 16 – Long-term Credits

CREDITS	As at 31 Dec. 2009	As at 31 Dec. 2008
To remaining entities	1 033	1 471
- credits	1 033	1 471
Total long-term credits	1 033	1 471

Bank credits – contracted by company ASI Polska Sp. z o.o.

Name of the entity	Registered office	Amount of the credit acc. to agreement (in PLN th.)	Amount of the credit for the repayment (in PLN th.)	Interest	Due date	Security
Pekao SA	Gliwice	500	300	WIBOR for monthly deposits in PLN + margin	30 June 2015	B/e, mortgage
Deutsche Bank	Gliwice	1 000	655	WIBOR for monthly deposits in PLN + margin	15 July 2015	B/e, mortgage
ING Bank Śląski	Gliwice	92	18	WIBOR for monthly deposits in PLN + margin	15 July 2011	B/e, pledge by registration
Pekao SA	Gliwice	290	60	WIBOR for monthly deposits in PLN + margin	31 July 2011	B/e, mortgage

Note No 17 – Reserve on the Account of Income Tax

MOVEMENT IN THE RESERVE ON THE ACCOUNT OF DEFERRED INCOME TAX	As at 31 Dec. 2009	As at 31 Dec. 2008
1. Reserve on the account of deferred income tax in the beginning of the period including:	3 710	1 346
a) parked in the financial result	2 713	814
- accrued interest from the loan	415	153
- revaluation of long-term financial assets	136	136
- revaluation of short-term financial assets		60
- depreciation of fixed assets covered by investment allowance	3	50
Grupa Kapitałowa Prochem		39

Skonsolidowane sprawozdanie finansowe sporządzone zgodnie z Międzynarodowymi Standardami Sprawozdawczości Finansowej za okres od 01 stycznia 2009 r. do 31 grudnia 2009 r.

Grupa Kapitałowa Prochem S.A.

- interest on amounts due	14	0
- income from uncompleted service	377	189
-estimation of the income tax liability in Hungary		165
- difference between the instalment of the operating lease and the leased fixed assets depreciation included in costs	49	57
- exchange differences	8	4
- revaluation of non-financial investments	1 710	0
- other	1	0
b) parked in equity	997	532
- revaluation to the fair value of long-term investments	986	518
- revaluation of non-financial investments	0	8
- difference between the instalment of the operating lease and the leased fixed assets depreciation included in costs	11	6
2. Increase	2 888	2 906
a)parked in the financial result of the period from the title of positive temporary difference (on account of)	2 883	2 433
- accrued interest on loan	236	265
- revaluation of short-term financial assets	1	0
- interest on amounts due	22	1
- income from uncompleted service	820	399
- difference between the instalment of the operating lease and the leased fixed assets depreciation included in costs	132	49
- exchange differences	17	8
- revaluation of non-financial investments	1 655	1 710
- other		1
b) parked in equity with reference to positive temporary difference (on account of)	5	473
- revaluation to the fair value of long-term investments	0	468
- difference between the instalment of the operating lease and the leased fixed assets depreciation included in costs	5	5
3. Decrease	783	542
a) parked in the financial result of the period from the title of positive temporary difference (on account of)	777	534
- paid interest on loan	58	3
- using of revaluation of short-term financial assets		60
- depreciation of fixed assets covered by investment allowance	3	47
- interest on amounts due	1	
- income from uncompleted service	382	198
- estimation of the income tax liability in Hungary		165
- difference between the instalment of the operating lease and the leased fixed assets depreciation included in costs	53	57
- exchange differences	8	4
- other	1	
b) parked in equity with reference to positive temporary difference (on account of)	6	8
- revaluation of non-financial investments	271	8
- difference between the instalment of the operating lease and the leased fixed assets depreciation included in costs	6	0
4. Total reserve on account of deferred income tax in the end of period	5 815	3 710
a) parked in financial result	4 819	2 713

Grupa Kapitałowa Prochem

Skonsolidowane sprawozdanie finansowe sporządzone zgodnie z Międzynarodowymi Standardami Sprawozdawczości Finansowej za okres od 01 stycznia 2009 r. do 31 grudnia 2009 r.

40

Grupa Kapitałowa Prochem S.A.

- accrued interest on loan	593	415
- using of revaluation of long -term financial assets	136	136
- using of revaluation of short-term financial assets	1	0
- depreciation of fixed assets covered by investment allowance	0	3
- accrued interest on amounts due	35	1
- income from uncompleted service	815	390
- difference between the instalment of the operating lease and the leased fixed assets depreciation included in costs	128	49
- exchange differences	17	8
- revaluation of non-financial investments	3 094	1 710
- other	0	1
b) parked in equity	996	997
- revaluation to the fair value of long-term investments	986	986
- revaluation of non-financial investments	10	
- difference between the instalment of the operating lease and the leased fixed assets depreciation included in costs	0	11

Decrease and increase of reserve in account of deferred income tax concern the following groups of assets and liabilities:

Title	base for calculating the provision (in PLN th.)	provision on account of tax (rate 19%) in PLN th.
I increase on account of temporary differences for:		
- accrued interest on loan granted	1 242	236
- difference between the instalment of the operating lease and the leased fixed assets depreciation included in costs	694	132
- entered income	4 316	820
- revaluation of short-term financial assets	5	1
- accrued interest on amounts due	116	22
- exchange differences as at balance sheet day	89	17
- revaluation of non-financial investments	8 710	1 655

II. decrease on account of reversal of temporary differences (using reserves for deferred income tax) for:

- depreciation of fixed assets covered by investment allowance	16	3
- entered income	2 010	382
- paid interest on loan	310	59
- difference between the instalment of the operating lease and the leased fixed assets depreciation included in costs	2794	53
- exchange differences as at balance sheet day	42	8
- other	5	1
- revaluation of non-financial investments	1 426	271

Title	As at 1 Jan. 2009	Income amount	As at 31 Dec. 2009	Income amount
	in PLN th.	in PLN th.	in PLN th.	in PLN th.
- Value of fixed assets covered by investment allowance	16	3		
- accrued interest on loans	2 184	415	3 121	593
- revaluation of long-term financial assets	716	136	716	136
- difference between the instalment of the operating lease and the leased fixed assets depreciation included in costs	258	49	673	128
- accrued interest on amounts due	5	1	184	35
- entered income	2 052	390	4 289	815
- exchange differences as at balance sheet day	42	8	89	17
- revaluation of non-financial investments	9 000	1 710	16 284	3 094
- other	5	1	5	1

Grupa Kapitalowa Prochem S.A.

Total amount of temporary differences connected with investments in subordinated entities to which provision on account of tax were established amount to PLN 273 thousand and concern:

- interest on long-term loan granted to subsidiaries - PLN 243 thousand
- interest on short-term loan granted to subsidiaries and associated – PLN 30 thousand.

Note No 18 – Other Reserves

OTHER RESERVES	As at 31 Dec. 2009	As at 31 Dec. 2008
Other (from the title)	12	275
- deferred expense	3	30
- provision on account of deferred liabilities	12	245
Total other reserves	12	275

Note No 19 – Other Long-term Liabilities

OTHER LONG-TERM LIABILITIES	As at 31 Dec. 2009	As at 31 Dec. 2008
a) to subsidiaries	50	173
- unpaid capital	50	50
- other (by types)		123
- seized bails		123
b) to other entities	645	1 517
- agreements of the financial lease	645	1 517
Total long-term liabilities	695	1 690

Note No 20 – Short-term Bank Credits

CREDITS	As at 31 Dec. 2009	As at 31 Dec. 2008
To other entities	5 088	3 147
- credits	5 088	3 147
Total liabilities on account of credits	5 088	3 147

Bank Credits

Name of the entity	Registered office	Amount of the credit acc. to agreement (in PLN th.)	Amount of the credit for the repayment (in PLN th.)	Interest	Due date	Security
Contracted by Prochem SA						
Fortis Bank Polska SA	Warszawa	3.000	0	WIBOR for monthly deposits in PLN + margin	24 May 2010	Obligation of realization of incomings
BRE Bank Polska SA	Warszawa	5.000	2 620	WIBOR for O/N deposits in PLN + margin	30 June 2010	Promissory note in blank
Contracted by ASI Polska Sp. z o.o.						
ING Bank Śląski	Gliwice	92	31	WIBOR for monthly deposits in PLN + margin	15 July 2015	B/e, pledge by registration
Deutsche Bank	Gliwice	1 000	143	WIBOR for monthly deposits in PLN + margin	15 July 2011	B/e, mortgage
ING Bank Śląski	Gliwice	115	31	WIBOR for 3 –months deposits in PLN + margin	26 Dec. 2010	B/e, pledge by registration
Pekao SA	Gliwice	200	66	WIBOR for monthly deposits in PLN + margin	31 Dec. 2010	B/e, pledge by registration
Pekao SA	Gliwice	500	67	WIBOR for monthly deposits in PLN + margin	30 June 2015	B/e, mortgage

Grupa Kapitałowa Prochem S.A.

Pekao SA	Gliwice	290	102	WIBOR for monthly deposits in PLN + margin	31 July 2011	B/e, pledge by registration
ING Bank Śląski	Gliwice	1 000	771	WIBOR for monthly deposits in PLN + margin	30 June 2010	B/e, credit in overdraft on current account
Contracted by company Protrade Sp. z o.o.						
Fortis Bank Polska SA	Gdynia	160	78	WIBOR for monthly deposits in PLN + margin	05 June 2010	B/e in blank guaranteed by ASI Polska SA
Contracted by company PROORGANIKA Sp. z o.o.						
BRE Bank Polska SA	Warszawa	100	73	WIBOR for monthly deposits in PLN + margin	30 June 2010	B/e
Contracted by company Elektromontaż Kraków SA						
ING Bank Śląski	Kraków	2.000	1 013	WIBOR for monthly deposits in PLN + margin	23 July 2010	Mortgage
Deutsche Bank	Kraków	500	0	WIBOR for monthly deposits in PLN + margin	09 July 2010	Deposit
Contracted by Atutor Integracja Cyfrowa Sp. z o.o.						
Kredyt Bank SA	Warszawa	6	6	WIBOR for monthly deposits in PLN + margin	Kredyt w rachunku.	credit in overdraft on current account
Contracted by company PRO INHUT Sp. z o.o.						
ING Bank Śląski SA	Warszawa	100	88	WIBOR for monthly deposits in PLN + margin	30 June 2010	B/e

Note No 21 – Short-term Loans

LOANS	As at 31 Dec. 2009	As at 31 Dec. 2008
a) to subsidiaries	0	130
- loans	0	130
b) to other entities	776	28
- loans	776	28
Total liabilities in account of loans	776	158

Note No 22 – Trade Liabilities

TRADE LIABILITIES	As at 31 Dec. 2009	As at 31 Dec. 2008
a) to subsidiaries	0	80
- on account of supplies and services of the maturity period:	0	80
- up to 12 months	0	80
b) to associates	0	1 818
- on account of supplies and services of the maturity period :	0	1 818
- up to 12 months	0	1 818
c) to other entities	47 019	104 075
- on account of supplies and services of the maturity period:	47 019	104 075
- up to 12 months	29 799	82 218
- above 12 months	17 220	21 857
Total trade liabilities	47 019	105 973

Grupa Kapitałowa Prochem S.A.**Note No 23 –Other liabilities**

OTHER LIABILITIES	As at 31 Dec.2009	As at 31 Dec. 2008
To other entities	6 273	10 576
- financial liabilities including:	0	22
other		22
- on account of taxes,customs,social insurance and other benefits	3 283	6 677
- on account of remuneration	995	1 463
- other (by types)	1 895	2 414
■ obligations to employees	93	112
■ to shareholders	35	29
■ liabilities arising from the lease	1 085	1 287
■ other	469	986
■ liabilities on account of insurance	13	
Other short-term reserves	2 462	8 692
- reserve to costs entered in the books to the current year on the basis of invoices received in the next year	54	8
-reserve to costs entered in the books to the previous year, concerning long-term contracts	250	3 389
- reserve to cost of penalties entered in the books to the previous year concerning long-term contracts	1 154	3 635
-reserve to future costs movable part of remuneration	65	914
- cost of the audit	94	51
- short-term reserve to post-retirement benefits	463	262
- reserve to back leaves	382	433
d) special funds	719	810
Total other liabilities	9 454	20 078

Note No 24 –Deferred Income

DEFERRED INCOME	As at 31 Dec. 2009	As at 31 Dec. 2008 r.
a) accounting for deferred income	287	2 473
- deferred income entered in books	274	109
- received advances and down payments	13	2 364
b)other	0	3
- received grants	0	3
Total other short-term liabilities	287	2 476

8. Explanatory Notes to Consolidated Profit and Loss Account and Consolidated Statement of Comprehensive Income for the period from 1 January 2009 to 31 December 2009

Note No 25 – Income from Sales of Services

NET INCOME FROM SALES OF SERVICES (MATERIAL STRUCTURE –TYPE OF ACTIVITY)	For the period from 1 Jan. 2009 to 31 Dec. 2009	For the period from 1 Jan. 2008 to 31 Dec. 2008
- income from sales of services	163 297	354 277
- including: from affiliated	55	180

NET INCOME FROM SALES OF SERVICES (TERRITORIAL STRUCTURE)	For the period from 1 Jan. 2009 to 31 Dec. 2009	For the period from 1 Jan. 2008 to 31 Dec. 2008
a) domestic market	163 001	351 823
- including: from affiliated	55	180
b) exports	296	2 454

Note No 26 –Income from Sales of Goods and Materials

NET INCOME FROM SALES OF GOODS AND MATERIALS (MATERIAL STRUCTURE –TYPE OF ACTIVITY)	For the period from 1 Jan. 2009 to 31 Dec. 2009	For the period from 1 Jan. 2008 to 31 Dec. 2008
- income from sales of goods	5 312	8 907
- income from sales of materials	1 979	2 051
Total net income from sales of goods and materials	7 291	10 958

NET INCOME FROM SALES OF GOODS AND MATERIALS (TERRITORIAL STRUCTURE)	For the period from 1 Jan. 2009 to 31 Dec. 2009	For the period from 1 Jan. 2008 to 31 Dec. 2008
a) domestic market	5 569	10 676
b) exportss	1 722	282
Total net income from sales of goods and materials	7 291	10 958

Note No 27 – Costs by Types

	For the period from 1 Jan. 2009 to 31 Dec. 2009	For the period from 1 Jan. 2008 to 31 Dec. 2008
Total costs by types		
a) amortisation and depreciation	4 556	4 812
b) material and energy consumption	16 179	25 398
c) out-sorced services	94 283	238 337
d) taxes and fees	437	790
e) remunerations	42 123	52 100
f) social insurance and other benefits	7 034	8 599
g) other costs by types (acc. to titles)	4 212	4 109
- property and personal insurance	716	828
- business trips	2 044	1 674
- PFRON –State Fund for Rehabilitation of Disabled Persons	372	273
- other	1 080	1 334
Total costs by types	168 824	334 145

Grupa Kapitałowa Prochem

Skonsolidowane sprawozdanie finansowe sporządzone zgodnie z Międzynarodowymi Standardami Sprawozdawczości Finansowej za okres od 01 stycznia 2009 r. do 31 grudnia 2009 r.

45

Grupa Kapitałowa Prochem S.A.

Movement in inventory, goods and accrued costs and prepayments	-4 592	3 509
Production cost of products for own purposes (negative value)	-110	-1 709
General management costs (negative value)	-15 782	-18 097
Cost of services sold	148 340	317 848

Note No 28 – Other Income

OTHER INCOME	For the period from 1 Jan. 2009 to 31 Dec. 2009	For the period from 1 Jan. 2008 to 31 Dec. 2008
a) profit from sale of non-financial fixed assets	113	215
b) grants		53
c) reversal of revaluating write-off (from the title)	1 298	111
- for amounts due	1 234	66
- other	64	45
d) other , including:	9 143	9 631
- reimbursement of costs of judicial proceedings	71	40
- received compensations from the title of suffered damages	34	4
- received compensations, fines and penalties	1 407	95
- income from company's cars hire	112	111
- revaluation of investment properties	6 146	9 000
- accounting for stock-taking	359	5
- participation of the subsidiary in a joint undertaking	143	
- write off covering overdue amounts due	166	100
- other	705	276
Total operating income	10 554	10 010

Note No 29 – Other Costs

OTHER COSTS	For the period from 1 Jan. 2009 to 31 Dec. 2009	For the period from 1 Jan. 2008 to 31 Dec. 2008
a) loss from sale of non-financial fixed assets	21	37
b) revaluation of non-financial fixed assets		
c) write-off (from the title)	388	4 201
- value of the amount due	219	4 201
- stock valuation	169	
d) other, including:	5 091	5 865
- donations	16	21
- costs of judicial proceedings	232	200
- write off covering overdue amounts due	89	2
- actuarial evaluation of post-retirement benefits	19	67
- participation of the subsidiary in a joint undertaking	382	15
- paid penalties, fines and compensatin Hungary	4 153	768
- paid penalties, fines and compensations in Poland		800
- reserves entered in the books for penalties for the delay in the realization of the long-term contract in Hungary		3 635
- price reduction of materials	3	64
- other	189	211
- perpetual usufruct of land	8	82
Total operating costs	5 500	10 103

Grupa Kapitałowa Prochem S.A.**Note No 30 – Financial Income**

FINANCIAL INCOME	For the period from 1 Jan. 2009 to 31 Dec. 2009	For the period from 1 Jan. 2008 to 31 Dec. 2008
a) revenue from dividends and profit sharing :	1	
- from other entities	1	
c) interest on granted loans :	151	494
- from subsidiaries	147	236
- from associated		7
- from other	4	251
d) other interest	235	560
- from other entities	235	560
e) surplus of positive exchange differences	8	1 298
f) dissolving reserve (from the title)	137	0
- reversal of write off for financial operations	137	
g) other including :	1 019	193
- received other interest	68	81
- other	693	112
- return of payments for granted guarantees	98	
- write off covering received loan	160	
h) profit from selling of investment		125
Total financial income	1 551	2 670

Note No 31 – Finance Costs

FINANCE COSTS	For the period from 1 Jan. 2009 to 31 Dec. 2009	For the period from 1 Jan. 2008 to 31 Dec. 2008
a) interest on credits and loans	202	271
- to subsidiaries :		32
- to affiliates		32
- to other entities	202	239
b) other interest	443	254
- to other entities	443	254
c) surplus of exchange losses	472	186
b) establishing reserves to (from the title)	348	
- other	348	
d) other acc. to titles :	430	312
- commissions from bank guarantees	179	252
- commissions from credits	97	36
- commissions from l/c		9
- other	77	15
d) loss from selling of investment	103	121
Total finance costs	1 895	1 144

Note No 32 – Income Tax

CURRENT INCOME TAX	For the period from 1 Jan. 2009 to 31 Dec. 2009	For the period from 1 Jan. 2008 to 31 Dec. 2008
1. Gross profit (loss)	4 503	20 763

Grupa Kapitałowa Prochem S.A.

2. Differences between the gross profit (loss) and tax base for income tax (acc. to titles)	-10 895	-865
a) income not ranked among taxable income	-22 195	-21 794
- accrued interest on granted loans and bank deposits	-683	-760
- dissolving the reserve to amounts due not being tax deductible expenses in previous years	-1 598	-173
- revaluating write off covering short-term investments	-50	-30
- other expenses not ranked among tax deductible expenses in previous period	-360	-766
- positive exchange differences evaluated as at balance sheet day	-23	-17
- income from revaluation of investment property	-6 146	-9 000
- other expenses not ranked among tax deductible expenses in previous periods	-232	-66
- entered income from not completed production	-13 102	-10 949
- difference between the balance and tax depreciation	-1	-33
b) taxable income which were included as the income in assessment periods	10 790	5 702
- received interest	11	864
- income from contracts finished in part which in previous years didn't constitute the income	10 945	9 132
- realized exchange differences which in previous years weren't ranked among the income	0	11
- accrued interest recognised as realized according to act on the income tax	30	15
- income ranked among income of the current year and taxed in the previous year according to accounting rules	-325	-4 644
- invoiced income ranked among income of the next year according to accounting rules	86	324
c) costs not being expenses deductible from tax	563	17 139
- depreciation of tangible assets and amortisation of intangible assets covered by investment allowance	15	115
- depreciation of tangible assets not ranked among expenses deductible from tax	338	61
- PFRON –State Fund for Rehabilitation of Disabled Persons	324	373
- membership fees	35	41
- donations	24	19
- reserves to future costs	-1 391	3 095
- insurance of passenger cars in part exceeding set limit	12	25
- exchange differences evaluated as at balance sheet day	101	204
- difference between the calculated depreciation and amortisation of fixed assets used on the basis of the lease agreement and paid instalment of the lease	66	-205
- revaluating write off of amounts due	161	4 231
- other BFP costs – paid in next month	-57	317
- revaluating write off covering stock valuation	169	0
- contributions from the title of social insurance not paid to Social Insurance Office (ZUS)	852	249
- other costs		203
- deferred expense - production in progres in Poland	8 672	893
- deferred expense - production in progres in Hungary	-1 846	0
- production in progress in Poland for the end of taxed period in the next year	- 3 507	0
- costs not being expenses deductible from tax in previous years	-4 067	-2 990
- accrued interest	563	279

Grupa Kapitałowa Prochem

Skonsolidowane sprawozdanie finansowe sporządzone zgodnie z Międzynarodowymi Standardami Sprawozdawczości Finansowej za okres od 01 stycznia 2009 r. do 31 grudnia 2009 r.

48

Grupa Kapitałowa Prochem S.A.

- other cost not ranked among tax costs	655	2 715
- interest to budget	11	18
- surplus of costs incurred on activity in Hungary	610	7 496
d)deduction from income	53	1 912
loss from orevious years	38	1 906
donations	15	6
4. Base for income tax	2 152	19 898
5. Income tax according to rate 19% in Poland	411	3 780

DEFERRED INCOME TAX DISCLOSED IN THE PROFIT AND LOSS ACCOUNT:

	For the period from 1 Jan. 2009 Dec. 2009	For the period from 1 Jan. 2008 to 31 Dec. 2008
- decrease (increase) from the title of arising and reversal of temporary differences	1 645	1 582
Total deferred income tax	1 645	1 582

Note No 33 – Information on trade sections

Activities of Capital Group were divided into activity in building sector, IT sector, maintenance services, lease of the real estate, real estate management, commercial activity, electrical installations and assembly services. In the building sector the Group sells the services in the scope of: general contracting, design and engineering services, supervisions with function of Contract Engineer, rental of construction equipment and development activity.

All assets used by the segment which comprise mainly receivables, supplies and tangible fixed assets after deducting of values of reserves and writes off were ranked among assets of the segment.

All operational liabilities, which comprise mainly trade liabilities, current tax liabilities and accrued liabilities, were ranked among liabilities of the segment.

Some assets and liabilities being in the shared use are assigned up to these units based on sensible weights.

The income from activity abroad in the period from 1 January 2009 to 31 December 2009 amounted to PLN 2,018 thousand, i.e. 1.24 % of revenues from sales of products, services and goods, and in the corresponding period of previous year PLN 2,736 thousand i.e. 0.75% of income from these sales.

Detailed data concerning activities of the Capital Group of Prochem S.A. in individual sections are presented in the following statements.

Grupa Kapitałowa Prochem S.A.

Total liability and equity	37 466	1 849	333	92	8 012	14 036	696	4 858	1 750	0	540	1 757	830	189 735
Other information related to segment														
Investment outlay:														
On tangible assets	96	75	12	5	1 876		31	478		2 988	48	104	80	5 793
On intangible assets	2	6			60		2	0						70
Depreciation of tangible fixed assets	364	430	47	268	567	622	148	496			65		1 063	4 070
Amortisation of intangible fixed assets		19			14		1	44					414	492

Operation segments for the period from 1 January 2008 to 31 December 2008

For the period from 1 Jan. .2008 to 31 Dec. .2008	General Contracting	Engineer and design services	Supervisions with function of Contract Engineer	Rental of construction equipment	Assembly of electrical installations	Lease of the office space and real estate	Management of real estates	Maintenance	Commercial activity	Development activity	Other IT services	Other	Items not assigned	Total
Revenues on behalf of outside customers	249 548	34 367	4 643	7 839	36 009	4 246	4 653	14 394	6 471	425	547	1 623	76	364 841
Total income of the segment	249 548	34 367	4 643	7 839	36 009	4 246	5 047	14 394	6 471	425	547	1 623	76	365 235
Performance														
Profit (loss) of the segmentu	-199	6 092	950	2 414	8 244	1 129	1 197	-233	383	64	-17	270	-4 458	15 836
Profit (loss) from activity continued before tax and finance costs	-254	6 087	930	2 414	6 631	1 129	1 197	-233	383	64	-20	270	780	19 378
Financial revenues													1 611	1 611
Profit (loss) before tax														1 882
Income tax														5 362
Profit (loss) for the current period														15 401
														15 401

Grupa Kapitałowa Prochem

Skonsolidowane sprawozdanie finansowe sporządzone zgodnie z Międzynarodowymi Standardami Sprawozdawczości Finansowej za okres od 01 stycznia 2009 r. do 31 grudnia 2009 r.

Grupa Kapitałowa Prochem S.A.

Profit (loss) assigned to minority capital

2 680 2 680

Net profit (loss) Assets and liabilities

12 721 12 721

Assets of the segment

79 117 25 924 2 125 3 325 14 783 19 063 1 872 11 587 2 127 39 107 431 516 5 225 205 202

Assets not assigned

55 958 55 958

Total assets

79 117 25 924 2 125 3 325 14 783 19 063 1 872 11 587 2 127 39 107 431 516 61 183 261 160

Liabilities of the segment

74 743 20 385 562 2 734 8 333 129 720 6 055 2 136 122 384 159 6 116 468

Liabilities not assigned

28 076 28 076

Owners' equity

103 195 103 195

Minority capital

13 421 13 421

Total liability and equity

74 743 20 385 562 2 734 8 333 129 720 6 055 2 136 122 384 159 144 698 261 160

Other information related to segment

Investment outlay:

On tangible assets

491 533 17 165 634 3 780 243 2 502 136 50 561 9 112

On intangible assets

4 37 1 242 367 651

Depreciation of tangible fixed assets

337 416 29 521 469 622 1 530 41 1 391 4 357

Amortisation of intangible assets

33 100 20 608 761

Note No 34 - Profit per 1 Share

Net profit per 1 share in trading as at the balance sheet day amounts to PLN 0.0

Note No 35 - Distribution of the Profit of the Issuer

Net profit of the Issuer for 2008 in the amount of PLN 2,010,570.14, with Resolution No 5 of the Ordinary Meeting of Shareholders from 6 June 2009 was divided as follows:

- dividend	PLN	506,350.00
- reserve capital	PLN	1,413,974.48
- charity purposes	PLN	30,000.00
- coverage of loss from previous years	PLN	90,215.66

An arithmetical error appeared in the Resolution of the General Meeting of Shareholders - in the item - reserve capital - was written down wrong amount of PLN 1,413,974.48 should be PLN 1,384,004.48 A proper amount of PLN 1,384,004.48 was being carried forward to capital. Arithmetical error which appeared in the Resolution No. 5 of General Meeting will be corrected on the General Meeting of Shareholders approving the financial statement for 2009. Management Board of Prochem S.A. proposes to cover the loss for the 2009 from the reserve capital.

Note No 36 - Dividend Paid by Issuer

The Ordinary General Meeting of Shareholders on 6 June 2009 passed a resolution in the matter of the payment of dividend from the profit for 2008 in the amount of PLN 506 thousand that is PLN 0.13 per one share. The day of the right to dividend was set on 22 June 2009 and payday on 13 July 2009.

In 2008 the dividend was paid from 2007 net profit in total amount of PLN 2,730 thousand that is PLN 0.70 per 1 share.

Note No 37 - Transactions with Affiliates

Transactions with subsidiaries.

As at 31 December 2009 transactions between entities related in terms of capital and being subject to full consolidation developed as follows:

- amount of mutual receivables and liabilities short and of long-term from the title of granted loans with interest - PLN 32,967 thousand
- amount of mutual trade receivables and liabilities – PLN 16,770 thousand.

In the period from 1 January 2009 to 31 December 2009 the following transactions of PROCHEM S.A. with subsidiaries took place:

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

Total income from these transactions amounts to PLN 6,947 thousand.

The income on account of interest on loans amounted to PLN 1,237 thousand

Other financial income – PLN 418 thousand
The received dividends amounted to PLN 2,415 thousand

Transactions with associates

In the period from 1 January 2009 to 31 December 2009 the following transactions between associates took place:

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

Total income from these transactions amounts to PLN 55 thousand.

Participation in net profit (loss) in 2009 of entities consolidated by the equity method amounted to PLN (80) thousand.

Net profit (loss) netto in 2009 assigned to minority shareholders amounted to PLN (2.283) thousand.

Note No 38 - Additional Disclosures to the Cash Flow Statement

Cash appearing in balance-sheet was ranked among cash taken to the cash flow statement. The following statement depicts the structure of cash (in PLN thousand)

	As at 1 Jan 2009	As at 31 Dec 2009	Change
1) Cash on hand	62	94	32
2) Cash at bank account	18 778	6,098	-12,680

Operational activity comprises basic activity and turnovers from the other operational activity. Investing activity comprises turnovers in the scope of investment in property, plant and equipment, intangible assets, capital investments and securities for the trading.

Credits and bank loans granted and paid are being ranked among the financial activity.

Differences between amounts set directly from the report but disclosed in the report of flows result from moving individual notes from the operational activity for the investment activity and financial activity.

They concern following balance sheet items:

Change in short-term receivables	PLN 70,874 thousand
Receivables as at 1 January 2009	PLN 126,217 thousand
Other assets as at 1 January 2009	PLN 11,421 thousand
Amounts due from sold fixed assets	PLN (41) thousand
Movement to remaining positions of corrections	PLN 3,023 thousand
Opening balance sheet after corrections	PLN 140,620 thousand
Amount due as at 31 Dec. 2009	PLN 57,138 thousand
Other assets as at 31Dec. 2009	PLN 14,415 thousand
Amounts due from sold fixed assets	PLN (22) thousand
Movement to remaining positions of corrections	PLN (1.785) thousand
After corrections	PLN 69,746 thousand
Change in short-term liabilities (except for loans and credits) and special purpose funds	PLN (78.178) thousand
Liabilities as at 1 Jan. 2009	PLN 105.973 thousand
Other liabilities as at 1 Jan.2009	PLN 20.078 thousand
Deferred income as at 1 Jan.2009	PLN 2,476 thousand

Grupa Kapitałowa Prochem S.A.

Investment liabilities	PLN (2) thousand
Liabilities arising from the operating lease	PLN (1,287)thousand
Liabilities arising from credit	PLN (4,776) thousand
Liabilities to shareholders	PLN (29) thousand
Liabilities from the title of purpose funds	PLN (810) thousand
Opening balance sheet after corrections	PLN 121,623 thousand
Liabilities as at 31 Dec. 2009	PLN 47,019 thousand
Other liabilities as at 31 Dec. 2009 r.	PLN 9,454 thousand
Deferred income as at 31 Dec. 2009	PLN 286 thousand
Investment liabilities	PLN (2) thousand
Liabilities arising from credit	PLN (5,088) thousand
Liabilities to shareholders	PLN (35) thousand
Liabilities from the title of purpose funds	PLN (719) thousand
Elimination entries on consolidation of liabilities	PLN (4,385) thousand
Liabilities arising from the operating lease	PLN (1.085) thousand
Closing balance as at 31 Dec. 2009 .	PLN 45.445 thousand

Other corrections aren't significant for the presentation of the cash flow statement.
The cash flow statement was drawn up with indirect method.

Note No 39- Information on Contingent Liability and Contingent Assets

Contingent liability

(in PLN thousand)

Title	Capital Group of Prochem		Including Issuer	
	2009	2008	2009	2008
Bank performance guarantee	10 673	25 149	8 611	25 149
Guarantee of return of the advance payment	1753	3 333	1753	3 333
B/e guarantees of the good workmanship of the agreement	197	12 127	197	12 127
Guarantee of payment		883		883
Tender guarantee	445	420	445	420
Guaranteeing a credit for subsidiary	1 740	240	1 500	
Total;	14 808	42 152	12 506	41 912

Guaranteeing a credit comprises:

- ✓ guaranteeing by Issuer of bank credit for subsidiary and associated. Total amount of of guaranteed credits is PLN 1,500 thousand.
- ✓ Subsidiary ASI guaranteed credit granted to company Protrade direct subsidiary in the amount of PLN 240 thousand.

Since finishing the last financial year a decrease in contingent liabilities took place by the amount of PLN 27 344thousand, in case of the Issuer the decrease in liabilities amounted to PLN 29 406 thousand.

Contingent amounts due

Total amount of contingent amounts due of the capital group from the title of received performance guarantees and of the statutory warranty as at 31 December 2009 amounts to PLN 10,258 thousand and in total concerns contingent amounts due of the Issuer.

Since finishing the last financial year Issuer recorded decrease in contingent amounts due by the amount of PLN 13,657 thousand.

Information on legal proceedings pending in the court

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

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

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

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

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

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

Against above decision PERN S.A. lodged the petition for the cassation into the Supreme Court. On the meeting on 15 January 2010 the Supreme Court dismissed the petition for the cassation stating the lack of reasonable bases in it, requiring the evaluation with reference to the appealed part of the judgment. At present the dossier is in a District Court in Warsaw, and sides are waiting for setting the date of the trial.

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

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

Note No 40 – Post Balance-sheet Events

After the balance sheet day in the associate ITEL Sp. z o.o. with registered office in Gdynia a share capital has been raised by the amount of PLN 605.5 thousand.

PROCHEM RPI Sp. z o.o. the subsidiary of PROCHEM S.A. took 86 shares to the value of PLN 301 thousand what is giving 23.3 % share in the capital and the right to vote.

The direct participation of PROCHEM S.A. and the indirect participation through the company Prochem RPI Sp. z o.o. in capital and the right to vote of the company ITEL constitute 42.01 %.

On 19 March 2010 the Issuer purchased 4 520 shares of subsidiary Elektromontaż Kraków S.A. of the nominal value of PLN 5 each. The total purchase price for shares amounted to PLN 113,000. After the effected transaction participation of PROCHEM S.A. in capital and votes of the company Elektromontaż Kraków SA constitutes 55.86%

Nota 41 – Approval of the Financial Statement

Consolidated Financial Statement for 2009 was approved by the Management Board of parent entity on 26 April 2010.

11. Notes to Financial Statement

1. Managing Body of the Issuer

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

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

On 6 June 2009 Supervisory Board of Prochem S.A. appointed all listed persons from the Management Board for the next three-year-old term of office.

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

- Andrzej Karczykowski - Chairman
- Marek Garliński – Vice Chairman
- Dariusz Krajowski-Kukiel
- Krzysztof Obłój
- Steven G. Tappan

In 2009 in composition of Supervisory Board no changes took place.

2. Employment

The average employment in Capital Group of Prochem amounted to 702 jobs.

As at 31 December 2009 employment in Group in persons amounted to 702.

3. Executive Compensation

The amount of executive compensation paid to members of the Management Board in 2009 in the enterprise of the Issuer in 2009:

1. Jarosław Stepniewski - PLN 413 thousand, including remuneration set from the profit in 2008 and amounting to PLN 20 thousand
2. Marek Kiersznicki - PLN 364 thousand, including remuneration set from the profit in 2008 and amounting to PLN 18 thousand
3. Krzysztof Marczak - PLN 363 thousand, including remuneration set from the profit in 2008 and amounting to PLN 18 thousand

The amount of executive compensation paid to members of the Supervisory Board in 2009 in the enterprise of the Issuer in 2009:

1. Andrzej Karczykowski - PLN 46 thousand, including remuneration set from the profit in 2008 and amounting to PLN 16 thousand
2. Krzysztof Obłój - PLN 46 thousand, including remuneration set from the profit in 2008 and amounting to PLN 16 thousand
3. Marek Garliński - PLN 38 thousand, including remuneration set from the profit in 2008 and amounting to PLN 8 thousand
4. Dariusz Krajowski-Kukiel - PLN 38 thousand, including remuneration set from the profit in 2008 and amounting to PLN 8 thousand
5. Steven Tappan - PLN 38 thousand, including remuneration set from the profit in 2008 and amounting to PLN 8 thousand

Financial rewards for the members of management boards and supervisory boards in companies being included in a capital group for services rendered in 2009:

1. Jarosław Stepniewski PLN 52 thousand
2. Krzysztof Marczak PLN 44 thousand

Signatures of the Management Board members:

31 March 2010 date	Jarosław Stepniewski full name	Chairman position signature
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31 March 2010 date	Marek Kiersznicki full name	Vice Chairman position signature
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31 March 2010 date	Krzysztof Marczak full name	Management Board member position signature
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Signature of the person to whom the bookkeeping was entrusted

31.03.2010 r. date	Krzysztof Marczak full name	Financial Director position signature
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