

Consolidated financial report for Q4 2004 – Ciech Capital Group

SELECTED FINANCIAL DATA	(in thousand PLN)		(in thousand EUR)	
	January 1, 2004 to December 21, 2004	January 1, 2003 to December 21, 2003	January 1, 2004 to December 21, 2004	January 1, 2003 to December 21, 2003
Net revenues from sale of products, merchandise and materials	2 326 150	1 909 329	514 840	429 314
Profit (loss) on operating activity	144 830	144 769	32 055	32 551
Gross profit(loss)	110 944	113 841	24 555	25 597
Net profit(loss)	81 634	76 204	18 068	17 135
Net cash flow from operating activity	128 097	130 827	28 351	29 417
Net cash flow from operating activity	-83 136	-75 135	-18 400	-16 894
Net cash flow from financing activity	-40 159	-62 614	-8 888	-14 079
Total net cash flow	4 802	-6 922	1 063	-1 556
Total assets	1 471 027	1 369 263	360 634	290 283
Liabilities and provisions for liabilities	775 310	752 099	190 074	159 444
Long-term liabilities	51 110	68 195	12 530	14 457
Short-term liabilities	609 076	588 705	149 320	124 805
Equity	567 270	484 593	139 071	102 733
Authorised capital	98 982	98 982	24 266	20 984
Number of shares	19 796 016	19 796 016	19 796 016	19 796 016
Profit (loss) per common share (in PLN/EUR)	4,12	3,85	0,91	0,87
Diluted profit (loss) per common share (in PLN/EUR)	2,92	-	0,65	-
Book value per share (in PLN/EUR)	28,66	24,48	7,03	5,19
Diluted book value per share (in PLN/EUR)	20,26	-	4,97	-

CONSOLIDATED BALANCE SHEET	as at December 31, 2004	as at September 30, 2004	as at December 31, 2003	as at September 30, 2003
ASSETS				
Fixed assets	774 037	762 561	780 144	813 500
Intangible assets, where:	13 542	14 211	8 255	9 070
Goodwill	0	31	124	155
Goodwill of subsidiaries	2 471	4 195	9 368	12 064
Tangible fixed assets	679 056	667 876	676 670	716 852
Long-term receivables	69	220	673	836
from affiliates	0	0	0	0
from other units	69	220	673	836

Long-term investments	60 468	58 115	68 452	51 970
Property	11 246	11 451	11 658	7 885
Intangible assets	0	0	0	0
Long-term financial assets	49 222	46 664	56 794	44 068
in the affiliates, where:	47 075	44 236	52 599	43 837
shares or stocks in subsidiaries are accounted for by using equity method,	18 237	14 232	21 447	14 218
shares or stocks in subsidiaries and controlled entities eliminated from consolidation	28 838	30 004	31 152	29 619
in other entities	2 147	2 428	4 195	231
Other long-term investments	0	0	0	17
Long-term prepaid expenses and deferred charges	18 431	17 944	16 726	22 708
Deferred income tax assets	17 893	16 795	15 323	19 568
Other prepaid expenses and accruals	538	1 149	1 403	3 140
Current assets	696 990	733 859	589 119	633 772
Inventories	137 731	140 069	135 460	134 511
Short-term receivables	516 594	535 493	414 990	460 592
from affiliates	17 856	7 164	7 272	5 044
from other units	498 738	528 329	407 718	455 548
Short-term investments	36 502	46 476	31 625	29 653
Short-term financial assets	36 502	46 476	31 625	24 900
in affiliates	0	200	200	2 606
in other entities	356	3 528	81	91
cash and other monetary assets	36 146	42 748	31 344	22 203
Other short-term investments	0	0	0	4 753
Short-term prepaid expenses and accruals	6 163	11 821	7 044	9 016
Total Assets	1 471 027	1 496 420	1 369 263	1 447 272
LIABILITIES				
Equity	567 270	558 745	484 593	482 541
Authorised capital	98 982	98 982	98 982	98 982
Unpaid capital (negative value)	0	0	0	0
Treasury shares (stocks) (negative value)	-30 508	-30 508	-26 547	-26 387
Capital reserves	326 784	326 127	236 924	235 920
Revaluation reserves	11 034	10 198	10 771	11 415
Other capital reserves	83 454	83 454	77 278	77 278
Foreign exchange differences on translating financial statements of subsidiaries	-799	2 048	3 197	4 247
Foreign exchange gains	4 009	5 372	6 296	6 616
Foreign exchange losses	-4 808	-3 324	-3 099	-2 369
Profit (loss) from previous years	-3 311	-3 286	7 784	7 096
Net profit (loss)	81 634	71 730	76 204	73 990
Deductions from net profit during the accounting year (negative value)	0	0	0	0
Minority interest	96 620	97 502	94 655	98 342
Negative goodwill of subsidiaries	31 827	33 234	37 916	39 532

Liabilities and provisions for liabilities	775 310	806 939	752 099	826 857
Provisions for liabilities	61 917	49 764	41 475	49 671
Deferred income tax reserves	11 483	9 561	6 451	9 322
Provision for pension and similar benefits	26 655	23 579	23 763	25 825
long-term	23 595	22 245	21 745	23 748
short-term	3 060	1 334	2 018	2 077
Other provisions	23 779	16 624	11 261	14 524
long-term	0	0	0	0
short-term	23 779	16 624	11 261	14 524
Long-term liabilities	51 110	35 024	68 195	83 221
to affiliates	0	0	0	0
to other units	51 110	35 024	68 195	83 221
Short-term liabilities	609 076	670 558	588 705	629 802
to affiliates	4 103	4 753	5 612	7 108
to other units	598 496	658 096	570 816	608 319
Special funds	6 477	7 709	12 277	14 375
Accruals and deferred income	53 207	51 593	53 724	64 163
Negative goodwill	0	0	0	0
Other accruals and deferred income	53 207	51 593	53 724	64 163
long-term	32 490	37 252	37 359	54 418
short-term	20 717	14 341	16 365	9 745
Total Liabilities	1 471 027	1 496 420	1 369 263	1 447 272

Book value	567 270	558 745	484 593	482 541
Number of shares	19 796 016	19 796 016	19 796 016	19 796 016
Book value per share (in PLN)	28,66	28,23	24,48	24,38
Diluted number of shares	28 000 000	-	-	-
Diluted book value per share (in PLN)	20,26	-	-	-

OFF-BALANCE ITEMS	as at December 31, 2004	as at September 30, 2004	as at December 31, 2003	as at September 30, 2003
Contingent receivables	1 800	1 800	2 550	7 550
from affiliates	0	0	0	5 000
guarantees and warranties	0	0	0	5 000
from other units	1 800	1 800	2 550	2 550
guarantees and warranties	1800	1 800	0	2 550
other off-balance receivables		0	2 550	

Contingent liabilities	39 790	44 604	25 776	34 326
To the affiliates	0	1 071	2 000	2 949
guarantees and warranties	0	1 071	2 000	2 949
To other units	39 790	43 533	23 776	31 377
guarantees and warranties	35528	41 208	18 136	24 865
other contingent liabilities	4262	2 325	5 640	6 512
Other	555	5 225	3 140	44
other	555	5 225	3 140	44
Total off-balance items	42 145	51 629	31 466	41 920

CONSOLIDATED PROFIT AND LOSS ACCOUNT	October 1, 2004 to December 31, 2004	January 1, 2004 to December 31, 2004	October 1, 2003 to December 31, 2003	January 1, 2003 to December 31, 2003
Net revenues from sale of products, merchandise and materials, where:	585 151	2 326 150	483 817	1 909 329
from affiliates	11 506	39 314	6 044	31 567
Net revenues from sale of products	367 959	1 486 165	264 303	1 289 864
Net revenues from sale of goods and materials	217 192	839 985	219 514	619 465
Costs of products, goods and materials sold, where:	461 107	1 776 067	351 176	1 378 755
to affiliates	9 274	32 961	4 772	25 290
Costs of goods sold	225 278	1 112 968	177 776	912 590
Value of goods and materials sold	235 829	663 099	173 400	466 165
Profit (loss) on sale	124 044	550 083	132 641	530 574
Selling costs	60 800	228 326	57 094	218 865
Costs of general management	42 440	162 144	40 365	155 312
Profit/loss on sales	20 804	159 613	35 182	156 397
Other operating revenues	30 936	51 079	8 164	42 896
Profit on disposal of non-financial fixed assets	0	0	-1 310	648
Donations and grants	2	36	61	132
Other operating revenues	30 934	51 043	9 413	42 116
Other operating costs	29 739	65 862	17 112	54 524
Loss on disposal of non-financial fixed assets	219	391	63	63
Depreciation of non-financial assets	4 331	15 349	8 353	17 394
Other operating costs	25 189	50 122	8 696	37 067
Profit (loss) on operating activity	22 001	144 830	26 234	144 769
Financial revenues	3 896	14 762	-311	17 410
Dividends and share in profits, where:	0	837	99	1 062
from affiliates	0	796	9	660
Interest, where:	3 135	7 856	4 304	7 889
from affiliates	27	36	-20	89
Profits on sale of investments	0	28	0	0

Revaluation of investments	0	0	986	986
Other	761	6 041	-5 700	7 473
Financial costs	18 107	45 569	14 215	41 869
Interest, where:	7 853	23 893	5 298	23 970
to affiliates	-27	0	4	5
Loss on sale of investments	0	0	1	11
Revaluation of investments	-51	2 605	505	505
Other	10 305	19 071	8 411	17 383
Profit (loss) on sale of all or a portion of shares in subsidiaries	0	-1 763	-5 497	-5 552
Profit (loss) on operating activity	7 790	112 260	6 210	114 758
Extraordinary items	-545	-545	736	-100
Extraordinary gains	0	0	658	904
Extraordinary losses	545	545	-78	1 004
Amortisation of goodwill of subsidiaries	1 725	6 898	2 861	7 178
Amortisation of negative goodwill of subsidiaries	1 407	6 127	1 591	6 361
Gross profit (loss)	6 927	110 944	5 676	113 841
Income tax	-1 172	22 034	9 131	35 813
current	-586	20 912	8 662	35 148
deferred	-586	1 122	469	665
Other obligatory profit deductions (loss increase)	0	0	0	0
Share in net profits (losses) of subsidiaries, accounted for by equity method	2 157	-1 141	4 246	4 176
Minority profits (losses)	-352	-6 135	1 423	-6 000
Net profit (loss)	9 904	81 634	2 214	76 204

Net profit (loss) (annualised)	9 904	81 634	2 214	76 204
Average weighted number of common shares	19 796 016	19 796 016	19 796 016	19 796 016
Profit (loss) per common share (in PLN)	0,50	4,12	0,11	3,85
Average weighted diluted number of common shares	28 000 000	28 000 000	-	-
Diluted profit (loss) per common share (in PLN)	0,35	2,92	-	-

CHANGES IN CONSOLIDATED EQUITY	October 1, 2003 to December 31, 2004	January 1, 2004 to December 31, 2004	October 1, 2003 to December 31, 2003	January 1, 2003 to December 31, 2003
Equity at the beginning of the period (OB)	558 745	482 156	482 541	387 387
changes in applicable accounting principles (policies)	0	2 437	0	2 155
adjustment of basic errors	0	0	0	0
Equity as at the beginning of the period (OB.), against comparable data	558 745	484 593	482 541	389 542
Authorised capital as at the beginning of the period	98 982	98 982	98 982	98 982
Changes in Authorised capital	0	0	0	0
increase	0	0	0	0

issue of shares (stocks)				
decrease	0	0	0	0
redemption of shares (stocks)				
Other				
Authorised capital as at the period-end	98 982	98 982	98 982	98 982
Unpaid capital as at the beginning of the period	0	0	0	0
Changes in unpaid capital	0	0	0	0
increase	0	0	0	0
decrease	0	0	0	0
Unpaid capital as at the period-end	0	0	0	0
Treasury shares (stocks) as at the beginning of the period	-30 508	-26 547	-26 387	-43 050
Changes in treasury shares (stocks)	0	3 961	160	-16 503
increase	0	4 121	160	160
purchase of shares				0
change in the entities consolidated and accounted for by using equity method		4 121	160	160
decrease	0	160	0	16 663
change in the entities consolidated and accounted for by using equity method		160		16 663
Treasury shares (stocks) as at the period-end	-30 508	-30 508	-26 547	-26 547
Capital reserves as at the beginning of the period	326 127	236 924	235 920	251 208
Changes in capital reserves	657	89 860	1 004	-14 284
increase	1 971	98 119	1 324	22 313
issue of shares in excess of their nominal value	0	0	0	0
from distribution of the profits (statutory)	287	85 673	0	20 146
from distribution of the profits (in excess of the statutory minimum value)	0	0	0	0
transfer from revaluation reserves	1 387	2 361	210	876
change in the Capital Group	0	1 217	0	0
consolidation adjustments	0	0	905	1 082
Other	297	8 868	209	209
decrease	1 314	8 259	320	36 597
loss coverage	0	679	668	36 917
sale of a consolidated company	0	0	0	0
consolidation adjustments	0	0	145	173
transfer from revaluation capital reserves related to sold or liquidated fixed assets	1 314	1 403		0
other changes	0	6 177	-493	-493
Capital reserves as at the period-end	326 784	326 784	236 924	236 924
Revaluation reserves at the beginning of the period	10 198	10 771	11 415	10 717
Changes in revaluation reserves	836	263	-644	54
increase	2 488	3 470	767	2 310

liquidation and sale of fixed assets	1 314	1 403	30	30
revaluation of fixed assets	1 174	1 608	0	1 225
consolidation adjustments	0	0	0	0
other	0	459	737	1 055
decrease	1 652	3 207	1 411	2 256
disposal of fixed assets	1 387	2 361	1 398	2 243
consolidation adjustments	0	0	0	0
other	265	846	13	13
Revaluation reserves as at the period-end	11 034	11 034	10 771	10 771
Other capital reserves as at the beginning of the period	83 454	77 278	77 278	77 706
Changes in other capital reserves	0	6 176	0	-428
increase	0	6 176	0	0
reclassification of the profit/loss for the previous year (distribution of profits)	0	6 176	0	0
consolidation adjustments	0	0	0	0
decrease	0	0	0	428
sale of a consolidated company	0	0	0	0
loss coverage	0	0	0	0
other	0	0	0	428
Other capital reserves as at the period-end	83 454	83 454	77 278	77 278
Foreign exchange differences on translating financial statements of subsidiaries	-799	-799	3 197	3 197
foreign exchange gains	4 009	4 009	6 296	6 296
foreign exchange losses	-4 808	-4 808	-3 099	-3 099
Profit (loss) from previous years, as at the beginning of the period	-3 286	83 988	7 096	-10 684
Profit from previous years as at the beginning of the period	10 742	96 258	23 140	28 626
changes in the applicable accounting principles (policies)	0	2 437	0	2 155
adjustment of basic errors	0	0	0	0
Profit from previous years as at the beginning of the period, against comparable data	10 742	98 695	23 140	30 781
increase	71 730	0	73 990	0
distribution of profits from previous years	0	0	0	
profit for Jan-Sep	71 730	0	73 990	
decrease	0	0	0	
other	25	87 978	0	7 641
distribution of profit for the previous year	6	85 117	0	7 550
consolidation adjustments	0	0	0	0
dividends paid	0	1 402	0	0
other	19	1 459	0	91
Profit from previous years, as at the period-end	82 447	10 717	97 130	23 140
Loss from previous years, as at the beginning of the period	14 028	14 707	16 044	39 310
changes in the applicable accounting principles (policies)	0	0	0	0
adjustment of basic errors	0	0	0	0
Loss from previous years as at the beginning of the period, against comparable data	14 028	14 707	16 044	39 310

increase	0	0	0	495
transfer of the loss from the previous year to be covered	0	0	0	0
consolidation adjustments	0	0	0	0
other	0	0	0	495
decrease	0	679	688	24 449
loss coverage	0	679	688	24 023
consolidation adjustments	0	0	0	0
other	0	0	0	426
Loss from previous years, as at the period-end	14 028	14 028	15 356	15 356
Profit (loss) from previous years, as at the period-end	68 419	-3 311	81 774	7 784
Net result	9 904	81 634	2 214	76 204
net profit	9 904	81 634	2 214	76 204
net loss	0	0	0	0
deductions from profit	0	0	0	0
Equity as at the period-end (CB)	567 270	567 270	484 593	484 593
Equity, including suggested distribution of profits (loss coverage)	567 270	567 270	484 593	484 593

CONSOLIDATED CASH FLOW STATEMENT	October 1, 2004 to December 31, 2004	January 1, 2004 to December 31, 2004	October 1, 2003 to December 31, 2003	January 1, 2003 to December 31, 2003
Cash flow from operating activities				
(indirect method)				
Net profit (loss)	9 904	81 634	2 214	76 204
Total adjustments	45 444	46 463	66 454	54 623
Minority profits (losses)	352	6 135	-1 423	6 000
Share in net (profits) losses of subsidiaries accounted for by using equity method	-2 157	1 141	-4 246	-4 176
Depreciation, where:	23 809	94 891	22 716	92 464
Amortisation of goodwill or negative goodwill of subsidiaries	317	770	-364	-817
Foreign exchange (gains) losses	-3 156	-4 719	9 027	8 979
Interest and share in profits (dividends)	10 127	22 511	9 259	22 336
(Profit) loss on investing activity	-1 133	-295	5 726	4 528
Change in reserves	12 152	20 109	-7 222	-26 045
Change in inventories	1 574	-1 800	-5 119	19
Change in receivables	36 499	-90 777	166 318	-964
Change in short-term liabilities (except loans and credits)	-36 428	-2 008	-142 425	-59 585
Change in prepaid expenses and accruals	7 588	1 874	10 260	7 034
Other adjustments	-3 783	-599	3 583	4 033
Net cash flow from operating activity (I+/-II) – indirect method	55 348	128 097	68 668	130 827
Cash flow from investing activities				

Inflow	967	9 032	16 187	20 475
Disposal of intangible assets and tangible fixed assets	509	2 455	11 385	13 788
Disposal of investments in property and intangible assets	0	0	0	0
Proceeds from financial assets, where:	78	3 471	1 089	2 962
in affiliates	2	3 096	416	1 067
disposal of financial assets	0	2 300	410	410
dividends and share in profits	2	796	6	657
repayment of long-term loans	0	0	0	0
interest	0	0	0	0
other proceeds from financial assets	0	0	0	0
in other entities	76	375	673	1 895
disposal of financial assets	0	128	0	1 222
dividends and share in profits	2	38	401	401
repayment of long-term loans	0	0	0	0
interest	74	209	242	242
other proceeds from financial assets	0	0	30	30
other investment proceeds	380	3 106	3 713	3 725
Outflow	29 400	92 168	31 171	95 610
Purchase of intangible assets and tangible fixed assets	32 908	90 124	28 573	88 852
Investments in property and intangible assets	0	0	2 303	2 397
Financial assets, where:	-3 528	1 154	6	3 502
in affiliates	0	1 063	0	3 481
purchase of financial assets	0	1 063	0	3 481
long-term loans	0	0	0	0
in other entities	-3 528	91	6	21
purchase of financial assets	-3 528	91	6	21
long-term loans	0	0	0	0
Dividends and other shares in profits paid to minorities	0	0	0	0
Other capital expenditure	20	890	289	859
Net cash flow from operating activity (I-II)	-28 433	-83 136	-14 984	-75 135
Cash flow from financing activity				
Inflow	74 480	291 316	36 319	153 504
Net inflow from issue of shares and other capital instruments and contributions to the equity	0	0	62	93
Credits and loans	54 181	171 240	9 513	81 131
Issue of debt securities	19 614	119 122	26 565	71 899
Other financial proceeds	685	954	179	381
Outflow	107 997	331 475	80 862	216 118
Purchase of own shares (stocks)	0	4 121	0	0
Dividends and other payments to owners	1 149	3 225	256	696
Expenses related to distribution of profits, other than payments to owners	0	0	0	0
Repayment of loans	68 575	165 811	56 443	127 482

Redemption of debt securities	29 713	131 962	8 429	58 055
Other financial liabilities	0	0	0	0
Payment of financial leasing liabilities	3 043	6 041	3 717	4 372
Interest	5 484	20 262	10 637	22 962
Other financial expenses	33	53	1 380	2 551
Net cash flow from financing activity (I-II)	-33 517	-40 159	-44 543	-62 614
Total net cash flow (A.III +/- B.III +/- C.III)	-6 602	4 802	9 141	-6 922
Balance-sheet change in cash, where:	-6 602	4 802	9 141	-6 922
change in cash resulting from F/X differences	-1 312	-622	-32	62
Cash and cash equivalents as at the beginning of the accounting period	42 748	31 344	22 203	38 266
Cash and cash equivalents as at the end of the accounting period (F+/-D), where:	36 146	36 146	31 344	31 344
restricted	1 032	2 261	415	415

