

**Quarterly report 4/ 2004**

SELECTED FINANCIAL DATA	In thousands PLN		In thousands EUR	
	4t(h) quarter(s) cumulative /2004 period Jan. 1 – Dec. 31	4th quarter cumulative/ 2003 period Jan. 1 – Dec. 31,	4(th) quarter(s) cumulative / 2004 period Jan. 1 – Dec. 31	4th quarter cumulative/2003 period Jan. 1 – Dec. 31
I. Net revenues from sales of goods products and materials	1 470 038	1 202 194	325 359	270 314
II. Operating profit (loss)	31 581	31 796	6 990	7 149
III. Pre-tax profit (loss)	22 188	16 124	4 911	3 625
IV. Net profit (loss)	20 903	8 718	4 626	1 960
V. Cash flow from operating activities	-1 037	28 201	-230	6 341
VI. Net cash flow from investment activities	12 930	-2 793	2 862	-628
VII. Net cash flow from financial activities	-15 377	-22 275	-3 403	-5 009
VIII. Total net cash flow	-3 484	3 133	-771	704
IX. Total assets	823 665	815 995	201 928	172 990
X. Liabilities and reserves for liabilities	465 434	478 136	114 105	101 364
XI. Long-term liabilities	35 185	38 979	8 626	8 264
XII. Short-term liabilities	405 635	425 894	99 445	90 289
XIII. Shareholders' Equity	358 231	337 859	87 823	71 626
XIV. Share capital	98 982	98 982	24 266	20 984
XV. Number of shares (units)	19 796 016	19 796 016	19 796 016	19 796 016
XVI. Net profit (loss) per one ordinary share (in PLN/ EUR)	1,06	0,44	0,23	0,09
XVII. Diluted net profit (loss) per one ordinary share (in PLN/ EUR)	0	0	0	0
XVIII. Book value per one share (in PLN /EUR)	18,10	17,07	4,44	3,62
XIX. Diluted book value per one share (in PLN / EUR)	0	0	0	0
XX. Dividend declared or paid per one share (PLN/EUR)	0	0,05	0	0,01

ASSETS	at Dec. 31, 2004 – quarter's end / 2004	at Sept. 30, 2004 end of previous. Quarter/2004	at Dec. 31, 2003 quarter's end / 2003	at Sept. 30, 2003 end of previous.. Quarter /2003
<b>I. Fixed assets</b>	<b>492 981</b>	<b>498 940</b>	<b>501 577</b>	<b>514 527</b>
Intangible fixed assets, including	9 818	10 337	3 417	4 159
- Goodwill	0	0	0	0
II. Goodwill of subordinated entities	0	0	0	0
III. Tangible fixed assets	30 033	30 114	40 285	53 311
IV. Long-term accounts receivable	0	0	0	0

V. Long-term investments	447 522	454 373	453 759	452 558
1. Real property	11 246	11 451	11 658	7 885
2. Intangible fixed assets	0	0	0	0
3. Long-term financial assets	436 276	442 922	442 101	444 673
a) in related entities, including:	436 153	442 799	441 978	444 550
b) in other entities	123	123	123	123
4. Other long-term investments	0	0	0	0
VI. Long-term accruals	5 608	4 116	4 116	4 499
1. Deferred tax assets	5 608	4 116	4 116	4 499
2. Other accruals	0	0	0	0
<b>B. Current assets</b>	<b>330 684</b>	<b>349 642</b>	<b>314 418</b>	<b>310 975</b>
I. Inventories	18 441	19 523	27 840	22 736
II. Short-term accounts receivables	307 280	319 250	277 736	280 731
1. - from related entities	67 942	72 672	52 437	77 813
2. from other entities	239 338	246 578	225 299	202 918
III. Short-term investments	3 644	8 258	7 193	6 558
1. Short-term financial assets	3 644	8 258	7 193	6 558
a) in related entities	0	1 705	0	2 286
b) in other entities	16	0	81	91
c) cash and other cash assets	3 628	6 553	7 112	4 181
2. Other short-term investments	0	0	0	0
IV. Short-term accruals	1 319	2 611	1 649	950
<b>Assets</b>	<b>823 665</b>	<b>848 582</b>	<b>815 995</b>	<b>825 502</b>

<b>LIABILITIES AND EQUITY</b>	at Dec. 31, 2004 – quarter's end / 2004	at Sept. 30, 2004 end of previous quarter /2004	at Dec. 31, 2003 quarter's end / 2003)	at Sept. 30, 2003 end of previous quarter /2003
I. Shareholders' equity	<b>358 231</b>	<b>362 171</b>	<b>337 859</b>	<b>346 750</b>
I. Basic equity	98 982	98 982	98 982	98 982
II. Contributions payable to share capital (negative value)	0	0	0	0
III. Own shares (negative value)	(6 176)	(6 176)	0	0
IV. Supplementary funds	157 186	157 186	151 157	151 157
Revaluation capital reserve	1 183	1 183	648	648
VI. Other capital reserves	82 375	82 375	76 199	76 199
VII. Exchange difference arising from translation	0	0	0	0
VIII. (Accumulated loss)/retained profit brought forward	3 778	3 778	2 155	2 155
IX. Net profit (loss)	20 903	24 843	8 718	17 609
Deductions from net profit during financial year (negative value)	0	0	0	0
B. Minority equity	0	0	0	0
Negative goodwill of subordinated entities	0	0	0	0
<b>D. Liabilities and reserves</b>	<b>465 434</b>	<b>486 411</b>	<b>478 136</b>	<b>478 752</b>
Reserves for liabilities	20 325	15 581	10 077	14 930
1. Deferred tax provision	639	315	194	1 239



2. Reserve for retirement and similar benefits, including:	2 502	2 032	2 265	4 009
a) long-term	2 194	2 032	2 037	2 257
b) short-term	308	0	228	1 752
3. Other reserves	17 184	13 234	7 618	9 682
a) long-term	0	0	0	0
b) short-term	17 184	13 234	7 618	9 682
II. Long-term liabilities	35 185	13 237	38 979	44 885
1. To related entities	0	0	0	0
2. To other entities	35 185	13 237	38 979	44 885
III. Short-term liabilities	405 635	453 277	425 894	415 118
1. To related entities	125 390	127 156	105 770	109 198
2. To other entities	279 669	325 491	313 167	298 863
3. Special funds	576	630	6 957	7 057
IV. Accruals and deferred income	4 289	4 316	3 186	3 819
1. Negative goodwill	0	0	0	0
2. Other accruals	4 289	4 316	3 186	3 819
a) long-term	0	0	0	0
b) short-term	4 289	4 316	3 186	3 819
<b>Total liabilities and equity</b>	<b>823 665</b>	<b>848 582</b>	<b>815 995</b>	<b>825 502</b>

Book value	358 231	362 171	337 859	346 750
Number of shares (units)	19 796 016	19 796 016	19 796 016	19 796 016
Book value per share (in PLN)	18,10	18,30	17,07	17,52

OFF-BALANCE SHEET ITEMS	at Dec. 31, 2004 – quarter's end / 2004)	at Sept. 30, 2004 end of previous quarter/2004	at Dec. 31, 2003 quarter's end / 2003)	at Sept. 30, 2003 end of previous quarter /2003
1. Contingent receivables	0		0	-
2. Contingent liabilities	23 530	19 906	18 663	26 637
2.1. 1.1.To related entities (including)	23 530	19 906	18 663	18 634
- warranties and guarantees granted	23 530	19 906	18 663	18 634
2.2. To other entities (including)	0	0	0	8 003
- Warranties and guarantees granted	0	0	0	8 003
3. Other	9 400	11 040	3 140	0
<b>Total</b>	<b>32 930</b>	<b>30 946</b>	<b>3 140</b>	<b>30 946</b>

### PROFIT AND LOSS ACCOUNT

Description	4th quarter/2004 period Oct. 1 – Dec. 31	4(th) quarter(s) cumulative / 2004 period Jan.1, 2004 – Dec. 31	4th quarter/2003 period Oct. 1, 2003 – Dec. 31	4(th) quarter(s) cumulative / 2003 period Jan.1– Dec. 31
<b>Net revenues from sales of goods and materials, including:</b>	<b>370 496</b>	<b>1 470 038</b>	<b>310 857</b>	<b>1 202 194</b>
- from related entities	91 738	359 352	69 040	316 811
Net revenues from sales of products	17 157	58 032	23 610	78 889



Net revenues from sales of goods and materials	353 339	1 412 006	287 247	1 123 305
<b>Costs of products, goods, and materials sold,</b>				
<b>including:</b>	<b>330 828</b>	<b>1 318 743</b>	<b>265 975</b>	<b>1 040 057</b>
<i>related entities</i>	83 859	320 605	62 418	285 617
Costs of manufacturing products sold	156	405	-182	461
Value of goods and materials sold	330 672	1 318 338	266 157	1 039 596
<b>Gross profit from sales</b>	<b>39 668</b>	<b>151 295</b>	<b>44 882</b>	<b>162 137</b>
<b>Selling costs</b>	<b>18 302</b>	<b>66 852</b>	<b>20 982</b>	<b>73 189</b>
<b>Overheads</b>	<b>15 614</b>	<b>55 699</b>	<b>13 217</b>	<b>54 953</b>
<b>Gross profit from sales</b>	<b>5 752</b>	<b>28 744</b>	<b>10 683</b>	<b>33 995</b>
<b>Other operating revenues</b>	<b>20 918</b>	<b>30 171</b>	<b>3 413</b>	<b>9 150</b>
Gain on disposal of non-financial fixed assets	34	34	14	69
Other operating income	20 884	30 137	3 399	9 081
<b>Other operating expenses</b>	<b>11 863</b>	<b>27 334</b>	<b>4 922</b>	<b>11 349</b>
Loss on disposal of non-financial fixed assets	-5	0	0	0
Revaluation of non-financial assets	338	5 026	1 964	5 959
Other operating expenses	11 530	22 308	2 958	5 390
<b>Operating profit (loss)</b>	<b>14 807</b>	<b>31 581</b>	<b>9 174</b>	<b>31 796</b>
<b>Financial revenues</b>	<b>398</b>	<b>23 941</b>	<b>-5 082</b>	<b>8 193</b>
Dividends and profit sharing, including:	282	20 151	1 120	1 686
<i>- from related entities</i>	282	20 151	1 120	1 686
Interest, including:	90	3 116	208	1 699
<i>- from related entities</i>	-188	73	-24	470
Gain on disposal of investments	0	40	0	0
Other	26	634	-6 410	4 808
<b>Financial expenses</b>	<b>20 677</b>	<b>33 334</b>	<b>11 093</b>	<b>23 865</b>
Interest, including:	2 897	10 475	2 738	11 252
<i>- to related companies</i>	-16	0	0	0
Loss on disposal of investments	0	0	0	10
Investment revaluation	8 352	9 362	7 869	11 207
Other	9 428	13 497	486	1 396
<b>Profit (loss) on economic activities</b>	<b>-5 472</b>	<b>22 188</b>	<b>-7 001</b>	<b>16 124</b>
<b>Result on extraordinary events</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Pre-tax profit (loss)</b>	<b>-5 472</b>	<b>22 188</b>	<b>-7 001</b>	<b>16 124</b>
<b>Income tax</b>	<b>-1 532</b>	<b>1 285</b>	<b>1 890</b>	<b>7 406</b>
a) current	-364	2 332	2 552	8 018
b) deferred	-1 168	-1 047	-662	-612
<b>Other obligatory profit decreases</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net profit (loss)</b>	<b>-3 940</b>	<b>20 903</b>	<b>-8 891</b>	<b>8 718</b>

Net profit (loss) (annualized)		20 903		8 718
Weighted average number of ordinary shares (units)		19 796 016		19 796 016
Profit (loss) per one ordinary share ( in PLN)		1,06		0,44
Weighted average diluted number of ordinary shares		19 796 016		19 796 016
Diluted profit (loss) per one ordinary share (in PLN)		1,06		0,44



**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

Statement of changes in shareholders' equity	4th quarter/2004 period Oct. 1 – Dec. 31	4(th) quarter(s) cumulative / 2004 period Jan.1, 2004 – Dec. 31,	4 <sup>th</sup> quarter/2003 period Oct. 1, 2003 – Dec. 31	4(th) quarter(s) cumulative / 2003 period Jan.1– Dec. 31
<b>I. Shareholders' equity at beginning of period</b>	<b>362 171</b>	<b>337 859</b>	<b>346 750</b>	<b>327 481</b>
Change in accounting principles (policies) adopted	0	0	0	3 749
<b>I.a. Shareholders' equity at beginning of period, after adjustments</b>	<b>362 171</b>	<b>337 859</b>	<b>346 750</b>	<b>331 230</b>
<b>1. 1. Share capital at beginning of period</b>	<b>98 982</b>	<b>98 982</b>	<b>98 982</b>	<b>98 982</b>
1.1. Changes in share capital	0	0	0	0
a) increase, including	0	0	0	0
b) decrease, including	0	0	0	0
<b>1.2. Balance of share capital at end of period</b>	<b>98 982</b>	<b>98 982</b>	<b>98 982</b>	<b>98 982</b>
<b>2. Contributions payable to share capital at beginning of period (negative value)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
2.1. Change in contributions payable to share capital	0	0	0	0
a) increase, including	0	0	0	0
b) decrease, including	0	0	0	0
<b>2.2. Contributions payable to share capital at end of period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>3. Own shares at beginning of period</b>	<b>-6 176</b>	<b>0</b>	<b>0</b>	<b>0</b>
3.1. Changes in own shares	0	(6 176)	0	0
a) increase, including	0	(6 176)	0	0
purchase	0	(6 176)	0	0
b) decrease, including	0	0	0	0
<b>3.1. Own shares at end of period</b>	<b>-6 176</b>	<b>(6 176)</b>	<b>0</b>	<b>0</b>
<b>4. Supplementary fund at beginning of period</b>	<b>157 186</b>	<b>151 157</b>	<b>151 157</b>	<b>155 541</b>
4.1. Changes in supplementary fund	0	6 029	0	(4 384)
a) increase, including	0	12 294	0	4 427
- profit distribution (statutory)	0	6 105	0	4 424
- transfer from revaluation reserve	0	13	0	3
- other increase	0	6 176	0	0
b) decrease, including	0	6 265	0	8 811
- coverage of losses	0	0	0	8 781
- transfer from revaluation reserve	0	89	0	0
- other decrease	0	6 176	0	30
<b>4.2. Supplementary fund at end of period</b>	<b>157 186</b>	<b>157 186</b>	<b>151 157</b>	<b>151 157</b>
<b>5. Revaluation reserve at beginning of period</b>	<b>1 183</b>	<b>648</b>	<b>648</b>	<b>621</b>
5.1. Change in revaluation reserve	0	535	0	27
a) increase, including	0	548	0	30
- transferred to supplementary fund	0	89	0	30
- other increase	0	459	0	0
b) decrease, including	0	13	0	3
- disposal of fixed assets	0	13	0	3



<b>5.2. Revaluation reserve at end of period</b>	<b>1 183</b>	<b>1 183</b>	<b>648</b>	<b>648</b>
<b>6. Other reserve capitals at beginning of period</b>	<b>82 375</b>	<b>76 199</b>	<b>76 199</b>	<b>76 199</b>
6.1. Change in other reserve capitals	0	6 176	0	0
a) increase, including	0	6 176	0	0
- other increases	0	6 176	0	0
b) decrease, including	0	0	0	0
<b>6.2. Other capital reserves at end of period</b>	<b>82 375</b>	<b>82 375</b>	<b>76 199</b>	<b>76 199</b>
<b>7. Accumulated loss or retained profit brought forward at beginning of period</b>	<b>3 778</b>	<b>10 873</b>	<b>2 155</b>	<b>(3 862)</b>
7.1. Retained profit brought forward at beginning of period	3 778	10 873	2 155	4 919
- changes in accounting principles adopted	0	0	0	2 155
7.2. Retained profit brought forward at beginning of period	3 778	10 873	2 155	7 074
a) increase, including	24 843	0	17 609	0
net profit for the period I - IX	24 843	0	17 609	0
b) decrease, including	0	7 095	0	4 919
- profit distribution for previous year	0	6 105	0	4 424
- dividend to be paid	0	990	0	495
<b>7.3. Retained profit brought forward at end of period</b>	<b>28 621</b>	<b>3 778</b>	<b>19 764</b>	<b>2 155</b>
7.4. Accumulated loss brought forward at beginning of period	0	0	0	8 781
7.5. Accumulated loss brought forward at beginning of period	0	0	0	8 781
a) increase, including	0	0	0	0
b) decrease, including	0	0	0	8 781
- coverage of losses	0	0	0	8 781
<b>7.6. Balance of accumulated loss brought forward at end of period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>7.7. Retained profit or accumulated loss brought forward at end of period</b>	<b>28 621</b>	<b>3 778</b>	<b>19 764</b>	<b>2 155</b>
<b>8. Net result</b>	<b>-3 940</b>	<b>20 903</b>	<b>(8 891)</b>	<b>8 718</b>
a) net profit	0	20 903	0	8 718
b) net loss	-3 940	0	8 891	0
<b>II. Shareholders' equity at end of period</b>	<b>358 231</b>	<b>358 231</b>	<b>337 859</b>	<b>337 859</b>
<b>III. Shareholders' equity, after proposed profit (loss coverage)</b>	<b>358 231</b>	<b>358 231</b>	<b>337 859</b>	<b>337 859</b>

### CASH-FLOW STATEMENT

<b>C. Cash flow from operating activities</b>	4th quarter/2004 period Oct. 1 – Dec. 31	4(th) quarter(s) cumulative / 2004 period Jan.1, 2004 – Dec. 31, 2004	4th quarter/2003 period Oct. 1 – Dec. 31	4(th) quarter(s) cumulative / 2003 period Jan.1– Dec. 31
I. Net profit (loss)	(3 940)	20 903	(8 891)	8 718
<b>II. TOTAL ADJUSTMENTS</b>	<b>(8 083)</b>	<b>(21 940)</b>	<b>(507)</b>	<b>19 483</b>
1. Depreciation, including:	2 407	8 464	2 670	9 681
2. Profits (losses) from exchange rate differences	(1 305)	(1 237)	2 718	2 533
3. Interest and profit sharing (dividends)	3 264	(9 152)	4 743	9 711



4. Profit (loss) on investment activities	8 312	9 182	10 371	10 326
5. Change in reserves	4 743	10 247	(4 853)	(13 466)
6. Change in inventories	1 081	9 399	(5 104)	355
7. Change in account receivables	9 896	(27 653)	6 994	1 685
8. Change in short-term liabilities (net of loans and credits)	(35 944)	(21 131)	(13 869)	2 132
9. Change in prepayments and accrued income	(226)	(59)	(989)	(3 474)
10. Other adjustments on operating activity	(311)	0	(3 188)	0
<b>III. NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(12 023)</b>	<b>(1 037)</b>	<b>(9 398)</b>	<b>28 201</b>
<b>B. Cash flow from investment activities</b>				
<b>I. Cash inflow</b>	<b>8 286</b>	<b>22 698</b>	<b>11 200</b>	<b>13 654</b>
1. Disposal of intangible and tangible fixed assets	40	140	10 080	10 478
2. From financial assets, including:	8 246	22 558	1 120	3 176
a) in related entities	8 246	22 451	1 120	1 954
- disposal of financial assets	0	2 300	0	0
- dividends and other profit sharing	8 246	20 151	1 120	1 954
b) in other entities	0	107	0	1 222
- disposal of financial assets	0	107	0	1 222
<b>II. Cash outflow</b>	<b>5 265</b>	<b>9 768</b>	<b>8 054</b>	<b>16 447</b>
1. Acquisition of tangible and intangible fixed assets	365	3 805	(1 343)	3 665
2. Investments in real property and intangible fixed assets	0	0	2 397	2 397
3. On financial assets, including:	4 900	5 963	7 000	10 385
a) in related entities	4 900	5 963	7 000	10 385
- acquisition of financial assets	4 900	5 963	7 000	10 385
<b>III. NET CASH FLOWS FROM INVESTMENT ACTIVITIES</b>	<b>3 021</b>	<b>12 930</b>	<b>3 146</b>	<b>(2 793)</b>
<b>Net cash flow from financial activities</b>				
<b>I. Cash inflow</b>	<b>107 921</b>	<b>262 033</b>	<b>50 321</b>	<b>109 041</b>
1. Loans and credits	78 115	132 719	23 756	37 142
2. Issue of debt securities	29 428	128 936	26 565	71 899
3. Other cash inflow	378	378	0	0
<b>II. Cash outflow</b>	<b>101 844</b>	<b>277 410</b>	<b>41 138</b>	<b>131 316</b>
1. Purchase of own shares	2 055	6 176	0	0
2. Dividends and other distributions to shareholders	0	990	55	495
3. Repayment of loans and credits	56 809	117 913	23 081	61 910
4. Redemption of debt securities	39 713	141 962	11 998	58 000
5. Payments under financial leases	502	502	346	346
6. Interest	2 765	9 867	5 658	10 565



III. NET CASH FLOWS FROM FINANCIAL ACTIVITIES	6 077	(15 377)	9 183	(22 275)
D. TOTAL NET CASH FLOW (A.III+/-B.III+/-C.III)	(2 925)	(3 484)	2 931	3 133
E. BALANCE-SHEET CHANGE IN CASH, including:	(2 925)	(3 484)	2 931	3 133
- change in cash resulting from foreign exchange differences	(321)	(194)	(235)	(141)
F. CASH AT BEGINNING OF PERIOD	6 553	7 112	4 181	3 979
G. CASH AT END OF PERIOD (F+/- D), including:	3 628	3 628	7 112	7 112
- restricted cash	16	211	(44)	153

**Additional information for the fourth quarter ending on December 31, 2004.**

**Accounting principles for preparation of a periodical report for the fourth quarter ending 31.12.04.**

The quarterly report of the Ciech SA company has been prepared according to applicable accounting principles, using valuation of assets and liabilities and equity as well as the measurement of net financial result specified per balance sheet date, in compliance with adjustments of reserves.

Detailed information regarding the principles and methods of valuation of assets and liabilities and equity as well as the measurement of financial result and the method for preparation of the financial statement and comparable data of Ciech SA are all contained in point 1.4.1. of the Prospectus: Selected information the introduction to the Issuer's financial statements.

From January 1, 2004 the following accounting principles have been changed:

**Investments in Real Estate and Intangible Assets:**

*The principle formerly applied:* Investment real estate and intangible assets were not depreciated, and their valuation per balance sheet date was carried out at the purchase price less the impairment write-offs..

From January 1, 2004, the following principle has been applied: Real estate and intangible assets considered as investments are valued according to principles applied to tangible and intangible assets, or at market price or the fair value otherwise specified. Real estate and intangible assets considered as investments have been depreciated according to principles applied to tangible and intangible assets.

**Receivables from deliveries and services:**

*The principle formerly applied:* Receivables denominated in foreign currencies were valued at the purchase rate of the given foreign currency applied per balance sheet date by the bank servicing the company, however, not exceeding the average exchange rate fixed for the given foreign currency by the National Bank of Poland per balance sheet date. If the company used services of several banks, then the exchange rate of the leading bank, in which the company has a primary account, should have been applied. If different exchange rates were published per balance sheet date, then the exchange rate that was published last was used for the purpose of valuation.

From January 1, 2004, the following principle has been applied: Receivables denominated in foreign currencies are valued at the average exchange rate fixed for the given currency by the National Bank of Poland on balance sheet day.

**Liabilities for deliveries and services:**

*The principle formerly applied:* Liabilities expressed in foreign currencies were valued at the selling exchange rate of the given currency used per balance sheet date by the bank servicing the company, not lower than the average exchange rate fixed on that day for the given currency by the National Bank of Poland. If the entity used services of several banks, then the exchange rate of the leading bank, in which the company has a primary account, should have been applied. If different exchange rates were published per balance sheet date, then the exchange rate that was published last was used for the purpose of valuation.

From January 1, 2004, the following principle has been applied: Liabilities denominated in foreign currencies are valued at the average exchange rate set for the given currency by the National Bank of Poland valid on balance sheet day.





### Income from leased areas:

The principle formerly applied: Revenues from leased areas were reported in net revenues from sales of goods and services, whereas the costs commensurate to these revenues were charged to costs of production of goods and services.

From January 1, 2004, the following principle has been applied: Revenues from leased areas are reported in other operational income - in the item "others", whereas the costs commensurate to these revenues are charged to the "other" item in other operating costs.

For the purpose of presenting the selected financial data, individual items of assets and liabilities and equity of the balance sheet were converted into EUR according to the average exchange rate announced per balance sheet date (September 30, 2004) by the National Bank of Poland, namely 4.3832. The individual items of the profit and loss account were converted into EUR according to the exchange rate being the arithmetic mean of the exchange rates fixed by the National Bank of Poland for EUR on the final day of every month ended, namely from January to September 2004, respectively: 4.7614; 4.8746; 4.7455; 4.8122; 4.6509; 4.5422; 4.3759; 4.4465; 4.3832 for the reported period of three quarters of 2004 ending December 31, 2004, the exchange rate of : 4.5182

### The value based adjustment regarding the change of accounting principles has been presented below:

	31.12.2003	30.09.2003
<b>Equity before conversion</b>	<b>334 081</b>	<b>343 137</b>
Adjustments due to positive exchange rate differences	3 778	3 613
<b>Equity after conversion according to the new accounting principles (data brought into comparability)</b>	<b>337 859</b>	<b>346 750</b>

	31.12.2003	30.09.2003
<b>Net profit before conversion</b>	<b>7 095</b>	<b>16 152</b>
Adjustments due to positive exchange rate differences	1 623	1 458
<b>Net profit after conversion according to the new accounting principles (data brought into comparability)</b>	<b>8 718</b>	<b>17 610</b>

## PRESENTATION OF THE FINANCIAL RESULTS

in PLN '000

Selected financial information (in PLN'000)	4th quarter 2004	4 quarters of 2004 2004	4th quarter 2003 – comparable data	4 quarters of 2003 – comparable data	% increase (decrease)
Net revenues from sales	370 496	1 470 038	310 857	1 202 194	19,2%
Gross profit from sales	39 668	151 295	44 882	162 137	(11,6%)
Profit from operating activities	14 807	31 581	9 174	31 796	61,4%
Net profit (loss)	(3 940)	20 903	(8 891)	8 718	-
Equity	358 231	358 231	337 859	337 859	6,0%
Net profit per 1 share (In PLN)	(0,20)	1,06	(0,45)	0,44	-

Zródło: Ciech SA

### Revenues from sales

Ciech SA conducts commercial activity related to trading in chemicals manufactured both by subsidiaries and external entities.

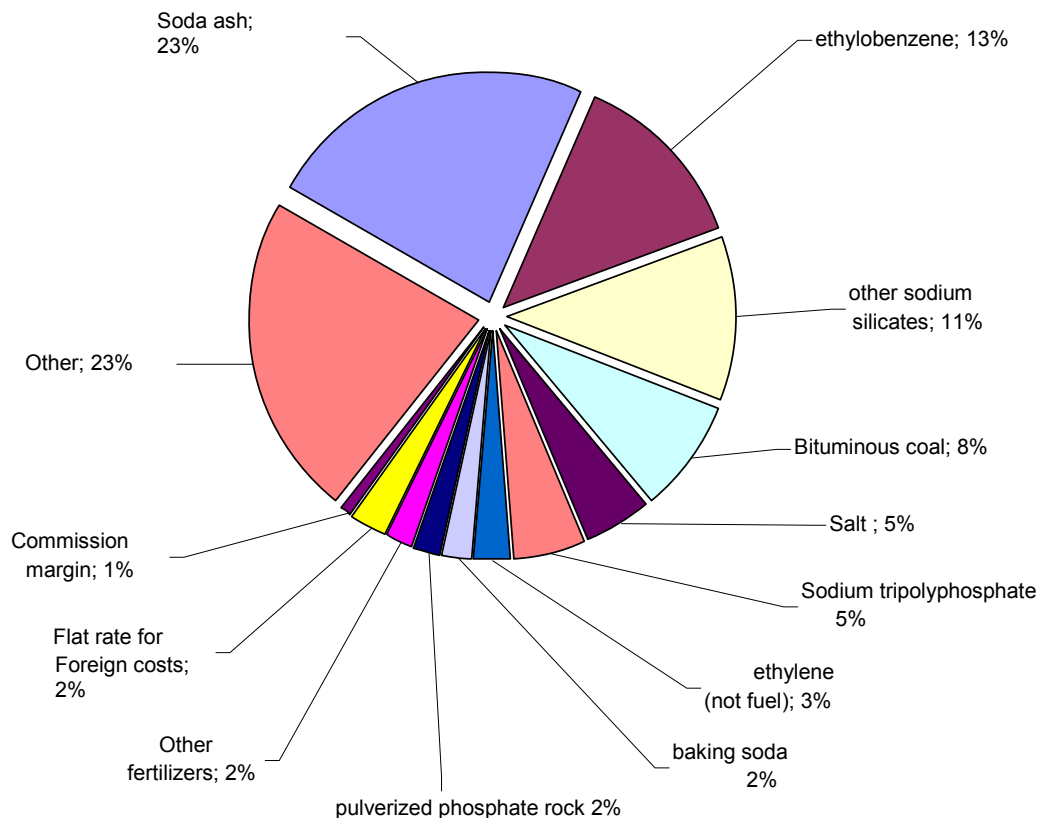


Net revenues from sales obtained by Ciech SA during the fourth quarter 2004 amounted to PLN 370 496 thous. In relation to the fourth quarter 2003, these revenues increased by 19.2%. The increase was due to trade restructuring carried out with respect to selected goods (change of the sale form from commission sale to own-account sale).

The goods portfolio of Ciech SA is characterized by high maturity, and sales are based on permanent relationships with the customers. Domestic market remains the company's main market, whereas Europe remains the main export market. Due to geographical vicinity and the fact that there are no trade barriers, the economies of the European Union are natural markets for Ciech SA. This means dependence of export sales profitability on economic situation in this area and on EUR/PLN exchange rate.

#### Sale revenue structure during the fourth quarter 2004.

Revenue structure of Ciech SA reflects to a high extent the sale structure of the Capital Group. A major part of the products manufactured by the Capital Group companies is sold to Ciech SA and resold outside the Group. In result, sales of the main Capital Group products, such as soda ash and ethylbenzene, shown in the financial statements of Ciech SA as the goods, are dominating in the sale revenue of Ciech SA. Due to operating relations between Ciech SA and its subsidiaries, including among others co-ordination of the supply policy, sales of power industry raw materials (coal, ethylene) to subsidiary companies of Ciech SA play also an important role in the sale structure of Ciech SA. Revenues from sales of products and services consist mainly of the revenues from trade agency (sale commission and lump sum commission) and other revenues not related with core activity profile of Ciech SA. Sale commission is carried out by Ciech SA mainly with respect to products that are not manufactured within the Capital Group. The sale structure of Ciech SA during the fourth quarter 2004, showing main products and goods, is illustrated by the following diagram:



#### Gross profit from sales

Gross profit from sales of Ciech SA during the fourth quarter 2004 amounted to PLN 39 668 thous. which means a decrease of 11.6% in relation to the fourth quarter of 2003. %



The decrease in profit from sales during the fourth quarter 2004 compared with the fourth quarter of 2003 was caused by decreased EUR/PLN – mid exchange rate during the fourth quarter 2004 amounted to 4.21, whereas in the fourth quarter 2003 it amounted to 4.70. Additionally, the decrease in gross profit was caused by increased freight costs and transfer of trading in pharmaceuticals to the subsidiary within the Capital Group, Ciech POLFA Sp. z o. o.

### **Profit from operational activity**

In the fourth quarter 2004, profit from operating activity in Ciech SA amounted to PLN 14 807 thous. It grew by 61.4% compared with the profit obtained during the fourth quarter 2004.

Apart from the factors described above, dissolution of receivable revaluation write-offs for the amount of PLN 11.9 thous. was determinant to the profit level. Dissolution of the write-off was possible due to repayment of liabilities to Ciech SA

### **Net result**

Net loss in the fourth quarter 2004 amounted to PLN 3 940 thous. and it decreased by PLN 4 951 thous. compared with the fourth quarter of 2003.

The loss decrease was due to a high extent to positive results reached at the level of operating profit. Negative net result was due to the following factors:

- negative balance of exchange differences (including realized and non-realized differences of PLN 8 771 thous.)
- revaluation of investments for the amount of PLN 8 352 thous.
- interest on credits of PLN 2 697 thous.

### **Capital Structure**

Shareholders' equity of Ciech SA increased at the end of 2004 by PLN 20 372 thous. compared with the value shown at December 31, 2003. Change in shareholders' equity of Ciech SA was mainly due to net profit of PLN 20 903 thous. generated by Ciech during 2004..

### **Indebtedness**

Total level of long-term and short-term liabilities of Ciech SA as of December 31, 2004 amounted to PLN 440 830 thous., i.e. it decreased by PLN 24 053 thous. compared with 2003. The decrease in liabilities was mainly due to repayment of short-term liabilities.

The debt ratio (calculated as the ratio between the debt and the balance-sheet amount) amounted to 54% as of December, 2004, i.e. it was by 3% lower compared with 2003.

Financial leverage (ratio between debt and debt plus shareholders' equity calculated at book value) amounted to 55% as of December 31, 2004. Last year (2003) this ratio amounted to 58%.

Current ratio (calculated as quotient of total current assets and total short-term liabilities) amounted to 0.82, i.e. it improved compared with 0.74 in 2003.

### **Major achievements of Ciech SA during the fourth quarter ending on December 31, 2004 ar as follows:**

1. Admittance of the Company's shares to public trading by the Polish SEC.

On November 2004 the Securities and Exchange Commission took a decision on admittance of the shares of Ciech SA to trading on the Warsaw Stock Exchange.

Trading in shares of Ciech SA on the Warsaw Stock Exchange started on February 10, 2005.

2. Setting up Soda Division, which initiated operation of a new organizational structure of Ciech SA, prepared for executing new product strategy of the Ciech Capital Group.

The change process started with selection of the business model. Taking into consideration all material premises, the Management Board decided to select the business model assuming „concentration on selected market segments”.

The Management Board of Ciech SA decided to adapt the company's organizational structure to that model and to change the method of management of the production companies within the Ciech Group. Concept and preparatory works were



carried out during the 2nd half of 2004. The key change consists of concentration within one structure of the entire business related to a given product group (e.g. production, sale, purchase, and logistics operations are subordinated to the Division Head). At present, there are two divisions operating within the Group: Sodowa and Foschem, covering phosphate and non-organic business except for soda.

3. Change in financing sources.

Gaining new financing sources in form of:

- short-term PLN 10 million overdraft from the bank Millenium, valid till December 19, 2006
  - Gaining EUR 3 mln working capital credit for financing current activities from the bank PeKaO S.A. for the period of 19 months.
4. Gaining long-term credit from the bank PeKaO S.A. for refinancing currently repaid credits for acquisition of the soda companies. The credit was granted till the end of 2009. This allowed the Company to reduce annual repayments of capital installments by more than a half.
5. After the re-certification process was completed, Ciech obtained again from KEMA Quality BV the certificate for conformity of the quality management system with ISO 9001:2000 standards.

**Reserves and asset revaluation write-offs – applies to the period October 1, 2004 – December 31, 2004.**

In three quarters of 2004, the following adjustments relating to the creation and release of reserves and of write-downs of the assets' components value were contained in the individual report of Ciech SA

In thousands PLN

<b>Reserves created</b>	
For jubilee awards and retirement severance pays	544
For anticipated losses	8 251
For liabilities – Powązkowska *	1 640
For deferred tax	324
For costs	645
<b>Total</b>	<b>11 404</b>

In thousands PLN

<b>Reserves dissolved</b>	
For jubilee awards and retirement severance pays	74
For anticipated losses	5 942
For costs	657
<b>Total</b>	<b>6 673</b>

In thousands PLN

<b>Revaluation write-offs (increase)</b>	
On receivables ( including interest)	317
Fixed assets	6 646
Current assets	1 837
<b>Total</b>	<b>8 800</b>

In thousands PLN

<b>Revaluation write-offs (decrease)</b>	
On receivables ( including interest)	21 105
<b>Total</b>	<b>21 105</b>

In thousands PLN

<b>Deferred tax assets</b>	
Increases	1 492
Decreases	0

\* In 2004, the time limit for completion of the construction investment on the land situated at crossroads of Powązkowska, Krasińskiego and Elsbląska streets expired. Due to the fact that the time limit was not kept, it is highly probable that Ciech



SA will be charged with the amount equal to 10% of the value of the land property. The amount of the possible fee would be PLN 1 640 thous. The 100% reserve was created for the above liability in the books of Ciech SA

#### **Important events after the balance sheet date**

On February 10, 2005 a debut of the shares of Ciech SA on the Warsaw Stock Exchange took place.

#### **Realization of the forecasts of results for the given year published previously**

Ciech SA does not publish any forecasts with respect to non consolidated company's results. On January 17, 2005 (current report No. 5/2005) financial forecasts for the Ciech Capital Group for 2004 was published. The Management Board of Ciech SA expects to obtain the following results at consolidated level:

- revenues: PLN 2 150 million
- net profit: PLN 82 million

#### **Shareholders of Ciech SA who hold at least 5% of shares / votes at the General Shareholders Meeting – the present status**

The State Treasury represented by the Minister of Treasury – 10,270,800 shares, which is 51.88% of the share capital of Ciech SA; the number of votes 10,270,800, which is a 51.88% of the general number of votes at the General Shareholders Meeting.

#### **Changes in the ownership structure of significant stake/votes of Ciech SA (at least 5%).**

	<b>Balance at 04.11.2004</b>	<b>Purchased Shares</b>	<b>Sold Shares</b>	<b>Balance at 04.11.2004</b>
State Treasury	10 270 800	-	-	10 270 800

#### **Changes in the ownership structure of significant stake/votes of Ciech S.A, which are owned by companies related to Ciech SA**

	<b>Balance at 04.11.2004</b>	<b>Purchased Shares</b>	<b>Sold Shares</b>	<b>Balance at 04.11.2004</b>
Polskie Towarzystwo Ubezpieczeń S.A.	2 290 080		1 300 500	989 580
Inowrocławskie Zakłady Chemiczne Soda Mątwy SA	335 924	-	335 924	-
Janikowskie Zakłady Sodowe "Janikosoda" SA	440 260	-	440 260	-
Gdańskie Zakłady Nawozów Fosforowych Fosfory Sp. z o.o.	190 200	-	190 200	-
Zakłady Chemiczne Alwernia SA	95 100	-	95 100	-
Petrochemia Blachownia SA	236 878	-	236 878	-
InChem Sp. z o.o.**	752 030	-	752 030	-

#### **Changes in state of shares owned by the members of the Management Board and the Supervisory Board of Ciech SA**

	<b>Balance at 04.11.2004</b>	<b>Purchased Shares</b>	<b>Sold Shares</b>	<b>Balance at 04.11.2004</b>
Management Board	190 200	193 053	-	383 253
Supervisory Board	-	-	-	-

On February 8, 2005 the Management Board of Ciech SA obtained the information that in result of acquisition of the shares of Ciech SA, Commercial Union Otwarty Fundusz Emerytalny BPH CU WBK held as of February 4 of current year 301.191



series A and B shares and 1.148.809 allotment rights to series C shares, which – in case of share capital increase – will make 5.18% of the Company's share capital and will give the right to 1,450,000 votes at General Shareholder Meeting, which makes 5.18% of total number of votes.

#### **Ongoing proceedings before court, bodies appropriate for arbitration proceedings or administrative bodies as of 31.12.04.**

##### **I. Ciech SA:**

##### **Liabilities of Ciech SA (domestic and foreign) submitted for court or arbitration proceedings:**

###### **Claim of Petro Carbo Chem Aktiengesellschaft (PCC)**

The subject of legal action brought by PCC AG in year 2000 is a claim for payment of compensation in the amount of 21,364 thousand PLN and 13,861.45 EUR (a value equivalent to 57 thousand PLN) for non-performance of the agreement to transfer shares of Petrochemia Blachownia Sp. z o.o. (now Petrochemia Blachownia SA) promised in the preliminary agreement dated July 9, 1999. On May, 27 2003, the District Court in Warsaw issued a preliminary judgment recognizing the claim of PCC AG as to principle, while not ruling on the amount of compensation, as such. Ciech SA filed an appeal against the above mentioned preliminary judgment on September 19, 2003, objecting to the preliminary judgment for an incorrect legal evaluation of the determined actual circumstances and violation of material law, through the assumption that the intention of the parties was to sign an agreement. On August 12, 2004, on the day of the trial, the Court of Appeal upheld the legal effect of the preliminary District Court appealed judgment, namely it confirmed the legitimacy of PCC's claims without declaring the amount of compensation, which shall be the subject of further proceedings. After the receipt of the judgment and the opinion, Ciech SA shall file a final appeal lodging an objection of violation of material law through its incorrect interpretation and improper application and abuse of discretion by the Court of Appeal of principles of free evaluation of evidence inconsistent with the EU directives. In case of possible dismissal of the cassation, PCC AG will have to prove the amount of the damages claimed, because in the appraisal of Ciech SA, the claim of PCC AG is not documented.

###### **Comexport's claims**

The subject of legal action brought by Comexport (Brazil) in September 2003, before the Arbitration Court at the International Chamber of Commerce in Paris are the compensation claims for incomplete performance of delivery of Polish sulfur to Brazil in 1993-1999. The suit was brought against Ciech SA and Kopalnie Siarki in Tarnobrzeg and Grzybow. The value of the subject of litigation is the amount of 3,961,238 USD (a value equivalent to 11,846 thousand PLN) which includes: Comexport's lost profits on the quantities not supplied to Brazilian customers as provided by the agreement, losses resulted by overestimated freight costs etc. In November 2003 Ciech SA filed a reply to the statement of claims, demanding dismissal of Comexport claim, raising among others the fact that it had a force majeure certificate confirming liquidation of the mine and restructuring of sulphur industry, the plea of limitation of claims, the fact that the claims for indemnity were not documented. The Arbitration Court appointed one arbitrator for the purpose of reconsideration of the litigation. and after getting familiar with the case, the arbiter fixed a schedule for further proceeding and fixed the trial date for February 21, 2005. However, the date of the trial will be postponed because the parties did not conclude the exchange of pleadings determined by the Arbitration Court in the proceedings schedule. The original date for filing the pleadings has been adjourned due to comprehensive correspondence existing in this case and a large number of documents submitted by the parties. Ciech SA is represented in the proceedings by a reputable law firm which in its previous opinion judged that Comexport's claims were unreasonable..

###### **Enapharm's claim**

The subject of legal action brought by the Liquidator of the Enapharm company in Algeria in June 2004 is the amount of 172,879.84 USD (a value equivalent to 517 thousand PLN), which was the compensation for delivery of medicine by Ciech SA in the years 1985-1991.

According to the plaintiff, Ciech SA failed to exchange medicines not sold by the recipient, which then expired – for medicines that was suitable for use – which it was obligated to do according to the contract. Ciech SA claims it was free from this obligation, as the plaintiff failed to transfer the receivables for medicine sold on the Algerian market.

The case is still in progress before the Algerian court. Ciech SA is represented by a local attorney, who is supervised by a renowned law firm in Paris. Trial, which took place on October 3, 2004, has been adjourned and Ciech SA awaits a new date to be set by the Court.

###### **Claim of "Mirada" Janina Wyciszczok (Cresco)**



The subject of the litigation is the interest of PLN 4 050 thous. for delayed, in the plaintiff's opinion, repayment of the amount of PLN 246,420 thous. transferred by Cresco Financial Advisers spółka z o.o. to the account of Ciech SA in 2001. The above amount was the price for C series shares that were to be taken up by Cresco. Because the increase of capital and assumption of shares did not occur, Ciech SA returned the amount due, but, according to Cresco, after the due date. Moreover, Ciech SA signed a settlement with Cresco in March 2003, which according to Ciech SA settled the mutual claims of the parties. The liability has been purchased through an assignment by the plaintiff from Jarosław Witkowski, who purchased rights thereto through an assignment from the Cresco company. The proceeding is in progress before the Arbitration Court at the National Chamber of Commerce in Warsaw. At the trial held on February 8, 2005 the parties sustained their previous positions in the case. The Court accepted the evidence as sufficient and closed the trial. At the same time, the Court fixed a one month period for the parties to reach an agreement (settlement). After ineffective expiry of that period, the Court will render a judgment in April 2005.

As of 31.12.04, there is a reserve for potential claims from the above mentioned actions in the total amount of 10,000 thousand PLN in the Company's books.

Employee claims

There are currently five employee suits brought against Ciech S.A by former employees, dismissed for cause by the employer. The subject of the litigations are claims for reinstatement to work. The prospects for winning the above-mentioned suits are high.

**Debts towards Ciech SA (domestic and foreign):**

Debts filed for a court or for an arbitration proceeding

Ciech S.A has nine active civil cases for payment of a total amount of 902 thousand PLN for the return of merchandise receivables and other receivables. Moreover, there are two suits brought before the Arbitration Court in Moscow for payment of 354,927.58 USD (a value equivalent to 1,061 thousand PLN.) The prospects appear favorable.

Debts vindicated under administrative proceedings

Ciech S.A has seven cases pending before the Supreme Administrative Court for return of unjustly levied excise and return of customs charges in a total amount of 427 thousand PLN. The prospects as to the result appear favorable.

Debts in bankruptcy proceedings

Claims totaling PLN 19,778 thous. have been directed to domestic bankruptcy proceedings (sixty nine proceedings). Ciech SA reported debts amounting to USD 539,854 and EUR 478,403 (altogether being the equivalent of PLN 3,566 thous), of which the largest items are bankruptcy proceedings of Chemapol - Prague (PLN 1,056 thous.) and Petromex – Bratislava (PLN 673 thous.). The forecasts for bankruptcy proceedings are unfavourable due to the fact that the claims of Ciech SA are not privileged debts.

Debts in enforcement proceedings and composition proceedings

In the domestic execution proceedings (twenty eight proceedings) Ciech S.A claims an amount of 26,943 thousand PLN from debtors. The most substantial item for the amount of 17,619 thousand PLN is the execution proceeding against Sur5Net and the execution proceeding for the amount of 6,275 thousand PLN against PHU Starter – Bogusław Lepiarz Czestochowa.

The forecasts vary depending on debtors' assets hold. There is the amount of 43 thousand PLN in five composition proceedings. The prognoses, as to the composition proceedings are advantageous.

The following exchange rates were applied for calculation of liabilities expressed in foreign currencies:

USD Exchange rate	2,9904
EUR Exchange rate	4,0790



## **II. Subsidiaries**

### **Soda Małwy S.A Capital Group**

There were no claims (liabilities) brought against Soda Małwy SA and its subsidiaries, which could have a material impact on their activity. Passive trials (liabilities) amount to 62 thousand PLN. The debts claimed in civil trials from debtors by Soda Małwy SA and its subsidiaries amount to 27,477 thousand PLN, of which the most substantial item, namely in the amount of 21,814 thousand PLN, are debts towards the company of B. Lepiarz for receivables for goods. According to the information provided by Soda Małwy SA– the prospects are disadvantageous.

There is a judgment in favor of Soda Małwy SA in an execution proceeding against Sur5 Net Brokerage House for the amount of 5,663 thousand PLN plus statutory interest. The execution proceeding has been continued due to a legal action being brought by Soda Małwy SA to disclose Sur5 Net's assets. The remaining cases of the Soda Małwy Capital Group are bankruptcy proceedings for a total amount of 1,116 thousand PLN and composition proceedings for a total amount of 271 thousand PLN.

Soda Małwy SA Capital Group established write-downs for on-going proceedings in the amount of 32,435 thousand PLN.

### **Janikosoda SA Capital Group**

There were no significant claims (liabilities) brought against Janikosoda SA and its subsidiaries, which could have a material impact on their activity. Three proceedings have been instituted before the Supreme Administrative Court in result of objections raised by Janikosoda SA against the decisions made by the General Inspector for Environment Protection in the years 1999-2000, imposing on Janikosoda S.A the penalties amounting to PLN 2,330 thous. for emission of air polluting substances in excess of the admissible level. The proceedings in the a/m matters are suspended since 2002 upon mutual request of the parties.

The total amount of liabilities of Janikosoda Capital Group for passive proceedings amounts to 531 thousand PLN. Debts of the Janikosoda Capital Group towards a few dozen debtors in relation to the conducted activity amount to 470 thousand PLN. Debts in the amount of 2,119 thousand PLN are claimed in an execution proceeding, of which the most substantial item in the amount of 2,104 thousand PLN, is a judgment against B. Lepiarz. An amount of 376 thousand PLN is claimed in a bankruptcy proceeding.

The Capital Group Janikosoda SA created revaluation write-off for the amount of PLN 3,268 thous.

### **Vitrosilicon SA**

There were no claims (liabilities) brought against the company, which could have a material impact on its commercial activity. The company claims debts from its debtors for deliveries and services in the total amount of 1,317 thousand PLN, of which most substantial items are bankruptcy proceedings in the amount of 611 thousand PLN and execution proceedings in the amount of 470 thousand PLN.

Vitrosilicon SA created revaluation write-off for all ongoing proceedings.

### **Zakłady Chemiczne "Alwernia" SA Capital Group**

There were no significant claims (liabilities) brought against Alwernia Capital Group, which could have a material impact on its activity. GK Alwernia SA vindicates from its debtors the claims arising from deliveries of goods and damages under court and enforcement proceedings, totaling PLN 584 thous. The claim amounting to PLN 687 thous. has been reported to bankruptcy proceedings.

Zakłady Chemiczne Alwernia SA Capital Group established write-downs for all proceedings in progress.

### **Chemian SA**

No claims (liabilities) having material impact on the company's business have been raised against Chemian SA. The Company vindicates its claims under court proceedings from a few dozen debtors, arising from its activities, totaling PLN 4,017 thous., of which PLN 1,906 thous. under enforcement proceedings and PLN 766 thous. under bankruptcy proceedings. The amount of PLN 1,266 thous. due to the company for deliveries of goods and services is claimed under pending actions.

Chemian SA Capital Group has established a write-down for all proceedings in progress.

### **GZNF "Fosfory" Sp. z o.o. Capital Group**

There were no significant claims (liabilities) brought against the companies of the Fosfory Capital Group, which could have a material impact on their commercial activity. The Fosfory Capital Group claims debts in the total amount of 2,769





thousand PLN from several dozen of its debtors in court and execution proceedings, for which a write-down has been established.

### **Petrochemia – Blachownia SA Capital Group**

There were no significant claims (liabilities) brought against the Petrochemia Blachownia Capital Group, which could have a material impact on its commercial activity. Petrochemia-Blachownia SA claims debts from several dozen debtors in relation to conducted operations for a total amount of 543 thousand, which is the subject of an execution proceeding. Petrochemia-Blachownia SA reported the amount of PLN 170 thous. to bankruptcy proceedings..

An write-down has been established for the entirety of the above-mentioned amounts due.

### **Ciech Service Sp. z o.o.**

The company is being sued in one employee litigation for the amount of 100 thousand PLN + statutory interest, brought by a former employee.

The company has established a write-down for the entire amount due.

### **Information regarding transactions with related entities, which were not typical and routine transactions performed by Ciech SA or by its subsidiaries**

(according to the information provided by the companies)

Name of the entity, with which the transaction was made	Company's relation to the entity, which is a party to the transaction	Subject of the transaction	Material terms of the transaction ( PLN '000)		Additional information
			Financial conditions	Specific conditions that are characteristic to this agreement, especially those different from the conditions generally applied to agreement of a given type	
<b>Ciech SA</b>					
Chemian Sp. z o.o.	Subsidiary	Taking up shares in the increased basic capital	4 900		In 2004, the advance payment for increase in company's basic capital was transferred, the increase will be registered in 2005.
<b>SODA MATWY SA</b>					
Ciech S.A	Parent entity	Paid 50 bills with a par value of 100 thousand PLN each	5 000	Profitability of 7.5% p.a. calculated on the basis of 3M WIBOR plus 1% margin	Purchaser's Option Date On Nov. 24, 2004 purchase price was PLN 4,907 thous. and discount realized PLN 93 thous. PLN
JANIKOSODA SA					
Ciech SA	Parent entity	Purchase of 50 commercial promissory notes of a par value of 100 thousand PLN each	5 000	Profitability of 7.5% p.a. calculated on the basis of 3M WIBOR plus 1% margin	Purchaser's Option Date On Nov. 24, 2004 purchase price was PLN 4,907 thous. and discount realized PLN 93 thous. PLN
<b>Chemian SA</b>					
Ciech SA	Parent entity	Ciech S.A transferred the amount of PLN 4,900 thous to Chemian S.,A. for share capital increase	4 900		



**Information regarding granting guarantees of credit or loan or granting guarantees by Ciech SA or by its subsidiary**

(according to the information provided by the companies)

**Guarantees and warranties granted**

Name of the entity to which the guarantee was granted to	Total amount of guaranteed credits, which were guaranteed in total or in a specified part		Period, for which the guarantee was granted	Financial conditions, on which the guarantees were granted, including the company's fee for the granted guarantee	Entity, for which liabilities the guarantee was granted	Nature of existing relations between Ciech SA and the entity which took a credit
	Currency	in PLN '000				
<b>Ciech SA</b>						
NFOŚiGW (National Fund for Environmental Protection and Water Management) in Warsaw		4 185	until 31.03.2006		Z.CH. Soda Mątwy SA	subsidiary
KREDYT BANK SA Sieradz Branch		4 500	until 31.07.2004	Payment to Ciech SA in the amount of 1% of the guarantee value	Chemana S.A - Warszawa	subsidiary
KREDYT BANK SA Sieradz Branch		2 150	until 31.07.2004	Payment to Ciech SA in the amount of 1% of the guarantee value	Chemana S.A - Warszawa	subsidiary
BANK HANDLOWY S.A.		1 200	until 31.07.2004	Payment to Ciech SA in the amount of 1% of the guarantee value	Ciech Polfa Sp. z o.o.	subsidiary
BANK HANDLOWY S.A.		4 800	until 31.07.2004	Payment to Ciech SA in the amount of 1% of the guarantee value	Ciech Polfa Sp. z o.o.	subsidiary
PKN ORLEN S.A.		1 200	Indefinite period	Payment to Ciech SA in the amount of 1% of the guarantee value	Chemana S.A - Warszawa	subsidiary
BRE BANK S.A.	USD 500	1495	until 31.07.2004	Payment to Ciech SA in the amount of 1% of the guarantee value	Chemana S.A - Warszawa	subsidiary
BANK PKO S.A. I Branch in Warsaw		4 000	until 31.07.2004	Payment to Ciech SA of the fee amounting to 1% of guarantee amount (on PLN 2 million) + PLN 10,000 on increase	Chemana SA	subsidiary
<b>Total Ciech SA</b>		<b>23 530</b>				
<b>Petrochemia Blachownia SA</b>						
Bank Ochrony Środowiska S.A.		2 000	until December 2005	none	ZK Zdzieszowice Sp. z o.o.	No relations
Bank PKO BP S.A.		300	until July 2010	none	BL-Trans Sp. z o.o.	Indirect subsidiary
<b>Total Petrochemia Blachownia SA</b>		<b>2 300</b>				



Name of the entity to which the guarantee was granted to	Total amount of guaranteed credits, which were guaranteed in total or in a specified part		Period, for which the guarantee was granted	Financial conditions, on which the guarantees were granted, including the company's fee for the granted guarantee	Entity, for which liabilities the guarantee was granted	Nature of existing relations between Ciech SA and the entity which took a credit
	Currency	in PLN '000				
<b>SODA MATWY SA</b>						
ING BSK Leasing S.A.		2 370	until 31.07.2004	none	Sp. z o o.	Indirect subsidiary
<b>Total SODA MATWY SA</b>		<b>2 370</b>				
<b>JANIKOSODA SA</b>						
BOŚ Poznań	EUR 2,846	11 611	until 16.11.2009	No fee	Vitrosilicon SA	subsidiary
<b>Total JANIKOSODA SA</b>		<b>11 611</b>				
<b>Alwernia SA</b>						
BOŚ Kraków		1 000	until January 2005	Secured by deposit placed with BOŚ for the amount of USD 40 thous. with interest rate prevailing on the market	Alwernia Chrom Sp. z o o.	Indirect subsidiary
<b>Total Alwernia SA</b>		<b>1 000</b>				
<b>Total amount of guaranteed credits</b>		<b>40 811</b>				

Name of the entity to which the guarantee was granted to	Total amount of guarantee loans, which were guaranteed in total or in a specified part		Period, for which the guarantee was granted	Financial conditions, on which the guarantees were granted, including the company's fee for the granted guarantee	Entity, for which liabilities the guarantee was granted	Nature of existing relations between Ciech SA and the entity which took out a loan
	Currency	in PLN '000				
<b>SODA MATWY SA</b>						
National Fund for Environmental Protection		1 800	until 31.12.2006	Amounts payable to the Municipal Office for property tax	Municipality of Innowroclaw	No relations
<b>Total SODA MATWY SA</b>		<b>1 800</b>				

#### **Other information**

During the fourth quarter ending on December 31, 2004 no important events occurred, other than those described in the section „Important events after the balance sheet date”.

Factors, which could have an impact on the results in view of the forthcoming quarter:



The most important factors relating to the Ciech SA environment, which will have an impact on the results in the coming time is the economic situation in Europe and around the World, including Poland in particular:

- Growth rate of GDP,
- Changing interest rates,
- Market conditions in the chemical business and the glass industry,
- Direct payments and structural funds in agriculture.
- prices for basic raw materials
- Exchange rates PLN/EUR and PLN/USD

Admittance of the Company's shares to public trading and gaining funds from public equity market will also have material impact.

Performance of Ciech SA strategy assuming concentration on basic products within the product divisions

- and gradual extinguishing of trading in non-basic products whose profitability is lower than that of basic portfolio products is the external factor having material impact on the results obtained by Ciech SA
- Completion of investment projects with technological character, including: : construction of monohydrate installation, increase of silicate and silica production capacity, construction of another line for the production of glass hollow bricks, establishment of country-wide distribution system for evaporated salt. The objective of technological investments is to improve the quality and properties of the products (the monohydrate investment), increase the production capacity for highly profitable products (silicates, glass hollow bricks) and introduce to the market the new products that have a chance to play a leading role on the market (fodder phosphates). The project concerning evaporated salt is to enable entering evaporated salt market and creation of the company's own trademark.
- Performance of operating activity improvement programs in Ciech SA

