



**Interim consolidated financial statement of the Ciech Group
for the third quarter of 2005 prepared in compliance with
International Financial Reporting Standards**

SELECTED FINANCIAL DATA

SELECTED FINANCIAL DATA	In PLN '000		In EUR ,000	
	3rd quarter 2005	3rd quarter 2004	3rd quarter 2005	3rd quarter 2004
Net income from sales	1 668 907	1 733 874	411 233	375 186
Operating profit (loss)	94 200	123 068	23 212	26 630
Profit (loss) before taxes	109 780	97 426	27 051	21 082
Total net profit (loss)	86 242	75 219	21 251	16 276
Net profit (loss) of shareholders of the parent company	79 770	68 767	19 656	14 880
Net profit (loss) of minority shareholders	6 472	6 452	1 595	1 396
Net cash flows from operating activities	64 044	60 855	15 782	13 168
Net cash flows from investing activities	-77 338	-56 019	-19 057	-12 122
Net cash flows from financing activities	74 179	6 492	18 278	1 405
Total net cash flow	60 885	11 328	15 003	2 451
Total Assets	1 727 363	1 623 170	441 036	370 316
Long-term liabilities	101 886	101 278	26 014	23 106
Short-term liabilities	531 381	706 739	135 674	161 238
Total equity	1 094 096	815 153	279 348	185 972
Equity attributable to the equity holders of the parent	983 469	707 514	251 102	161 415
Minority interest	110 627	107 639	28 246	24 557
Share capital	164 115	123 096	41 902	28 084
Profit (loss) per share (in PLN / EUR)	3,01	3,76	0,74	0,81

CONSOLIDATED PROFIT AND LOSS ACCOUNT

<i>in thousands of Polish zlotys</i>	01.01.- 30.09.2005	01.07.2005- 30.09.2005	01.01.-30.09.2004			01.07.2004- 30.09.2004
			Continued operations	Discontinued operations	TOTAL	
Net income from sales	1 668 907	589 721	1 730 574	3 300	1 733 874	655 136
Cost of sales	(1 282 923)	(450 932)	(1 316 930)	(3 083)	(1 320 013)	(515 204)
Gross profit/loss on sales	385 984	138 789	413 644	217	413 861	139 932
Other operating income	18 183	7 676	20 581	-	20 581	4 129
Selling costs	(163 376)	(57 504)	(161 117)	(18)	(161 135)	(55 366)
Administrative expenses	(118 272)	(41 434)	(117 479)	-	(117 479)	(38 865)
Other operating expenses	(28 319)	(6 325)	(32 760)	-	(32 760)	(9 155)
Operating profit/loss	94 200	41 202	122 869	199	123 068	40 675
Financial income	33 136	3 364	10 674	-	10 674	5 415
Financial costs	(24 237)	(8 786)	(32 172)	-	(32 172)	(14 229)
Net financial income / costs	8 899	(5 422)	(21 498)	-	(21 498)	(8 814)
Share of the net profits of subsidiaries valuated using the equity method	6 681	1 437	(4 144)	-	(4 144)	(678)
Profit/loss before taxes	109 780	37 217	97 227	199	97 426	31 183
Income Tax	(23 538)	(7 996)	(22 169)	(38)	(22 207)	(6 302)
Net profit/loss	86 242	29 221	75 058	161	75 219	24 881
Sales profit/loss relative to discontinued operations	-	-	-	-	-	-
Profit for the marketing year	86 242	29 221	75 058	161	75 219	24 881
including:						
Net profit/loss of shareholders of the parent company	79 770	27 990	68 606	161	68 767	23 073
Net profit/loss of minority shareholders	6 472	1 231	6 452	-	6 452	1 808
Profit per share (in PLN)						
Basic	3,01	1,00	3,75	0,01	3,76	1,26
Diluted	3,01	1,00	3,75	0,01	3,76	1,26

* No operations were discontinued in 2005 or in the third quarter of 2004.

CONSOLIDATED BALANCE SHEET

<i>in thousands of Polish zlotys</i>	30.09.2005	31.12.2004	30.09.2004	01.01.2004
ASSETS				
Non-current assets				
Property, plant and equipment	805 879	799 332	795 358	801 568
Perpetual leasehold rights	2 692	2 432	2 261	2 450
Intangible assets:	14 438	13 451	15 164	15 318
- goodwill	24	6	6	130
Investment property	11 259	11 709	11 913	12 146
Long-term receivables	77	85	240	701
Investments in associates and joint ventures valued using the equity method	39 102	32 334	30 113	40 302
Other long-term investments	31 705	31 855	32 380	35 348
Deferred income tax assets	2 413	1 098	2 355	3 037
Total non-current assets	907 565	892 296	889 784	910 870
Current assets				
Inventories	170 358	130 270	133 397	124 484
Short-term investments	22 609	1 174	5 234	281
Income tax receivable	472	8 073	1 135	5 288
Trade and other receivables	528 215	518 405	550 674	425 647
Cash and cash equivalents	98 144	36 144	42 946	31 345
Non-current assets held for sale	-	2 503	-	-
Total current assets	819 798	696 569	733 386	587 045
Total assets	1 727 363	1 588 865	1 623 170	1 497 915
EQUITY AND LIABILITIES				
Equity				
Share capital	164 115	123 096	123 096	123 096
Treasury shares	-	(18 805)	(18 805)	(14 684)
Share premium reserve	151 328	-	-	-
Equity components relative to assets held for sale	-	-	-	-
Revaluation reserve	-	-	-	-
Other reserves	78 683	84 633	84 633	84 633
Exchange differences on translation of subordinated entities	(278)	(807)	2 048	3 197
Retained earnings	589 621	516 783	516 542	448 021
Equity attributable to the equity holders of the parent	983 469	704 900	707 514	644 263
Minority interest	110 627	105 451	107 639	104 324
Total equity	1 094 096	810 351	815 153	748 587
Liabilities				
Borrowings and other debt instruments	33 624	51 942	36 785	68 195
Employee benefits	24 321	24 096	22 385	21 745
Provisions (other short-term)	22 249	22 645	18 887	21 558
Deferred tax provision	21 692	23 112	23 221	23 240
Total non-current liabilities	101 886	121 795	101 278	134 738
Overdraft facility	-	-	-	-
Borrowings and other debt instruments	156 549	245 036	264 835	246 279
Trade and other payables	341 286	383 813	418 325	351 748
Income tax liability	3 243	201	1 693	709

<i>in thousands of Polish zlotys</i>	30.09.2005	31.12.2004	30.09.2004	01.01.2004
Provisions (short-term employee-benefit provisions and other provisions)	30 303	27 669	21 886	15 854
Liabilities relative to non-current assets held for sale	-	-	-	-
Total current liabilities	531 381	656 719	706 739	614 590
Total payables	633 267	778 514	808 017	749 328
Total liabilities	1 727 363	1 588 865	1 623 170	1 497 915

OFF-BALANCE SHEET ITEMS

<i>in thousands of Polish zlotys</i>	30.09.2005	30.09.2004
1. Contingent receivables	3 800	1 800
- guarantees and bonds received	3 800	1 800
- other off-balance sheet receivables	-	-
2. Contingent liabilities	35 909	44 604
- guarantees and bonds granted	10 819	42 279
- other off-balance sheet liabilities	25 090	2 325
3. Other	14 681	5 225
- other	14 681	5 225
Total off-balance sheet items	54 390	51 629

CONSOLIDATED CASH FLOW STATEMENT

<i>in thousands of Polish zlotys</i>	01.01-30.09.2005	01.01-30.09.2004
Cash flows from operating activities		
Profit (loss) for the period	86 242	75 219
Adjustments		
Depreciation	81 844	76 995
Recognition / reversal of impairment losses	-10 609	-3 954
Gains / losses on foreign exchange differences	-3 796	-1 840
Investment property revaluations	-	-
Gains / losses on investing activities	-33 538	-16 590
Gains / losses on disposal of non-current assets	-1 035	719
Interest and dividends	24 637	33 890
Input income tax	23 538	22 207
Gains / losses on shares in entities valued using the equity method	-6 681	4 144
Operating profit before changes in current assets and reserves	160 602	190 790
Changes in receivables	8 164	-113 503
Changes in inventories	-36 755	-6 450
Changes in current liabilities	-41 772	18 713
Changes in reserves and employee benefits	-1 863	3 541
Net cash generated from operations	88 376	93 091
Interest paid	-9 889	-13 553
Income taxes paid	-20 469	-24 299
other adjustments	6 026	5 616
Gains / losses on disposal of discontinued operations	-	-
Net cash from operating activities	64 044	60 855

Cash flows from investing activities

Inflows (in "+")

<i>in thousands of Polish zlotys</i>	01.01-30.09.2005	01.01-30.09.2004
Disposal of intangible assets and property, plant and equipment	3 463	1 953
Disposal of a subsidiary	72	2 300
Disposal of investments	25 793	120
Dividends received	1 240	805
Interest received	947	221
Other inflows	30 677	2 742
Outflows (in "-")		
Acquisition of intangible assets and property, plant and equipment	-90 490	-58 602
Acquisition of subsidiary (net of cash acquired)	-65	-1 063
Purchase of investment property	-	-
Purchase of other investments	-46 298	-3 528
Research and development expense	-	-
Other inflows	-2 677	-967
Net cash used in investing activities	-77 338	-56 019
Cash flows from financing activities		
Inflows (in "+")		
Proceeds from issue of share capital and other equity instruments, and capital contributions	192 875	-
Proceeds from issue of convertible preference shares	-	-
Proceeds from borrowings	113 734	115 200
Other financial inflows	2 463	99 517
Outflows (in "-")		
Purchase of treasury shares	-	-4 121
Dividends paid and other payments to equity holders	-8 400	-917
Dividends paid to minority interest holders	-1 380	-1 368
Repayment of borrowings	-204 214	-95 377
Redemption of debt securities	-15 000	-102 249
Payment of finance lease liabilities	-4 982	-2 999
Other financial outflows	-917	-1 194
Net cash used in financing activities	74 179	6 492
Total net cash flow	60 885	11 328
Cash at beginning of period	36 144	31 345
Impact of foreign exchange differences	1 115	273
Cash at end of period	98 144	42 946

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

<i>in thousands of Polish zlotys</i>	Share capital	Treasury shares	Share premium reserve	Equity components relative to assets held for sale	Revaluation reserve	Other reserves	Foreign exchange differences arising from translation of subsidiaries	Retained earnings	Equity attributable to the equity holders of the parent	Minority interest	Total equity
Equity as at (beginning of period) 01/01/2005:											
Brought forward	123 096	(18 805)	-	-	-	84 633	(807)	516 783	704 900	105 451	810 351
Changes in accounting principles	-	-	-	-	-	-	-	-	-	-	-
Error corrections	-	-	-	-	-	-	-	-	-	-	-
Equity (restated) at:	123 096	(18 805)	-	-	-	84 633	(807)	516 783	704 900	105 451	810 351
Establishment of a different fund	-	-	-	-	-	226	-	-	226	24	250
Exchange differences on translating foreign operations	-	-	-	-	-	-	529	-	529	277	806
Net profit / (loss)	-	-	-	-	-	-	-	79 770	79 770	6 472	86 242
Payment of dividend to shareholders	-	-	-	-	-	-	-	(8 400)	(8 400)	(1 387)	(9 787)
Issue of share capital	41 019	-	151 328	-	-	-	-	-	192 347	-	192 347
Transfer of the reserve capital to retained profit	-	-	-	-	-	(2 210)	-	2 210	-	-	-
Disposal of treasury shares	-	18 805	-	-	-	-	-	-	18 805	-	18 805
Redemption of treasury shares	-	-	-	-	-	(3 966)	-	-	(3 966)	-	(3 966)
Other	-	-	-	-	-	-	-	(742)	(742)	(210)	(952)
Equity as at (end of period) 30/09/2005:	164 115	-	151 328	-	-	78 683	(278)	589 621	983 469	110 627	1 094 096

<i>in thousands of Polish zlotys</i>	Share capital	Treasury shares	Share premium reserve	Equity components relative to assets held for sale	Revaluation reserve	Other reserves	Foreign exchange differences arising from translation of subsidiaries	Retained earnings	Equity attributable to the equity holders of the parent	Minority interest	Total equity
Equity as at (beginning of period) 01/01/2004:											
Brought forward	123 096	(14 684)	-	-	-	84 633	3 197	448 021	644 263	104 324	748 587
Changes in accounting principles	-	-	-	-	-	-	-	-	-	-	-
Error corrections	-	-	-	-	-	-	-	-	-	-	-
Equity (restated) at:	123 096	(14 684)	-	-	-	84 633	3 197	448 021	644 263	104 324	748 587
Changes in the Group's composition	-	-	-	-	-	-	-	1 245	1 245	-	1 245
Exchange differences on translating foreign operations	-	-	-	-	-	-	(1 149)	-	(1 149)	(668)	(1 817)
Net profit / (loss)	-	-	-	-	-	-	-	68 767	68 767	6 452	75 219
Payment of dividend to shareholders	-	-	-	-	-	-	-	(917)	(917)	(2 295)	(3 212)
Payment of bonus from profit	-	-	-	-	-	-	-	(181)	(181)	(19)	(200)
Purchase of treasury shares	-	(4 121)	-	-	-	-	-	-	(4 121)	-	(4 121)
Other	-	-	-	-	-	-	-	(393)	(393)	(155)	(548)
Equity as at (end of period) 30/09/2004:	123 096	(18 805)	-	-	-	84 633	2 048	516 542	707 514	107 639	815 153

Additional information for the condensed consolidated financial statement of the Ciech Group

1. General information

The presented interim consolidated financial statement for the period from 1st January 2005 to 30th September 2005, as well as comparable data, was approved for publication by the Management Board of Ciech SA on 14th November 2005.

This consolidated financial statement includes the financial statements of Ciech SA and of its subsidiaries (jointly referred to as the "Ciech Chemical Group"; or "Group"), as well as the shares of the Group in associated entities. The parent company of the Ciech Chemical Group is Ciech SA.

Organisation of the Ciech Group

The parent company of the Ciech Group is Ciech Spółka Akcyjna with its registered office in Warsaw, ul. Powązkowska 46/50, is registered under entry no. 0000011687 at the District Court for the Capital City of Warsaw, 19th Commercial Division of the National Court Register.

Ciech Group is a group of domestic and foreign manufacturing, distribution and trade companies operating in the chemical industry. As at September 30th, 2005, it comprised 35 business entities, including:

- parent company - Ciech SA,
- 29 subsidiaries, including:
 - 22 domestic subsidiaries, ,
 - 7 foreign subsidiaries.
- 4 domestic associated companies,
- 1 foreign associated company.

Ciech Group conducts manufacturing activities connected with the sale of its own products, and trading activities related to trading with goods. The trading activity is mainly conducted by Ciech SA and domestic and foreign trade subsidiaries of Ciech SA, and the manufacturing activity is mainly conducted by manufacturing subsidiaries of Ciech SA.

The whole group of companies affiliated to Ciech SA consists of 35 business entities, direct subsidiaries and directly associated companies, whose parent company is Ciech SA, as well as indirect subsidiaries and indirectly associated companies, whose parent companies are direct subsidiaries and directly associated companies of Ciech SA.

When preparing the consolidated financial statement for three quarters of 2005 the following companies will be taken into consideration:

- full consolidation method:
 1. Ciech SA – parent company
 2. Przedsiębiorstwo Chemiczne Cheman SA
 3. Vitrosilicon SA
 4. Ciech Polfa Sp z o.o.
 5. Polsin Pte. Ltd.
 6. Daltrade Plc
- equity method:
 7. Przedsiębiorstwo Transportowo-Uslugowe TRANSCLEAN Sp. z o.o.

The consolidated financial statement also includes four lower-tier capital groups:

1. Petrochemia-Blachownia Capital Group, including:
 - Petrochemia-Blachownia SA – parent company
 - BI-Trans Sp. z o.o.
2. Capital Group of Fosfory, including:

- Gdańskie Zakłady Nawozów Fosforowych Fosfory Sp. z o.o. – parent company
 - Agrochem Sp. z o.o. Dobre Miasto
 - Agrochem Sp. z o.o. Człuchów
3. Capital Group of Soda Mątwy, including:
- Inowrocławskie Zakłady Chemiczne Soda Mątwy SA – parent company
 - Elektrociepłownie Kujawskie Sp z o.o.
 - Transoda Sp. z o.o.
 - Polskie Towarzystwo Ubezpieczeniowe SA (the company valuated using the equity method)
4. Janikosoda Capital Group, including:
- Janikowskie Zakłady Sodowe Janikosoda SA – parent company
 - Polskie Towarzystwo Ubezpieczeniowe SA (the company valuated using the equity method)
5. Capital Group of Alwernia, including:
- Alwernia SA –parent company
 - Alwernia Chrom Sp z o.o.

The parent company does not have branches.

Consolidated entities valuated using the equity method in the third quarter of 2005: comparative figures for the third quarter of 2004 and the year 2004.

Name of the Company / Group	Consolidation method as at 30.09.2005 and Ciech SA's control	Consolidation method as at 31.12.2004 and Ciech SA's control	Consolidation method as at 30.09.2004 and Ciech SA's control
1) Ciech SA	Parent company	Parent company	Parent company
2) Ciech - Polfa SA	Fully consolidated subsidiary of Ciech SA	Fully consolidated subsidiary of Ciech SA	Fully consolidated subsidiary of Ciech SA
3) Ciech Petrol Sp. z o. o.	Entity merged with Cheman SA.	Ciech SA's subsidiary, fully consolidated until the merger with Cheman SA, i.e. until 9th July 2004.	Ciech SA's subsidiary, fully consolidated until the merger with Cheman SA, i.e. until 9th July 2004.
4) Przedsiębiorstwo Chemiczne Cheman SA	Fully consolidated subsidiary of Ciech SA	Fully consolidated subsidiary of Ciech SA since July 9th, 2004, after the merger with Ciech Petrol Sp. z o.o. also fully consolidated.	Fully consolidated subsidiary of Ciech SA since July 9th, 2004, after the merger with Ciech Petrol Sp. z o.o. also fully consolidated.
5) Petrochemia-Blachownia Group	Fully-consolidated lower-tier Capital Group	Fully-consolidated lower-tier Capital Group	Fully-consolidated lower-tier Capital Group
5.1) Petrochemia-Blachownia SA	Lower-tier group parent (controlled by Ciech SA)	Lower-tier group parent (controlled by Ciech SA)	Lower-tier group parent (controlled by Ciech SA)
5.2) BI-Trans Sp. z o.o.	Indirect lower-tier subsidiary of Ciech SA - full consolidation.	Indirect lower-tier subsidiary of Ciech SA - full consolidation.	Indirect lower-tier subsidiary of Ciech SA - full consolidation.
6) Soda Mątwy Group	Fully-consolidated lower-tier Capital Group	Fully-consolidated lower-tier Capital Group	Fully-consolidated lower-tier Capital Group
6.1) Inowrocławskie Zakłady Chemiczne SODA MĄTWY SA	Lower-tier group parent (controlled by Ciech SA)	Lower-tier group parent (controlled by Ciech SA)	Lower-tier group parent (controlled by Ciech SA)
6.2) Transoda Sp. z o.o.	Indirect lower-tier subsidiary of Ciech SA - full consolidation.	Indirect lower-tier subsidiary of Ciech SA - full consolidation.	Indirect lower-tier subsidiary of Ciech SA - full consolidation.
6.3) Elektrociepłownie Kujawskie Sp. z o.o.	Indirect lower-tier subsidiary of Ciech SA - full consolidation.	Indirect lower-tier subsidiary of Ciech SA - full consolidation.	Indirect lower-tier subsidiary of Ciech SA - full consolidation.
6.4) Polskie Towarzystwo Ubezpieczeń SA	Indirect lower-tier associate of CIECH SA valuated using the equity method.	Indirect lower-tier associate of CIECH SA valuated using the equity method.	Indirect lower-tier associate of CIECH SA valuated using the equity method.
7) Janikosoda Group	Fully-consolidated lower-tier Capital Group	Fully-consolidated lower-tier Capital Group	Fully-consolidated lower-tier Capital Group

Name of the Company / Group	Consolidation method as at 30.09.2005 and Ciech SA's control	Consolidation method as at 31.12.2004 and Ciech SA's control	Consolidation method as at 30.09.2004 and Ciech SA's control
7.1) Janikowskie Zakłady Sodowe Janikosoda SA	Lower-tier group parent (controlled by Ciech SA)	Lower-tier group parent (controlled by Ciech SA)	Lower-tier group parent (controlled by Ciech SA)
7.2) Polskie Towarzystwo Ubezpieczeń SA	Indirect lower-tier associate of Ciech SA valued using the equity method.	Indirect lower-tier associate of Ciech SA valued using the equity method.	Indirect lower-tier associate of Ciech SA valued using the equity method.
8) Fosfory Group	Fully-consolidated lower-tier Capital Group	Fully-consolidated lower-tier Capital Group	Fully-consolidated lower-tier Capital Group
8.1) Gdańskie Zakłady Nawozów Fosforowych Fosfory Sp. z o.o.	Lower-tier group parent (controlled by Ciech SA)	Lower-tier group parent (controlled by Ciech SA)	Lower-tier group parent (controlled by Ciech SA)
8.2) Agrochem Sp. z o.o. Dobre Miasto	Indirect lower-tier subsidiary of Ciech SA - full consolidation.	Indirect lower-tier subsidiary of Ciech SA - full consolidation.	Indirect lower-tier subsidiary of Ciech SA - full consolidation.
8.3) Agrochem Sp. z o.o. Człuchów	Indirect lower-tier subsidiary of Ciech SA - full consolidation.	Indirect lower-tier subsidiary of Ciech SA - full consolidation.	Indirect lower-tier subsidiary of Ciech SA - full consolidation.
9) Alwernia Group	Fully-consolidated lower-tier Capital Group	Fully-consolidated lower-tier Capital Group	Fully-consolidated lower-tier Capital Group
9.1) Zakłady Chemiczne Alwernia SA	Fully consolidated subsidiary of Ciech SA	Fully consolidated subsidiary of Ciech SA	Fully consolidated subsidiary of Ciech SA
9.2) Alwernia Chrom Sp. z o.o.	Indirect lower-tier subsidiary of Ciech SA - full consolidation.	Indirect lower-tier subsidiary of Ciech SA - full consolidation.	Indirect lower-tier subsidiary of Ciech SA - full consolidation.
10) Polsin Pte. Ltd.	Fully consolidated subsidiary of Ciech SA	Fully consolidated subsidiary of Ciech SA	Fully consolidated subsidiary of Ciech SA
11.) Daltrade Plc.	Fully consolidated subsidiary of Ciech SA	Fully consolidated subsidiary of Ciech SA	Fully consolidated subsidiary of Ciech SA
12) Vitrosilicon SA	Fully consolidated subsidiary of Ciech SA	Fully consolidated subsidiary of Ciech SA	Fully consolidated subsidiary of Ciech SA
13) Przedsiębiorstwo Transportowo-Uslugowe TRASCLEAN Sp. z o.o.	Associate of Ciech SA valued using the equity method.	Associate of Ciech SA valued using the equity method.	Associate of Ciech SA valued using the equity method.
14) Zach-Ciech Sp. z o.o.	Associate of Ciech SA valued using the equity method; in liquidation from March 11th, 2005. An impairment loss was recognised for the entity in liquidation.	Associate of Ciech SA valued using the equity method; in liquidation from March 11th, 2005. An impairment loss was recognised for the entity in liquidation.	Associate of Ciech SA valued using the equity method
15) Zakłady Tworzyw i Farb Sp. z o.o.	-	Associate of Ciech SA valued using the equity method until disposal on June 13th, 2004.	Associate of Ciech SA valued using the equity method until disposal on June 13th, 2004.

The area of business activity of the parent company and its subsidiaries is:

▪ **Ciech SA, Parent Company**

The core business of the parent company as defined in the Polish Classification of Business Activities PKD 5170 and the Articles of Association include: trade activities, investments, manufacturing, services, and financial operations, including in particular foreign and domestic trade in chemicals and related operations. The Company is also licensed to act as agent for Polish and foreign companies.

Fully-consolidated lower-tier subsidiary Groups

▪ **Petrochemia-Blachownia Group**

- manufacture of other organic basic chemicals,
- manufacture of refined petroleum products,
- wholesale of chemical products,
- wholesale of solid, liquid, and gaseous fuels and related products,
- freight transport by road with specialised and all-purpose vehicles.

▪ **Alwernia Group**

- manufacture of other inorganic basic chemicals,
- manufacture of dyes and pigments,
- manufacture of other organic basic chemicals,
- manufacture of fertilizers and nitrogen compounds,

- manufacture of gypsum,
- production of heat (steam and hot water).
- **Soda Mątwy Group**
 - manufacture of other inorganic basic chemicals,
 - wholesale of chemical products,
 - production and distribution of electricity.
- **Fosfory Group**
 - manufacture of fertilizers and nitrogen compounds,
 - manufacture of other inorganic chemicals,
 - manufacture of other organic chemicals,
 - manufacture of refined petroleum products,
 - manufacture of plastics,
 - wholesale of grain, seeds, and animal seeds.
- **Janikosoda Group**
 - production of salt,
 - manufacture of industrial gas,
 - manufacture of other inorganic basic chemicals,
 - manufacture of other chemical products n.e.c.

Fully-consolidated entities

- **Vitrosilicon SA**
 - manufacture of other inorganic basic chemicals,
 - manufacture of household and technical glassware,
 - manufacture of plastic packing goods,
 - manufacture of other plastic products,
- **Ciech – Polfa SA**
 - wholesale of pharmaceutical goods,
 - wholesale of chemical products,
 - wholesale of perfume and cosmetics,
 - retail sale of medical and orthopaedic goods.
- **Chemman SA**
 - wholesale and distribution of solid inorganic and organic chemicals,
 - wholesale and distribution of materials for household chemicals,
 - wholesale and distribution of cosmetic and pharmaceutical materials,
 - wholesale and distribution of builders, pigments, raw materials for paints and varnishes,
 - wholesale and distribution of food and feed additives,
 - wholesale and distribution of acids, bases, and other liquid chemicals.
- **Polsin Ltd.:**
 - wholesale and retail sales of a variety of goods in Far East markets.
- **Daltrade PLC:**
 - distribution and wholesale of chemicals in the UK chemical market.

Companies valued using the equity method.

- Associated company - Przedsiębiorstwo Transportowo-Uslugowe TRANSCLEAN Sp. z o.o., Bydgoszcz

2. Statement of Compliance

The interim consolidated financial statement of Ciech Group, as well as financial statements of all subsidiaries and associated companies of Ciech SA for the presented period and corresponding periods have been prepared according to International Financial Reporting Standards (IFRS).

The parent's management board used its best judgement in the selection of the applicable standards and interpretations, as well as in the selection of the measurement methods and principles for the different items of the

CIECH Group's interim consolidated financial statement according to IFRS as at September 30th, 2005 and the comparable figures. Due diligence was exercised when preparing the tables and explanations below. The financial information presented here was not audited.

Section 27 of this interim financial statement explains the impact of IFRS application on the balance-sheet items and the net profit of the CIECH Group.

The Management Board of Ciech SA declares that the presented interim consolidated financial statement presents the assets, financial result on operations, and cash flow in a reliable way.

3. Basis for preparing condensed consolidated financial statements

The presented financial statement has been prepared under the assumption of an ongoing concern.

The measurement and reporting currency for the purposes of this interim consolidated financial statement is the Polish zloty. Unless provided otherwise, the data in the interim consolidated financial statement have been presented in thousands of Polish zloty (PLN '000).

Preparation of condensed financial statement in compliance with IFRS requires the Management Board to exercise professional judgement, estimates, and objectives that impact the adopted accounting principles and the measurement of the assets, liabilities, income, and expense. All estimates and the related assumptions are based on historical experience and various other factors considered reasonable under the given circumstances, and the results of such estimates are the basis for a professional judgement of the carrying value of the assets and liabilities that cannot be calculated using other sources. The actual values may differ from the estimated values.

The estimates and assumptions are revised on a continuing basis. Changes in accounting estimates are recognised in the period in which they are made, if such changes only apply to that period, or in the current period and future periods if such changes apply both to the current period and the future periods.

The Management Board's professional judgements that have a significant impact on the consolidated financial statement, and the estimates bearing a high risk of significant changes in the future periods, are elaborated on in Sections 10.14 and 21 of this condensed financial statement.

For the purposes of presentation of selected financial data, certain assets and liabilities were translated into euro at the average exchange rate announced at the balance-sheet date (September 30th, 2005) by the national Bank of Poland, i.e. 3.9166. Individual items of the profit and loss account were calculated into EURO at an average rate which is the arithmetic mean of average rates determined by the National Bank of Poland for EURO as at the last day of each month, i.e. from January to September 2005, which are respectively: 4.0503; 3.9119; 4.0837; 4.2756; 4.1212; 4.0401; 4.0758; 4.0495; and 3.9166. The exchange rate for the reporting period of three quarters of 2005 is 4.0583.

4. Significant accounting and consolidation principles

No changes in the accounting principles occurred in the presented period. The accounting principles adopted by the Ciech Group have been presented in the half year consolidated financial statement, published on October 28th, 2005. Those principles have been used on continuous basis when preparing all consolidated financial statements of the Ciech Group since the day of changing to IFRS, that is since January 1st, 2004.

5. Major achievements of Ciech SA and the Group companies in the third quarter of 2005.

On 19th July 2005, the Company received a decision of 12th July 2005 of the District Court for the capital city of Warsaw, 19th Business Division of the National Court Register, on the basis of which the amendments to the Articles of the Company have been entered to the National Court Register.

- The information entered includes amendments to § 18 and § 21 section 2 of the Articles of Ciech SA which concern the change of the scope of competencies of the General Meeting and the Supervisory Board of Ciech SA
- The changes in the composition of the Supervisory Board of Ciech SA were recorded.

The bases for the changes were the resolutions of the Ordinary General Shareholders' Meeting of Ciech SA adopted on 29th June 2005.

GZNF Fosfory Sp. z o.o.

- the Company concluded a four-year co-operation agreement with Zakłady Chemiczne Alwernia SA with regard to forwarding and cargo handling services concerning phosphoric acid in the reloading terminal of GZNF
- in order to extend the Fosfory Group by the entities of a similar profile to „Agrochem” Sp. z o.o. in Człuchów, a warehouse in Gronów Elbląski was purchased; that purchase will enable strengthening of the position of the Company in the Żuławy region.

JZS Janikosoda SA

- The attempts to use anthracite in the production process proved to be successful. The estimated savings due to lower prices of coke and the use of anthracite in 2005 will be PLN 13,400,000.

IZCh Soda Małwy SA

- In August 2005 the Company concluded a long-term loan agreement with CitiBank Handlowy concerning the amount of PLN 40 million for the purpose of financing the work connected with the implementation of the investment project – monohydrate.

6. Detailed information concerning the consolidated profits of the Ciech Group

During the first three quarters of 2005, the Ciech Group recorded consolidated net profit of PLN 86,242,000; the balance sheet amount was PLN 1,727,363,000, and cash increased by PLN 60,885,000. The table below presents the selected financial data and the basic financial ratios for three quarters of 2005 and 2004.

Table No. 1

Selected financial information

<i>In PLN '000</i>	1st three quarters 2005	1st three quarters 2004	2005/2004 dynamics
Net income from sales	1 668 907	1 733 874	-3,75%
Cost of sales	1 282 923	1 320 013	-2,81%
Gross profit on sales	385 984	413 861	-6,74%
Selling costs	163 376	161 135	1,39%
Overhead costs	118 272	117 479	0,68%
Other Operating Income / Expense	-10 136	-12 179	-16,77%
Operating profit	94 200	123 068	-23,46%
Financial income / expense	8 899	-21 498	-
Share in the profit of subsidiaries	6 681	-4 144	-
Income Tax	23 538	22 207	5,99%
Net profit	86 242	75 219	14,65%
Net profit of minority shareholders	6 472	6 452	0,31%
Net profit attributable to the equity holders of the parent	79 770	68 767	16,00%
EBITDA	176 044	200 063	-12,01%
Net earnings per share	3,01	3,76	-19,92%
Net profit margin	4,78%	3,97%	20,52%
EBIT%	5,64%	7,10%	-20,48%
EBITDA %	10,55%	11,54%	-8,58%
Current ratio	1,54	1,04	48,67%
Quick ratio	1,22	0,80	53,41%
Total debt ratio	36,66%	49,78%	-26,35%
Equity to assets ratio	63,34%	50,22%	26,12%

Calculation principles:

Net earnings/ share – net earnings per ordinary shareholders of the parent company / weighted average number of ordinary shares in a given period (according to the definition in IAS 33 “Earnings per share”)

net return – net earnings of the shareholders of the parent company for a given period / net income from sales of products, services, goods and materials for a given period,

EBIT% –operating profit for a given period / net income from sales of products, services, goods and materials for a given period,

EBITDA% – (operating profit + amortisation for a given period / net income from sales of products, services, goods and materials for a given period,

Current ratio - current assets at the end of a given period / current liabilities at the end of a given period,

Quick ratio - current assets less inventories at the end of the period / current liabilities at the end of period,

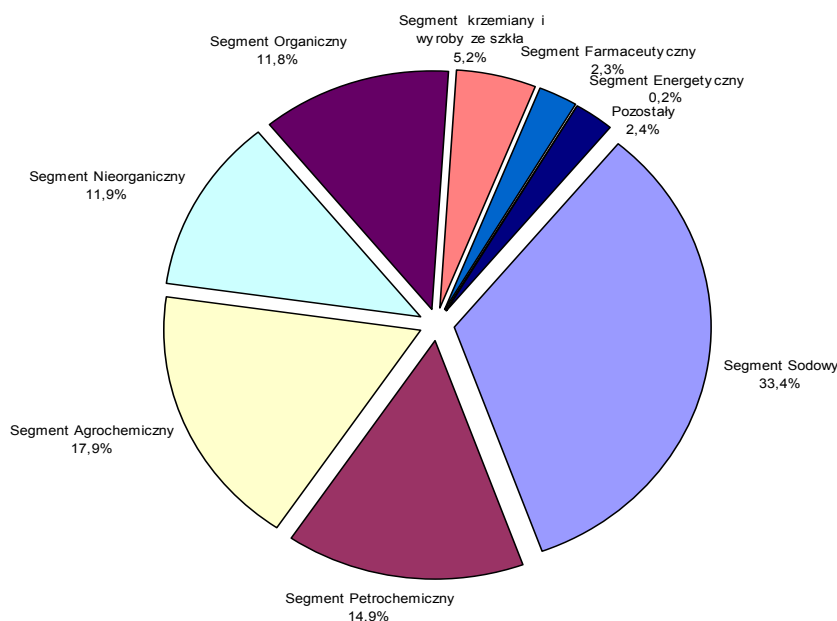
*Total debt ratio – short and long-term liabilities at the end of period / total assets at the end of period,
Equity to assets ratio – total equities at the end of period / total assets at the end of period*

Income from sales

The Group's net consolidated sales for first three quarters of 2005 were PLN 1,668,907,000, which was about 3.8% lower than the figures recorded in the corresponding period of 2004. It should be noted that the first three quarters of 2004 was a special period in terms of the strong demand for chemical products, and especially agro-chemical products (a pre-accession effect), and the good EUR/PLN exchange rates (the average EUR/PLN exchange rate in the first nine months of 2004 was 4.62, compared to 4.05 in the current year). The decrease of income in 2005 was influenced by the change of the method of settlements in TDI export trade (in the third quarter of 2004 TDI was mainly sold on own account, while in the third quarter of this year it was on consignment basis). Another important factor that had impact on the decrease of income was a decrease in sales of products of Petrochemia Blachownia (due to unfavourable market prices). The volume of sales during the first three quarters of 2005 was positively influenced by growth in prices of selected chemical-products, compared to the corresponding period of 2004, especially noticeable in the soda industry.

Figure 1. Structure of the income from sales

The 2005 income by business segment was as follows:



Source: Ciech SA

The domestic market continues to have the largest share in the Group's product and goods sales, while the European Union is the main export market. The geographical proximity and the lack of trade barriers make EU countries the natural markets for the Ciech Group. The domestic income of the Group in the first three quarters of 2005 was PLN 900,999,000, accounting for 54% of the total income, and the income from EU markets was PLN 545,609,000, accounting for 33% of the Group's total income. The largest share of the Ciech Group's revenues in three quarters of 2005 (90%) was generated by the five main business segments: inorganic chemicals, organic chemicals, the agro-chemical segment, soda segment and the petrochemical segment.

Soda Segment

During the first three quarters of 2005, the soda segment generated almost 34% of the Group's income from sales. The key role in sales is played by the parent company - Ciech SA, which supports the sale of products manufactured in its subsidiaries - Soda Mątwy SA and Janikosoda SA. Soda ash is the basic product of the segment. It constitutes 74% of sales of the segment. The companies of the Group are the only soda manufacturers in Poland. Compared to the first three quarters of 2004, the sales in the segment were maintained at a similar level. The situation on the foreign exchange market had a negative impact on the amount of income, since it caused lower return on exports.

Agrochemical segment

The agro-chemical segment accounted for 18% of the sales income of the Group in the first three quarters of 2005. It is the home segment of the parent company - Ciech SA, which exports fertilisers and imports base stock for fertiliser manufacture, and of the subsidiary Fosfory Sp. z o.o. which manufactures fertilisers and sells them on the domestic market. The key income-generating products here are fertilisers, which account for over 86% of the segment income. The increase in sales of the segment in comparison to the first three quarters of 2004 resulted mainly from increased exports of fertilizers by Ciech SA, caused by acquisition of additional goods from domestic suppliers.

Petrochemical segment

The petrochemical segment accounted for 15% of the sales income of the Group in the first three quarters of 2005. The key product here is ethylbenzene, accounting for 57% of the segment income. The main entities operating here are Ciech SA and Petrochemia Blachownia SA, and, to a limited extent, also Cheman SA. The decrease of income in the segment resulted from the lower production in Petrochemia Blachownia, caused by temporary reduction of

production of ethylbenzene due to unfavourable sales prices, and gradual withdrawal of Ciech SA from the liquid fuels market.

Inorganic segment

The inorganic segment accounted for 12% of the sales income of the Group in the first three quarters of 2005. The main producer in this segment is a subsidiary - Alwernia SA, which manufactures phosphorus and chromium compounds. The company used the trading intermediation of Ciech SA in the import of raw materials and export of part of its products. The main product in the segment is sodium tripolyphosphate, generating 37% of the income in the segment. The sales in the segment decreased in comparison with the first three quarters of 2004. This resulted from unfavourable price relations of the main products of the segment.

Organic segment.

The organic segment accounted for 12% of the sales income of the Group in the first three quarters of 2005. The key player in that segment is Ciech SA, which renders exports agency services, usually on a consignment basis. The main products of the segment are plastics, which constitute 59% of the segment's income. Other contributors to the segment revenues are epichlorohydrin and isocyanates (TDI); Ciech SA exported those products during three quarters of 2005 mainly on a consignment basis. The decrease of the segment's revenues in comparison with the corresponding period of 2004 was mainly caused by the change of method of trade settlements with regard to selected products (change to consignment sales in 2005).

Segment of silicates and glass

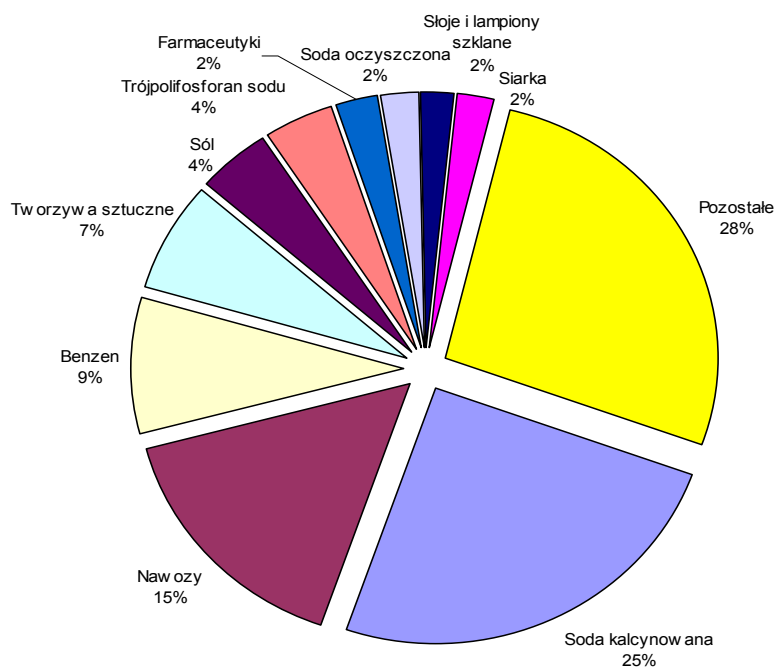
The segment of silicates and glass accounted for 5% of the sales income of the Group in the first three quarters of 2005. The main producer in this segment is a subsidiary - Vitrosilicon SA, which manufactures silicates, glass blocks, and glass lanterns. Vitrosilicon SA. is the only manufacturer of glass blocks in Poland. The biggest role in the revenues of the segment in three quarters of 2005 was played by glass blocks and lanterns, which constituted about 55% of the segment's income. Silicates are mainly sold for export, usually via Ciech SA. The increase in the segment's sales in comparison with three quarters of 2004 resulted from bigger sales of selected products caused by development of the market and higher demand.

Table No. 2
Sales revenue by business segment.

<i>in thousands of Polish zlotys</i>	01.01.-30.09.2005	01.01.-30.09.2004
Soda Segment	558 154	562 247
Petrochemical Segment	248 119	301 304
Agro-Chemical Segment	299 173	259 845
Inorganic Segment	198 259	215 608
Organic Segment.	196 851	223 761
Segment of silicates and glass products	86 188	78 234
Pharmaceutical Segment	39 113	35 881
Power Generation Segment	3 006	2 601
Other	40 044	51 093
Discontinued Operations		3 300
TOTAL	1 668 907	1 733 874

The figure below shows the Group's sales income distribution by leading products.

Figure 2. Sales income distribution by leading product shares.



Source: Ciech SA

Gross profit on sales

The consolidated gross profit for three quarters of 2005 was PLN 385,984,000 and was about 7% lower than the profit generated in the corresponding period of 2004. The amount of gross profit on sales in the first nine months of 2005 was in particular affected by: (a) unfavourable trends on the foreign exchange market (average EUR/PLN exchange rate in the first three quarters of 2005 was 4.05, while in the corresponding period of 2004 it was 4.62) (b) unfavourable price relations of the main petrochemical products of the Group (low prices of ICIS - benzene, ethylbenzene, and (c) increase of the cost of raw materials used for production (mainly of ethylene).

The increase in the prices of raw materials was compensated by reducing the base-stock usage and the increase of soda-product prices at the beginning of 2005.

Operating profit (EBIT)

The operating profit in the first three quarters of 2005 amounted to PLN 94,200,000. This means an increase in comparison with a corresponding period of the previous year by about 24%. Lower profit resulted mainly from the decrease of the gross profit on sales (by PLN 27,877,000). The level of EBIT was influenced by the negative balance of other operating expenses and costs (in the amount of -10,136,000). The level of EBIT was positively influenced by the operating perfection programs aimed at decreasing the use of raw materials for production and the reduction of costs.

Net profit

The consolidated net profit for three quarters of 2005 was PLN 86,242,000. The net profit of shareholders of the parent company was PLN 79,770,000. Net return reached the level of 4.78% (3.97% in the previous year). The share of minority interests in the net profit was PLN 6,472,000. Similar to the previous year, the main source of profit was the result on basic activity (gross profit on sales less the sales cost and general management cost). The net profit was influenced by the positive balance of financial income and cost in the amount of PLN 8,899,000. The profit achieved on financial activities resulted mainly from the sale of shares of Ciech SA by the Group entities in a public offering (profit on transaction PLN 17,815,000). The net result was negatively influenced by the loss of the subsidiary - Cheman SA (amount of PLN 7.5 million.).

Table No. 3 Capital structure

	30.09.2005	30.09.2004	2005/2004 dynamics	structure 30.09.2005
Value of assets	1 727 363	1 623 170	6,4%	100,0%
Non-current assets	907 565	889 784	2,0%	52,5%
Working capital, including:	819 798	733 386	11,8%	47,5%
- inventories	170 358	133 397	27,7%	9,9%
- short-term receivables	528 687	551 809	-4,2%	30,6%
- cash and cash equivalents	98 144	42 946	128,5%	5,7%
Equity	1 094 096	815 153	34,2%	63,3%
Parent's equity	983 469	707 514	39,0%	56,9%
Minority interest	110 627	107 639	2,8%	6,4%
Long-term liabilities	101 886	101 278	0,6%	5,9%
Short-term liabilities	531 381	706 739	-24,8%	30,8%

Equity

The consolidated equity of the Group as at September 30th, 2005, was PLN 1,094,096,000, including the equity of the parent company of PLN 983,469,000, which is higher than the equity of the previous year by the amount of PLN 275,955,000. The decisive reason for an increase in equity was the acquisition of funds from the issue of shares in the amount of PLN 192,347,000, as well as generating of the net profit of shareholders of the parent company for the first three quarters of 2005 in the amount of PLN 79,770,000.

Non-current assets

As at 30th September 2005, the non-current assets of the Group amounted to PLN 907,565,000 and constituted about 53% of the balance sheet amount. Their share fell in comparison with the figures from the previous year despite the increase of the value of fixed assets by PLN 17,781,000. The reason for this was the high dynamics of the increase of current assets. Non-current assets comprised mainly property, plant and equipment, which accounted for about 89% of the total non-current assets

Current assets

As at 30th September 2005, the current assets of the Group were PLN 819,798,000 and constituted over 47% of the total value of assets. Current assets comprised mainly: (a) trade and other receivables – 64% of current assets, (b) inventories – 21% of current assets (c) cash and cash equivalents – 12%. In comparison with the situation as at 30th September 2004 the value of current assets increased by 11.8%, which resulted mainly from the increase of: (a) inventories (by PLN 36,961,000) and (b) cash and cash equivalents (by PLN 55,198,000). The increase in inventories resulted mainly from the import of a larger batch of phosphorus stock to take advantage of the temporary price decreases and the good dollar exchange rates (Fosfory, Alwernia). The increase in cash resulted mainly from the proceeds from the issue of shares made in February 2005.

Consolidated debt

The total short-term and long-term liabilities of the Ciech Group as at 30th September 2005 reached PLN 633,267,000, which was 22% less than at 30th September 2004. Long-term liabilities accounted for 16% of the total liabilities. Compared to the situation at 30th September 2004, the liabilities were maintained at a similar level.

Short-term liabilities decreased by PLN 175,358,000 compared to 30th September 2004. The drop in the amount of liabilities was mainly due to repayment of bank loans. Bank liabilities accounted for 29%, and trade and other liabilities accounted for 64% of the total short-term liabilities.

The net debt as at 30th September 2005 (calculated as bank loans, other loans and other financial liabilities less cash) amounted to PLN 92,029,000 PLN (PLN 258,674,000 in the previous year). Such a big drop in net debt resulted from the repayment of part of the current loans, with simultaneous increase in cash (mainly as a result of obtaining funds from public issue of shares). This also led to a decrease of the Group's debt ratio (calculated as the ratio of net debt to the balance-sheet total) in comparison with 30th September 2004 of from 15.9% to 5.3%.

Financial leverage (the ratio of net debt to net debt plus equity) as of 30th September 2005 was 7.8%. That ratio was 24.1% in the previous year.

The current ratio, calculated as the ratio of total current assets to total short-term liabilities, amounted to 1.54, evidencing a significant improvement in liquidity compared to the same period of the previous year, when that ratio stood at 1.04.

Cash flows

Net cash flow after three quarters of 2005 amounted to PLN 60,885,000. Net cash from operating activities was PLN 64,044,000. Operating profit before changes in current assets and reserves was PLN 160,602,000. The cash from operating activity was mainly decreased due to: (a) an increase in inventories (PLN -36,755,000), and (b) lower liabilities (PLN -41,772,000). The balance of inflows and outflows on the investment activity was negative and amounted to PLN 77,338,000. The most important expenses in the first three quarters were the expenses on fixed assets in manufacturing companies and the expenses connected with the investment activity of Ciech SA after obtaining the funds from the issue of shares. The biggest inflows from investment activity were the funds from the sale of treasury shares of Ciech SA by the entities of the Ciech Group, as well as the inflows from investment activity of Ciech SA. The main sources of growth of cash were the cash flows on financial activity, the balance of which was PLN 74,179,000. The inflows came mainly from the issue of shares, which were mainly allocated to repayment of current loans.

Cash as disclosed in the cash-flow statement at the end of September 2005 totalled PLN 98,144,000.

7. Income and profits/losses by business segments

01.01.-30.09.2005

<i>in thousands of Polish zlotys</i>	Soda Segment	Power Generation Segment	Organic Segment	Petrochemical Segment	Agro-Chemical Segment	Pharmaceutical Segment	Silicates and glass products Segment	Inorganic Segment	Discontinued Operations	Other Operations	Eliminations (consolidation adjustments)	TOTAL
Revenue from third parties	548 059	2 952	195 019	248 024	298 883	39 106	86 188	197 602	-	36 477	-	1 652 310
Income from inter-segment sales	45 859	160 346	1 868	65	290	54	154	1 843	-	23 233	(217 115)	16 597
Total revenue	593 918	163 298	196 887	248 089	299 173	39 160	86 342	199 445	-	59 710	(217 115)	1 668 907
Segment profit/loss	135 918	9 555	15 352	7 209	44 348	15 079	12 413	24 688	-	27 007	(4 679)	286 890
Unallocated (expenses) / income												(192 690)
Operating profit												94 200
Net finance income (costs)												8 899
Share of profit of associates	-	-	-	-	-	-	-	-	-	6 681	-	6 681
Tax												(23 538)
Profit on discontinued operations												-
Net profit												86 242

01.01.-30.09.2004

<i>in thousands of Polish zlotys</i>	Soda Segment	Power Generation Segment	Organic Segment	Petrochemical Segment	Agro-Chemical Segment	Pharmaceutical Segment	Silicates and glass products Segment	Inorganic Segment	Discontinued Operations	Other Operations	Eliminations (consolidation adjustments)	TOTAL
Revenue from third parties	546 218	2 545	218 835	301 064	257 530	35 881	78 234	214 778	3 300	48 947	-	1 707 332
Income from inter-segment sales	50 699	155 542	5 073	894	2 323	33	131	2 013	-	23 324	(213 490)	26 542
Total revenue	596 917	158 087	223 908	301 958	259 853	35 914	78 365	216 791	3 300	72 271	(213 490)	1 733 874
Segment profit/loss	164 244	10 785	27 760	35 171	64 487	15 001	15 692	52 376	217	27 878	(15 794)	397 818
Unallocated (expenses) / income												(274 748)
Operating profit												123 068
Net finance income (costs)												(21 498)
Share of profit of associates	-	-	-	-	-	-	-	-	-	(4 144)	-	(4 144)
Tax												(22 207)
Profit on discontinued operations												-
Net profit												75 219

8. Purchase and disposal of property, plant and equipment and commitments to purchase property, plant and equipment

in '000 PLN

Figures for the period from 01.01.2005 to 30.09.2005	Purchase	Disposal
a) Fixed assets, including:	9 145	9 014
land, buildings, structures, and land- and water engineering facilities	2 071	2 011
machinery and equipment	4 025	4 690
vehicles and other means of transport	2 681	1 947
other fixed assets	368	366
b) fixed assets under construction	64 463	17
c) Advances on fixed assets under construction (net)	2 661	0
Total property, plant and equipment	76 269	9 031

Parent company - Ciech SA

Ciech SA purchased PPE for the total of PLN 2,427,000, including PLN 1,762,000 spent on purchases of machinery and equipment, and PLN 665,000 spent on vehicles. The entity financed the PPE purchases from its own resources.

Alwernia Group

Alwernia S.A (lower-tier parent) purchased PPE worth PLN 1,470,000. The amount of PLN 565,000 was assigned by the Company for the purchase of land, buildings, and water and civil engineering constructions. The company purchased vehicles for the amount of PLN 529,000. The Company also purchased technical equipment and machinery for the amount of PLN 273,000. All purchases were financed from own funds.

Przedsiębiorstwo Chemiczne Cheman SA

Cheman SA purchased PPE for the total of PLN 3,320,000, including PLN 2,994,000 spent on purchases of fixed assets under construction. In addition, the Company purchased fixed assets for the amount of PLN 326,000. As at 30.09.2005, the entity's commitment to purchase PPE was PLN 819,000.

Fosfory Group

GZNF Fosfory Sp. z o.o. (lower-tier parent) purchased fixed assets under construction worth PLN 7,983,000, and fixed assets worth PLN 1,770,000. As at 30.09.2005, the entity's commitment to purchase PPE was PLN 983,000.

Janikosoda Group

JZS Janikosoda SA (lower-tier parent) assigned the amount of PLN 23,116,000 from own funds for the purpose of purchase of fixed assets under construction.

Petrochemia Blachownia Group

Petrochemia-Blachownia SA (lower-tier parent) purchased fixed assets under construction worth PLN 2,099,000, and purchased fixed assets worth PLN 5,629,000. The company used its own funds to finance the purchase of PPE.

Ciech – Polfa Sp. z o. o

The entity purchased PPE worth PLN 792,000. Vehicles worth PLN 349,000 were purchased on the basis of financial leasing agreements. The entity financed the purchase of other property, plant and equipment from its own resources.

Soda Mątwy Group

IZCH Soda Mątwy SA (lower-tier parent) purchased fixed assets worth PLN 174,000, and purchased fixed assets under construction worth PLN 21,582,000.

Vitrosilicon SA

The company assigned the amount of PLN 6,689,000 for the purchase of fixed assets under construction, and the amount of PLN 26,000 for the purchase of fixed assets. The value of advance payments transferred for the purpose of purchase of fixed assets under construction is PLN 2,661,000. The purchases of property, plant and equipment are financed from a loan of PLN 225,000 and from own resources.

9. Information concerning default in debt repayment or any violations of borrowing contract provisions not subsequently adjusted

None of the above-mentioned events occurred in the Ciech Group.

10. Provisions and revaluation write-downs on assets – from 01.01.2005 to 30.09.2005

The Ciech Group's consolidated condensed financial statement in the third quarter of 2005 included the following adjustments for recognition and reversal of provisions and revaluation write-downs on assets.

Provisions recognised in the third quarter of 2005	<i>PLN '000</i>
Deferred tax provision	760
Provision for severance pays, leaves, bonuses, reimbursements, etc.	4 016
Provision for expected commitments (expenses)	1 483
Total	6 259

Provisions dissolved in the third quarter of 2005	<i>PLN ,000</i>
Deferred tax provision	1 509
Provision for severance pays, leaves, bonuses, reimbursements, etc.	2 845
Provision for expected losses	127
Reclamation provision	568
Restructuring provision	113
Provision for commitments (expenses)	930
Total	6 092

Revaluation write-downs on assets (increase) recognised in the third quarter of 2005	<i>PLN '000</i>
Revaluation write-downs on receivables	1 570
Revaluation write-downs on inventories	959
Total	2 529

Revaluation write-downs on assets (decreases) recognised in the third quarter of 2005	<i>PLN '000</i>
Revaluation write-downs on receivables	12 012
Revaluation write-downs on inventories	521
Revaluation write-downs on property, plant and equipment and intangible assets	1 380
Total	13 913

Deferred tax assets in the third quarter of 2005	<i>PLN '000</i>
Increase	1 356
Decrease	1 574

11. Seasonality and cyclicity of the operations of Ciech SA and the Ciech Group.

The activity of the Ciech Group involves the chemicals that are raw materials. The raw-material markets are characterised by high cyclicity, prompted by fluctuations in the world economies.

With regard to the chemicals produced by the Group, such as soda ash, soda-based products, mixed and phosphate fertilizers, which are dominating in the turnover of Ciech SA, the differences in market prices are slight (several

percent per year). Changes in prices of soda ash are mainly connected with annual contracts, whose terms and conditions are usually determined at the end of the calendar year and are binding from the start of the following year.

The biggest fluctuations in market prices connected with those cycles concern oil-related products such as benzene, toluene, and ethylbenzene. In these cases, over several years (3-5 years) the differences in prices range from 50% to over 100%. The prices of many chemicals belonging to that group increased in 2004. During the first half of 2005, their market prices established themselves at a lower level in comparison to the record prices in 2004. However, due to the substantial increase in prices of crude oil in the third quarter this year, the prices of oil-based products increased again. This concerned mainly plastics.

The biggest fluctuations with regard to the volume of sales during the year can be seen on the domestic mineral fertilizers market, where the sales peak comes at the end of the 1st quarter and at the end of the 3rd quarter, as can also be seen in the current year.

12. Disclosures regarding issue, redemption, and repayment of debt securities and equity securities for the Ciech Group

In the 3rd quarter of 2005, ending on September 30th, 2005, the Group did not issue any debt securities such as: bonds, promissory notes or short-term securities.

13. Disclosures regarding paid or declared dividends in their total amount and per share, broken down by ordinary shares and preference shares

The Ordinary General Shareholders' Meeting of Ciech SA, in resolution no. 9 of 29th June 2005, decided to allocate the amount of PLN 8,400,000 of the net profit generated by the company in 2004 to pay dividend for shareholders, which constitutes PLN 0.30 for one share. The dividend for 2004 has been paid to the shareholders who were the owners of the company's shares on 15th July 2005. The date of payment of the dividend was established at 1st August 2005. In 2004, the dividend from 2003 profit was paid in the amount of PLN 989,000, which gives PLN 0.05 per share.

14. The events occurring after 30th September 2005 that have not been included in the report, and which may significantly impact the future financial performance of the Ciech Group

- On 6th October 2005 in Budapest the Company signed an agreement with BorsodChem Rt. concerning the sale of 100 percent of shares of a subsidiary of Ciech SA (consolidated using the full method) – Petrochemia Blachownia SA in Kędzierzyn Koźle, which specialises in production of benzene and ethylene. The agreement results from the long-term development strategy of Ciech Group, which involves focusing on products belonging to the main product portfolio of the Group. The entry of the agreement into force depends on the consent of the Polish Office of Competition and Consumer Protection. Such consent may be obtained on the basis of a signed agreement. From the day of signing of the agreement Petrochemia Blachownia SA will be recognised in the consolidated financial statement according to IFRS 5 “Non-current assets held for sale and discontinued operations”.
- On 18th October 2005, the option of sale of shares of Janikowskie Zakłady Sodowe Janikosoda SA and Inowrocławskie Zakłady Chemiczne Soda Mątwy SA owned by the State Treasury to Ciech SA was used. The transaction concerned 399,567 shares of JZS Janikosoda SA, which constitute 8.94% of the Company's share capital, and 622,761 shares of IZCh Soda Mątwy SA, which constitute 8.4% of the Company's share capital. In this way, the provisions of the agreement concluded on 28th August 1996 between Ciech SA and the State Treasury were fulfilled. The transactions mean that the State Treasury ceased to be the shareholder of both companies, and Ciech SA fulfilled one of the goals of the issue of shares on the Warsaw Stock Exchange. Currently it holds 99.26 percent of shares of JZS Janikosoda S.A. and 99.77 percent of IZCh Soda Mątwy S.A. The soda companies of Ciech Chemical Group produce 1.1 million tons of soda a year, putting them in third place in Europe. The sales of soda ash constitute about 35 percent of the revenues of the Group. This market is characterised by stable growth of 2-3 percent a year. The demand is caused by the increasing production of glass, detergents and chemical industry. These facts make Ciech SA strive for further strengthening of its market position through investments in soda companies. It is also facilitated by a good access to the local supplies of raw materials and advantageous geographical location.
- The good situation in the glass industry in Central and Eastern Europe, and in the domestic construction industry, which are important target markets for Ciech Chemical Group, is predicted to continue.

- The tendency towards price changes of coke, which is an important raw material for production of soda ash. Those prices decreased during 2005, but they are still on a high level.
- Closing of the Solvay soda ash production plant in Austria, the production capacity of which was 150 thousand tons a year, planned for September this year, which may improve the competitive position of other European suppliers, including Ciech SA.
- The course of privatisation process of the largest Polish chemical companies, conducted by Nafta Polska, which will lead to significant changes on the domestic chemical market. Ciech SA takes part in that process.

15. Effects of changes in the organisational structure of the Ciech Group in the 3rd quarter 2005, including business combinations, acquisitions or disposals of the group's entities, long-term investments, divisions, restructuring, and discontinuation

On 6th September 2005, the obligatory buy out of shares of Vitrosilicon SA from those shareholders owning less than 5% of the share capital took place. The shares of Vitrosilicon SA were purchased by current shareholders, i.e. Ciech SA (purchase of 753 shares), Janikosoda SA (purchase of 248 shares), and Soda Małwy SA (purchase of 248 shares). As at the day of publication of the statement, the share of the particular companies in the share capital of Vitrosilicon SA is as follows: Ciech SA - 60.4%; Janikosoda S.A - 19.8%; Soda Małwy SA - 19.8%.

16. Changes in contingent liabilities or contingent assets occurring after the end of the previous financial year

The amount of contingent receivables as at 30th September 2005 was PLN 3,800,000, which means an increase by PLN 1,000,000 in comparison with 31st December 2004. The increase of the amount of contingent receivables is caused by the issue of a guarantee to secure customs and tax receivables of Ciech SA, pursuant to art. 74 WKC worth PLN 2,000,000, and with the expiry of the customs guarantee worth PLN 1,000,000 issued by Alwernia SA

The amount of liabilities as at 30th September 2005 was PLN 35,909,000, which means an increase of PLN 4,878,000 in comparison with the figure as at 31st December 2004. The decrease of contingent liabilities due to granted guarantees and sureties was PLN 2,506,000. Other contingent liabilities decreased in comparison with the end of 2004 by PLN 2,372,000 (Alwernia SA and Fosfory Sp .z o.o. transferred part of the bills of exchange held to be discounted). In January 2005, the Company granted an unlimited guarantee of loans in the amount of PLN 1,247,000 taken in BRE-Multibank SA by the employees of Ciech SA entitled to purchase the shares of the company (employee shares) within the public closed offer. The guarantee expires on final loan settlement

The item "other off-balance sheet items" as at 30th September 2005 amounted to PLN 14,681,000 and increased in comparison with 31st December 2004 by PLN 4,726,000 - the amount of discounted third party bills of exchange of Vitrosilicon (deferred payment for deliveries).

17. Assets held for sale

In the presented period there were no fixed assets held for sale in the Ciech Group.

18. Fulfilment of profit forecasts published previously against the performance disclosed in the quarterly report

In its Current Report 5/2005 of January 17th, 2005, the Management Board published a forecast of the consolidated profit of the Ciech Group for 2005. The projected consolidated sales revenues were PLN 2,200 million, and the consolidated net profit of Ciech Group was PLN 104 million.

The Management Board of Ciech SA confirms the validity of the published forecast.

After three quarters of 2005 the annual forecast concerning the income from sales in the Group was fulfilled at 76%, and the net profit of the Group was fulfilled at 83% and amounted to PLN 86 million .

In the first three quarters of 2005, the important factors having influence on the net result of the Group still include:

- Disadvantageous exchange rates (PLN/EUR), which decrease the return on exports
- Decreasing net loss of Cheman
- Lower operating results in petrochemical segment.
- Increase of operating results in the soda segment
- Financial income from sales of shares of Ciech SA by subsidiaries in the public offer in February 2005.

On 18th October 2005, the Management Board of Ciech SA fulfilled one of the goals of the issue of shares on the Warsaw Stock Exchange: Ciech SA repurchased the shares of Janikowskie Zakłady Sodowe Janikosoda S.A. and Inowrocławskie Zakłady Chemiczne Soda Mątwy S.A. held by the State Treasury. This transaction, according to the assumptions of the annual plan, will have a positive impact on the results of the Group in the fourth quarter.

19. The Shareholders of Ciech SA holding at least 5% shares /votes at the General Meeting - as at 14.11.2005

The Management Board of Ciech SA obtained the information, pursuant to art. 69 of the Act on public offer and conditions for introduction of financial instruments to organised trading system and on public companies, that the following entities hold at least 5% of the total number of votes at general meetings of the company:

- Kompania Węglowa SA - 10,270,800 shares equal to 36.68 % of CIECH S.A.'s share capital; votes: 10,270,800, which constitutes 36.68% of the total number of votes at the General Meeting.
- Franklin Templeton Investments, UK – 2,000,000 shares equal to 7.14% of CIECH S.A.' share capital; votes: 2,000,000, which constitutes 7.14% of the total number of votes at the General Meeting.
- Commercial Union Otwarty Fundusz Emerytalny BPH CU WBK – 1,450,000 shares equal to 5.18 % of CIECH S.A.'s share capital, votes: 1,450,000, which constitutes 5.18% of the total number of votes at the General Meeting.
- Otwarty Fundusz Emerytalny PZU 'Złota Jesień' – 1,712,732 equal to 6.12% of CIECH S.A.'s share capital; Votes: 1,712,732, which constitutes 6.12% of the total number of votes at the General Meeting.
- Commercial Union Investment Management S.A. (CUIM) Poland – 1,504,961 equal to 5.37% of CIECH SA's share capital; Votes: 1,504,961, which constitutes 5.37% of the total number of votes at the General Meeting.

Changes in the ownership structure of significant blocks of shares / votes of CIECH SA (at least 5%)

	As at August 16th, 2005	Shares acquired	Shares sold	As at November 14th, 2005
State Treasury	10 270 800	-	10 270 000	-
Kompania Węglowa SA	-	10 270 000	-	10 270 000
Franklin Templeton Investments, UK	2 000 000	-	-	2 000 000
Commercial Union Otwarty Fundusz Emerytalny BPH CU WBK	1 450 000	-	-	1 450 000
Otwarty Fundusz Emerytalny PZU 'Złota Jesień'	1 712 732	-	-	1 712 732
Commercial Union Investment Management S.A. (CUIM) Polska	1 504 961	-	-	1 504 961

20. Changes in Ciech SA's shares held by Management Board or Supervisory Board Members

	As at August 16th, 2005	Shares acquired	Shares sold	As at November 14th, 2005
Management Board				
Ludwik Klinkosz	390 641	-	-	390 641
Supervisory Board	-	-	-	-

21. Procedures pending before courts, in arbitration proceedings, or public administration bodies as at 30th September 2005

I Ciech SA

Liabilities of Ciech SA (domestic and foreign) claimed in court or arbitration proceedings as at 30th September 2005

Claim by Petro Carbo Chem Aktiengesellschaft (PCC)

PCC AG filed an action in 2000, claiming compensation of PLN 21,364,000 and EUR 13,861.45 (equivalent to PLN 54,000) for failing to fulfil the agreement to transfer the shares of Petrochemia Blachownia Sp. z o.o. as stipulated in the preliminary contract of 09.07.1999. On 27.05.2003, the District Court in Warsaw issued a preliminary judgment in favour of PCC AG (stating that PCC AG's claim was well founded), without specifically determining the amount of the compensation itself. Ciech SA appealed against the preliminary judgment on 19.09.2003, on the grounds that the preliminary judgment was issued on the basis of erroneous legal findings of fact and infringement of the substantive law by assuming that it was the intention of the parties to enter into an agreement. During a hearing held on 12.08.2004, the Court of Appeal upheld the District Court's preliminary judgment, confirming that PCC's claims were justified, without stating the amount of damages, which will be subject to further proceedings. In November 2004, Ciech SA filed another appeal, on the grounds of infringement of the substantive law due to its incorrect interpretation and application, and violation by the Court of Appeal of the principle of free assessment of evidence as defined in the EU directives. On April 19th, 2005, Ciech SA received a final decision of the Supreme Court dismissing its appeal.

Because the appeal was dismissed, the case returned before the District Court, which will continue the proceedings by determining the amount of damages owing to PCC AG.

After the preliminary judgement became final, the claimant verified and extended its claim, and currently demands the following from Ciech SA:

PLN 16,391,000 due to the lost dividend for the years 1999 and 2000 with statutory interest, which at 30.06.2005 amount to PLN 14,166,000.

PLN 14,200,000, which constitutes the equivalent of 72.33 % of the value of Petrochemia Blachownia Sp. z o.o. according to the balance sheet as at 30.11.2000, increased by the value of income from one-year treasury bills for the period from 1.12.2000 to the date of payment, that is the amount of PLN 6,732,000.

EUR 13,861.44 (equivalent of PLN 54,000) which constitutes compensation due to exchange rate differences arisen when repaying the advance payment with statutory interest from 22.07.1999, i.e. the amount of PLN 62,000.

On 10.11.2005, the District Court judged against PCC. The judgement is not final yet.

Action by Comexport

In September 2003, Comexport (Brazil) filed an action with the Court of Arbitration at the International Chamber of Commerce in Paris, claiming damages for failure to complete sulphur deliveries to Brazil in the period from 1996 to 1999. The sued parties were Ciech SA and the sulphur mines in Tarnobrzeg and Grzybów. The current claim is for USD 3,872,943 (equivalent of PLN 12,616,000), following the claimant changing the claimed amount in the course of the proceedings by USD 88,295 (equivalent of PLN 288,000), and statutory interest according to the Polish law, calculated from 16.09.2003, which as at 30.06.2005 constitutes the amount of PLN 3,271,000. In addition, Comexport demands the return of the cost of court proceedings and the cost of legal service of 204,436.26 EURO (equivalent of PLN 801,000).

The principal claim amount comprises Comexport's lost profits on contractual quantities not delivered to Brazilian customers, losses from overstated freight costs, etc. In November 2003, Ciech SA answered the claim by filing for dismissal of Comexport's action, on the grounds of the force majeure certificates evidencing that the mines were closed down as part of restructuring of the sulphur industry, that the action has lapsed, and that the claim for damages is not supported by sufficient evidence. The Court of Arbitration appointed one Arbitrator to investigate the dispute. The arbitrator determined the schedule for further proceedings. Each party filed two detailed pleadings supported by evidence.

On April 22nd, 2005, a hearing was held before the Court of Arbitration at the International Chamber of Commerce in Paris, attended by the representatives and attorneys of Comexport and Ciech SA. The sued sulphur mines in Tarnobrzeg and Grzybów did not participate in the arbitration procedure, nor did they appoint any attorneys. Ciech SA filed for Comexport's claim to be dismissed and for refund of the court fees, sustaining its allegations as described in the pleadings and the accompanying documentation. Comexport also sustained its pleadings. After closing of the proceedings, the arbitration proceedings ended. On 27.10.2005 Ciech SA received a court judgement, according to which all three defendants: Ciech and sulphur mines in Grzybów and Tarnobrzeg, shall jointly and severally pay the amount of USD 2,474,166 (equivalent of PLN 8,060,000) and the interest of 5% from 17th September 2003, amounting to USD 252,000 (equivalent of PLN 821,000) and USD 140,000 (equivalent of PLN 456,000) as the cost of court proceedings. The awarded amount constitutes the lost profit moved for by Comexport.

In the accounts of Ciech SA there is a reserve for compensation and the cost of court proceedings with regard to that case.

Action by Enapharm

In June 2004, the Liquidator for Enapharm in Algeria filed a claim for USD 172,879.84 (equivalent to PLN 563,000) in damages concerning medication deliveries by Ciech SA between 1985 and 1991.

According to the claimant, Ciech SA did not replace expired medications that the claimant had not sold, in violation of the contract between the parties. Ciech SA claims that it was exempt from the replacement provision, in light of the claimant failing to make the payments due from its sales of the medications in the Algerian market.

The case is pending before an Algerian court. Ciech SA is represented by a local attorney, supervised by a well-respected Paris law firm. At a hearing held in March 2005, the court agreed with the claimant and appointed an expert to assess whether the amount of the claimed damages is well founded. The new date for the hearing was not established.

Employee claims

Four cases are currently pending against Ciech SA, filed by its former employees dismissed due to no fault of their own. The employees are demanding to be restored to work. The projections as to the result of those suits are good.

Ciech SA's (domestic and international) debt

Amounts receivable claimed in courts or courts of arbitration

Ciech SA filed nine suits against its trade debtors for the total of PLN 1,442,000. The projections are good. The Company established a revaluation write-down on the above-mentioned amount.

Administrative claims

Ciech S.A filed a suit to the Chief Administrative Court for refunds of customs payments totalling PLN 94,000. The projections are good. The Company established a revaluation write-down on the above-mentioned amount.

Bankruptcy proceedings

The total of PLN 19,068,000 is being claimed in fifty-eight domestic proceedings.

Ciech S.A is claiming USD 1,186,696 and EURO 461,231 (totalling PLN 5,669,000) via international bankruptcy proceedings, with the largest claims being the bankruptcy proceedings for Chemapol – Prague (PLN 1,107,000), Euroftal N.V., Belgium (PLN 818,000), Petrimex – Bratislava (PLN 733,000), WMW – Novosibirsk (PLN 601,000).

The projections for the results of the bankruptcy proceedings are not good, as Ciech S.A's receivables are not privileged.

The Company established a revaluation write-down on all the proceedings pending.

Enforcement and composition proceedings

Ciech SA is claiming PLN 26,991,000 from domestic debtors through thirty-four enforcement proceedings. The largest claim (PLN 17,619,000) is in the enforcement proceedings against Sur5Net initiated in August 2004. To date, the measures taken by the enforcement officer have brought no results. Ciech SA filed for determination of the debtor's assets in a business intelligence procedure.

The projections as to the results of the other execution proceedings are different, depending on the debtors' assets.

PLN 24,000 is claimed in three composition proceedings. The projections are good.

The Company established a 100% write-down on the above-mentioned amounts.

The following exchange rates were adopted for translation of liabilities denominated in foreign currencies:

USD 3.2575

EURO 3.9166

II. Subsidiaries

Soda Mątwy SA Group

No claims were filed against Soda Mątwy SA or its subsidiaries that could significantly impact their business. Amounts receivable claimed via debt enforcement or court proceedings by Soda Mątwy S.A. and its subsidiaries

amount to PLN 27,477,000, with the largest claim of PLN 21,814,000 pending against the company B. Lepiarz for unpaid deliveries of goods. According to the information of Soda Mątwy SA, the projections are not good.

A claim of PLN 5,663,000 plus statutory interest awarded to Soda Mątwy S.A. against the Brokerage House Sur5Net is being pursued through enforcement proceedings. The enforcement proceedings have been suspended after Soda Mątwy S.A. filed for disclosure of Sur5Net's assets. Soda Mątwy Capital Group's other court cases include bankruptcy proceedings amounting to PLN 1,718,000 and composition proceedings amounting to PLN 137,000.

The Soda Mątwy S.A. Group recognised impairment losses against all pending claims equal to PLN 23,769,000.

Group of Janikosoda SA

No significant claims (liabilities) were filed against Janikosoda S.A. or its subsidiaries that could affect their business. Three complaints are pending before the Supreme Administrative Court filed by Janikosoda S.A. against decisions issued between 1999 and 2000 by the Chief Environmental Protection Inspector, imposing penalties totalling PLN 2,330,000 on the company for excessive emissions to the atmosphere. The proceedings were suspended in 2002 on request of both parties.

The Janikosoda Group's other liabilities under court actions filed against it amount to PLN 331,000. The Janikosoda Group's claims against several dozen trade debtors total PLN 130,000. Debt enforcement proceedings are pending to recover the total of PLN 2,115,000, including the largest claim for PLN 2,102,000 against B. Lepiarz. PLN 646,000 is being claimed through bankruptcy proceedings, and PLN 194,000 was reported for composition proceedings.

The Group of Janikosoda SA recognised an impairment loss of PLN 3,670,000.

Vitrosilicon SA

No claims (liabilities) were filed against the company that could affect its business. The company is claiming the total of PLN 1,193,000 from debtors for deliveries and services, including the largest claim pursued through enforcement proceedings for PLN 628,000, and PLN 502,000 pursued through bankruptcy proceedings.

Vitrosilicon SA recognised an impairment loss on all the proceedings pending.

Group of Zakłady Chemiczne „Alwernia” SA

No claims (liabilities) were filed against the Alwernia Group that could affect its business. The Alwernia S.A. Group is claiming trade receivables and damages in the total amount of PLN 376,000 through court actions and enforcement proceedings. The amount of PLN 675,000 was claimed in bankruptcy proceedings, and the amount of PLN 63,000 was claimed in composition proceedings.

The Group of Zakłady Chemiczne Alwernia SA recognised impairment losses against all the proceedings pending.

Chemian SA

No claims (liabilities) were filed against Chemian S.A. that could affect its business. Chemian SA filed court cases against several dozen trade debtors for the total of PLN 3,453,000, including PLN 1,585,000 claimed in enforcement proceedings and PLN 901,000 reported for bankruptcy and composition proceedings.

Chemian SA recognised an impairment loss on all the proceedings pending.

Group of GZNF „Fosfory” Sp. z o.o.

No claims (liabilities) were filed against the companies belonging to the Fosfory Group that could affect its business. The Fosfory Group is claiming the total of PLN 5,816,000 in court actions, enforcement and bankruptcy proceedings, and recognised an impairment loss on that amount.

Group of Petrochemia – Blachownia SA

No claims of material importance were filed against the Petrochemia Blachownia Group. Petrochemia-Blachownia SA instituted enforcement proceedings for debt from several debtors in connection with the conducted business activity for the total amount of PLN 458,000. Petrochemia-Blachownia SA reported the amount of PLN 165,000 to bankruptcy proceedings.

It recognised an impairment loss on the total of the claims.

**22. Non-standard transactions with related parties concluded by Ciech SA or its subsidiaries
(as per the information submitted by the entities)**

Transaction party	Affiliation with the party to the transaction	Subject of the transaction	Material terms and conditions (PLN ,000)		Additional information
			Financial terms	Characteristic features of the contract deviating from generally applicable terms and conditions of similar agreements	
Soda Małwy SA					
Transoda Sp.zo.o	Indirect subsidiary	Loan	T/N WIBOR + bank margin of 0.7%	none	Loan extended in 2004. The repayment date was extended by the annex of 8th June 2005 till 31.12.2005. The debt balance as at 30.09.2005 – PLN 950,000.
Chemana SA					
Ciech SA	Parent company	Conducting transactions with regard to trade in plastics on behalf of Ciech SA, but for the benefit of Chemana SA.	PLN 135,000	none	The agreement is valid during the three month period starting from 01.04.2005
Ciech SA					
Chemia.com	Subsidiary	Organisation and co-operation in the implementation of the ERP system in IZCH Soda Małwy	PLN 900,000	none	Agreement is valid for the period from 01.06.2005 to 31.03.2006
Chemana SA	Subsidiary	Trade transactions for plastics and semi-finished-products for and on behalf of Ciech SA.	PLN 135,000	none	Agreement is valid for the period from 01.04.2005 to 31.12.2005
Chemana SA	Subsidiary	Sales agreement for various chemical goods between Ciech SA as the Seller and Chemana SA as the Buyer.	PLN 1,106,000	none	Agreement concluded on 15.04.2005
Chemana SA	Subsidiary	Sales agreement for various chemical goods between Ciech SA as the Seller and Chemana SA as the Buyer.	PLN 1,043,000	none	Agreement concluded on 18.04.2005
Petrochemia Blachownia	Subsidiary	Sale of fixed assets	PLN 3,500,000	none	Sale of the right of perpetual usufruct of land, ownership right to the buildings located on that land, as well as to chattels related to the real estate property.
Ciech Polfa Sp. z o. o.	Subsidiary	Sale of property, plant and equipment	PLN 326,000	none	The sale was made in January and March
Soda Małwy S.A	Subsidiary	Agreement concerning co-operation with regard to the implementation of the ERP system based on the Oracle platform. Ciech SA as an investor will make the system be implemented in Soda Małwy by 31.05.2006	PLN 4,777,000	none	Agreement concluded on 06.06.2005
Ciech Polfa Sp. z o.o.	Subsidiary	Sale of shares in Polcommerce Kft. Budapest	Sales price PLN 203,000	none	

Transaction party	Affiliation with the party to the transaction	Subject of the transaction	Material terms and conditions (PLN ,000)		Additional information
			Financial terms	Characteristic features of the contract deviating from generally applicable terms and conditions of similar agreements	
Janikosoda SA	Subsidiary	Loan	Annual interest of 6.60%	none	A loan of PLN 4,000,000, taken on 09.05.2005, in order to finance the current operations of the company, repaid on 28.06.2005
Soda Małty SA	Subsidiary	Loan	Annual interest of 6.60%	none	A loan of PLN 4,500,000 taken on 04.05.2005, repaid on 30.06.2005, the amount of interest paid to Ciech SA - PLN 43,000
GZNF Fosfory SA	Subsidiary	Loan	Annual interest of 6.54%	none	A loan of PLN 4,500,000, repayment by 30.11.2005
GZNF Fosfory SA	Subsidiary	Loan	Annual interest of 6.54%	none	A loan of PLN 4,500,000, repayment by 31.12.2005

23. Loan sureties or guarantees extended by Ciech SA or its subsidiaries (as per the information submitted by the entities)

Sureties and guarantees granted

Obligee's name	Amount of loan covered by surety		Effective date of surety	Financial terms: surety fee due to the company	Principal	Affiliation between Ciech SA and the borrower
	currency	in '000 PLN				
Ciech SA						
NFOŚiGW, Warsaw		4 185	31.03.2006		Z.CH. Soda Małty SA	subsidiary
KREDYT BANK SA Sieradz Branch		4 500	by 31.08.2006	Payment to Ciech SA equal to 1% of the surety value	Cheman S.A - Warsaw	subsidiary
KREDYT BANK SA Sieradz Branch		3 750	by 31.08.2006	payment to Ciech SA equal to 1% of the surety value	Cheman S.A - Warsaw	subsidiary
BANK HANDLOWY SA		4 800	01.05.2005	payment to Ciech SA equal to 1% of the surety value	Ciech-Polfa Sp. z o. o.	subsidiary

Obligee's name	Amount of loan covered by surety		Effective date of surety	Financial terms: surety fee due to the company	Principal	Affiliation between Ciech SA and the borrower
	currency	in '000 PLN				
PKN ORLEN SA		1 200	no fixed term	payment to Ciech SA equal to 1% of the surety value	Chemana S.A - Warsaw	subsidiary
BRE - MULTIBANK SA		629	none – the surety expires on final loan settlement		Employees of Ciech SA	
BANK PKO SA First Branch in Warsaw		4 000	by 31.08.2006	Payment to Ciech SA equal to 1% of the surety value (of PLN 2 million) + PLN 10,000 on increase	Chemana SA	subsidiary
BANK PKO SA First Branch in Warsaw		2 000	01.05.2005	Payment of PLN 10,000 to Ciech SA	Chemana SA	subsidiary
Total CIECH SA		25 064				
Petrochemia Blachownia SA						
Bank Ochrony Środowiska SA		2 000	19.11.2002 - 31.12. 2005	none	ZK Zdzeszowice Sp. z o.o.	none
PKO BP S.A.		300	30.08.2004 - 05.07. 2010	none	BL-Trans Sp. z o.o.	indirect subsidiary
Total Petrochemia Blachownia SA		2 300				
Soda Mątwy SA						
ING BSK Leasing SA		2 370	31.03.2007	None (leasing agreement)	Transoda Sp. z o. o.	indirect subsidiary
Total Soda Mątwy SA		2 370				
Janikosoda SA						
BOŚ Poznań	EUR 2 411	9 447	to 16.11.2009	no fee	Vitrosilicon SA	subsidiary
Total Janikosoda SA		9 447				
Total loans guaranteed		39 181				

Obligee's name	Total amount of loans covered by surety		Effective date of surety	Financial terms: surety fee due to the company	Principal	Affiliation between Ciech SA and the borrower
	currency	in '000 PLN				
Soda Mątwy SA						
National Fund for Environmental Protection and Water Management (NFOŚiGW)		1 800	to 31.12.2006	Real-estate taxes payable to the Town Office in Inowrocław constitute the collateral of the granted surety	Town Office in Inowrocław	none
Total Soda Mątwy SA		1 800				

Obligee's name	Amount of total guarantee granted, backed in whole or in part		Guarantee period	Financial terms: guarantee fee due to the company	Principal	Affiliation between CIECH SA and the Principal
	currency	in '000 PLN				
Ciech SA						
RBP SA Warsaw	DKK 1 000	525	30.12.2005	payment to CIECH SA equal to 1% of the surety value + reimbursement of banking costs	Danske Unipol A.S. - Denmark	subsidiary
RBP SA Warsaw	EUR 110	431	30.12.2005	payment to CIECH SA equal to 1% of the surety value + reimbursement of banking costs	Polcommerce Gmbh - Austria	subsidiary
Total CIECH SA		956				
Total amount of guarantees granted		956				

24. Additional information

When selecting entities for consolidation, the Management Board of the parent company applied the principle of relevance (as per the IFRS objectives) to their financial figures for compliance with the requirement of fair and reliable presentation of the financial standing and profit of the Group. It was assumed that entities whose balance-sheet totals and sales revenues and income from financing activities are irrelevant compared to the same items recorded by the parent, and their combined figures are less than 5% of the relevant combined figures (of all subsidiaries of the Ciech Group), were irrelevant for compliance with the requirements of the standards.

Non-consolidated entities	CIECH SA's share of the entity (indirect + direct)	Net income from sale of goods and materials and from financing activities **	Net profit / loss	Balance-sheet total of the entity/ Group**	Ciech SA's income (%)	Ciech SA's balance-sheet total (%)	Dependence on Ciech S. A.
1) Chemia.com S.A.	100.00%	2 953	207	1 104	0.24%	0.12%	Subsidiary
2) Polcommerce GmbH, Austria	100.00%	20 311	381	7 467	1.62%	0.81%	Subsidiary
3) Ciech-Service Sp. z o.o.	100.00%	3 125	118	1 833	0.25%	0.20%	Subsidiary
4) Boruta-Kolor Sp. z o.o.	100.00%	14 176	7	20 363	1.13%	2.21%	Subsidiary
5) Ciech Polfa Capital Group							
5.1.) Polcommerc Ltd., Hungary	100.00%	2 033	1	1 143	0.16%	0.12%	Indirect subsidiary
6) Soda Mątwy Capital Group							
6.1.) Soda-Med. Sp. z o.o.	90.96%	737	9	2 815	0.06%	0.31%	Indirect subsidiary
7) Janikosoda Capital Group							
7.1.) Jantrans - Janikowo Sp. z o.o.	90.31%	10 331	37	11 285	0.83%	1.23%	Indirect subsidiary
8) Nordiska Unipol AB	97.78%	1 557	287	1 045	0.12%	0.11%	Subsidiary

9) Alwernia Capital Group							
9.1.) Alwernia Fosforany Sp. z o.o.*	73.75%	0	0	50	0.00%	0.01%	Indirect subsidiary
9.2.) Soc-Al. Sp. z o.o.	69.88%	1 581	31	1 625	0.13%	0.18%	Indirect subsidiary
10) Chemiepetrol GmbH	60.00%	24 597	494	6 028	1.97%	0.66%	Subsidiary
11) Danske UmipolA/S	55.00%	16 131	1 035	3 674	1.29%	0.40%	Subsidiary

* Out of business

** Year-to-date income (1st January 2005 to 30th September 2005), balance sheet total as at 30th September 2005.

Total value	Non-consolidated entities	Ciech Group (without eliminations)	% share
in balance-sheet totals	58 432	2 424 881	2.41%
Net income from sale of goods and products and from financing activities	97 532	2 953 839	3.30%

The equity accounting method was not applied to the indirect associate Ciech: Suomen Unipol Oy and the associated company - InChem Sp. z o.o. The measurement of those entities is irrelevant from the point of view of financial reporting.

Entities not valued using the equity method	Ciech SA's direct shareholding in the entity	CIECH SA's share of the entity (indirect + direct)	Equity at 30.09.2005 attributable to the Ciech Group (PLN '000)	Acquisition cost (PLN ,000)	Impairment losses on the acquisition cost (PLN ,000)
1) Suomen Unipol Oy	15.00%	24.78%	809	132	0
2) InChem Sp. z o. o.*	50.00%	50.00%	1 289	2 702	2 702

Entities not valued using the equity method	Sales revenues and income from financing activities (PLN '000)	Balance-sheet total of the entity (PLN ,000)	Net profit / (loss) (PLN '000)
1) Suomen Unipol Oy	65 318	10 453	954
2) InChem Sp. z o. o.*	9 312	2 597	7 869

* The associated company InChem Sp. z o.o. generated a profit in 2005 after it sold 752,030 shares of Ciech SA. On 14.04.2005, the company bought back 2,700 treasury shares from PH Organika Sp. o. o. InChem's General Assembly resolved to cancel those treasury shares, accounting for 50% of the company's share capital. Ciech SA wrote down the whole of impairment loss on the acquisition cost of the company. Ciech SA's Management Board resolved to commence to withdraw capital from that company.

Ciech SA also holds shares in entities where its control has been restricted or lost:

- Calanda Polska Sp. z o.o. in liquidation, 95.70% shares/votes held directly by Ciech SA
- ZAO-Polfa Ciech, Russia, in liquidation, 65.00 % shares/votes held directly by Ciech SA
- Polsin-Karbid Sp. z o. o in liquidation, 22.76% shares/votes held by Ciech SA, shares/votes (direct+indirect) via Ciech SA and Polsin Pte.Ltd.
- K. Foster & Son Ltd. - lost control, 46.51% shares/votes held indirectly by Ciech SA through Daltrade Plc.
- Polfa Nigeria - lost control, no contact with the company, 20% share held directly by Ciech SA
- Zach-Ciech Sp. z o.o in liquidation, 35.65% shares/votes held directly by Ciech SA

25. Other information that the Management Board believes to be important to assess the HR, financial, economic situation, the profit, and any changes in those aspects of business, and information necessary to assess Ciech Group's capacity to meet obligations

Information necessary to assess the HR situation

In the 3rd quarter of this year Ciech SA terminated the Company's Collective Labour Agreement and the agreements and arrangements included in the Protocols from the meetings of the Negotiations Team, as well as the Agreement concluded with KMZ NSZZ „Solidarność” and Trade Union of the Employees of Ciech SA . The terminated documents did not reflect the current economic situation of the Company, its organisational structure, and binding regulations.

Currently the work in Ciech SA is concentrated on the implementation of new regulations concerning the issues included in the terminated documents, including a modern incentive system, based on the idea of Management By Objective (MBO).

Further, selected companies belonging to the Ciech Group are considered to be covered by the program.

Information necessary to assess the financial standing and the capacity to meet obligations

In the 3rd quarter of 2005, the companies belonging to the Group fulfilled all its obligations according to their maturity dates. There are no threats that may impact the fulfilment of obligations by the Company.

The Management Board believes that the companies belonging to the Group are fully capable to finance the investment project to be carried out in the chemical industry, as described in the prospectus.

26. Factors that might potentially impact the next-quarter results

Situation in the industries of the recipients of the Company's products in Poland

Ciech SA supplies most of its products to the following Polish industries: the chemical industry, the glass manufacturing industry, and the plastics industry.

How those industries expand, depends on the general economic situation in Poland. The increase in industrial production at fixed prices recorded in 8 months of 2005 increased merely by 1.7% (in the whole 2004 by 12.3%). Similarly, the dynamics of the chemical industry was 2.2% (9.7% in 2004) with regard to the manufacture of chemical products, and 4.8% (13.7% in 2004) with regard to the manufacture of rubber and plastics products.

One may expect that a smaller increase in GDP in Poland, which is predicted to occur in 2005 (about 3.3 - 3.5%) in comparison with 5.4% in 2004, should be reflected in lower dynamics of sales in the chemical sector. One should remember, however, that the situation results from the so-called high base (exceptionally good economic results) in the previous year, was connected largely to the accession of Poland to the EU. On the other hand, recent analyses indicate that the economic growth will be quicker in Poland in the second half of 2005.

Economic situation in Europe and worldwide

Ciech SA's commercial activities rely to a large extent on chemical product exports, the level and profitability of which depend on the global economic situation in Europe and worldwide. A global economic slump could affect the demand for raw materials on international markets, thus reducing the exports turnover of Ciech SA.

Situation in the raw materials market

A major portion of the Ciech SA's turnover is generated from imports of chemical raw materials to Poland. The raw-material markets are characterised by high cyclicity, prompted by fluctuations in the world economies. On the one hand, the growing prices of raw materials force the trading agents to lower their mark-ups and cause lower demand of the customers, while dropping prices, on the other hand, are usually a sign of declining demand and the onset of an economic slump. Raw materials are impacted by the same trends in the Polish market.

If the stable growth rate and steady prices of chemical raw materials continue, this will benefit the Company's imports of chemical raw materials to Poland. Large fluctuations in demand and prices either caused by a high economic growth rate, or by an economic slump, will affect the Ciech SA's trade in chemical raw materials.

Increase of competition in the soda segment

The main products of the Ciech Group include soda products manufactured in subsidiaries: JZS Janikosoda S.A. and IZCh Soda Mątwy S.A., and sold by Ciech SA. The processes of concentration of production, which can be more and more often observed in Europe, contribute to the increase of competition from big, over-regional chemical corporations that manufacture soda ash. Ciech SA intends to take part in the concentration of production by making acquisitions of foreign soda industry manufacturers.

Ownership transformations in the sector of Great Chemical Synthesis (Wielka Synteza Chemiczna (WSCh))

The process of privatising WSCh sector companies includes several important trade partners of Ciech SA. The change in ownership structure of those entities will probably lead to the change of terms and conditions of co-operation of those companies with Ciech SA. The restructuring may have negative impact on the Company in the case of entities in the privatisation of which Ciech SA does not participate.

Ciech SA takes part in privatisation processes of the selected companies of WSCh, according to the adopted development strategy of the Ciech Group, which assumes the achievement of the position of a leader in the selected market segments, in order to decrease the risk of the possible unfavourable ownership changes in the WSCh sector.

Foreign exchange risk

Approximately 40% of Ciech SA's income is from exports, mainly denominated in EUR. High EUR/PLN exchange rates increase the profitability of the product sales in foreign markets. Moreover, high EUR/PLN exchange rates are good for export sales by Ciech SA's trade partners, which translates into an increase in the Company's turnover. The export denominated in USD is of much lower importance for the results of the Company. The exchange rate of USD has no impact on the profit of the Company, because it is secured by a similar volume of import denominated in USD. The Company constantly monitors its foreign exchange risk, and utilizes hedging for large transactions denominated in foreign currencies, such as forward and future contracts and hedge option strategies.

27. Reconciliation of restated figures published in compliance with the Polish Accounting Standards (PAS) with the International Financial Reporting Standards

At the balance-sheet date, the Ciech Group used the best of its knowledge to identify material differences between the accounting principles applied by it, and IFRS. Certain areas were identified with potential quantitative differences and differences in presentation and disclosure. The quantitative differences include:

Revaluation of non-current assets: According to IFRS 1 "First-Time Adoption of the International Accounting Standards", the Ciech Group assumed the amount of its non-current assets used in a hyperinflationary economy to be the fair value of those assets (measured based on estimates by professional property appraisers). The adjustment of the balance sheet amount of fixed assets resulted in a positive temporary difference between the tax values and the balance-sheet values. Currently the fair value of property, plant and equipment are being verified. With regard to the above, we are not currently able to determine the final impact of those works on the presented consolidated financial statement.

Non-current assets held for sale: According to IFRS 5 "Non-current Assets Held For Sale and Discontinued Operations", non-current assets held for sale are not subject to depreciation, therefore, an adjustment was made to eliminate the depreciation calculated for 2004.

Depreciation of investment property: The Ciech group carries its investment properties under assets at cost, not their fair value. According to IAS 40 "Investment Property", if this model is adopted, the assets should be depreciated. Therefore, the equity was adjusted to account for depreciation for the years 2002-2003.

Renovations spread over time: The Ciech Group recognises the expense on renovations spread over time under prepayments and accruals. According to IAS 16 "Property, plant and equipment" those costs should be recognized in the profit and loss account, if it is not possible to recognize them as property, plant and equipment according to the above mentioned IAS. Therefore, an appropriate adjustment of the consolidated profit was made.

Costs of launching of new production: Ciech Group presents the costs of launching of new production settled over time under prepayments and accruals. According to IAS 16 "Property, Plant and Equipment", such expenses should

be taken to profit and loss at the time they are incurred. With regard to the above, the amount of activated costs of launching of new production was presented as a decrease of equity as at the day of starting to use IFRS.

Minority interest: pursuant to the principles of presentation of financial statements prescribed in IAS 1 "Presentation of Financial Statements," the total consolidated equity comprises minority interest. In addition, the allocations of profit or loss in the income statement include the profit and loss attributable to minority interest.

Goodwill: Pursuant to IFRS 3 "Business combinations", the Ciech Group ceased to depreciate goodwill from January 1st, 2004. The value of write-downs was reversed in correspondence with retained profit. According to IAS 36 "Impairment of assets", the Ciech Group conducted tests concerning impairment of goodwill recognized under assets as at January 1st, 2004, and as at December 31st, 2004. The results of the tests led to the introduction of impairment losses as at 01.01.2004 in the amount of PLN 4,576,000.

Negative goodwill: Pursuant to IFRS 1 "First time adoption of the International Financial Reporting Standards" and IFRS 3 "Business combinations", the negative goodwill recognized as at January 1st, 2004, was deducted in correspondence with equity. Revaluation write-down of negative goodwill for 2004 was reversed in correspondence with the profit and loss account.

Equity method measurement: with regard to the fact that the companies valued using the equity method adjust their individual financial statements to IFRS requirements; the value of their shares was changed at the level of the consolidated financial statement.

Reclassification of the Privatisation Fund to equity: as at 1st January 2004 the single-purpose funds due to privatisation presented in short-term liabilities were reclassified to equity (reserve capital).

Recognition of deferred income tax reserve and assets in the net amount: pursuant to IAS 12 "Income tax", the compensation of the deferred income tax assets with the deferred income tax reserve was made in individual financial statements.

Exclusion of the right of perpetual usufruct of land from the recognition: with regard to the position adopted in the Ciech Group, according to which the right of perpetual usufruct of land obtained by means of an administrative decision fulfils the criteria of operational leasing, pursuant to IAS 17 "Leasing", it should not be recognized in the books, but presented off-balance. Therefore, the adjustment of exclusion of the right of perpetual usufruct of land was made in correspondence with accrued and deferred income.

Recognition of non-current assets held for sale and discontinued operations: pursuant to IFRS 5 "Non-current assets held for sale and discontinued operations" the amounts of non-current assets held for sale were separated and reclassified from property, plant and equipment to current assets. In addition, discontinued operations were recognized in the profit and loss account.

Separation of investment real estate properties: in the consolidated balance sheet the non-current assets were separated, which according to IAS 40 "Investment property" should be recognised as investment property.

Reclassifications within equity: the capital from the issue of shares above their nominal value recognized in individual financial statements, the supplementary capital, and the revaluation capital established according to the Polish accounting standards were reclassified to retained profit. Special purpose funds / capitals were recognized under reserve capitals.

Extraordinary profit / loss: according to the rules of presentation of financial statements determined in IAS 1 "Presentation of financial statements" the extraordinary profits and losses recognized by the Group were reclassified respectively to other operating income and other operating costs.

Profit / loss on sales of part or all shares of subsidiaries: according to the rules of presentation of financial statements determined in IAS 1 "Presentation of financial statements" the loss of the Group on sales of part of shares in subsidiaries was reclassified to the financial costs.

Advances for inventories: advances for inventories were reclassified; they were recognised under inventories according to the Polish Accounting Standards, and according to IFRS they are presented under short-term receivables.

Prepayments and accruals: prepayments and accruals have been presented respectively in short-term receivables and short-term liabilities.

The table below presents:

- reconciliation of equity as at 30.09.2004 determined according to the Polish Accounting Standards and the equity determined for that date according to IFRS.

and

- reconciliation of the net profit for the period 01.01.-30.09.2004 determined according to the Polish Accounting Standards and the net profit determined for that period according to IFRS.

specification	as at September 30th, 2004
equity according to PAS previously published	558 745
corrections of the Auditor	(11 634)
revaluation of fixed assets	136 160
non-current assets held for sale	1 409
goodwill	5 173
negative goodwill	33 234
minority interest	97 502
depreciation of investment property	(846)
deduction of goodwill due to impairment	(4 576)
equity method measurement	370
other	(384)
equity according to IFRS	815 153
specification	for the period 01.01- 30.09.2004
net profit according to PAS published previously	71 730
corrections of the Auditor	4 776
revaluation of fixed assets	(6 796)
goodwill	5 173
negative goodwill	(4 720)
minority interest	5 783
equity method measurement	(846)
other	120
net profit according to IFRS	75 220

* The detailed description of the adjustments made by the Auditor has been presented in section 17 "Information concerning the change of the accounting principles (policy)" of the consolidated financial statement of the Ciech Group for the financial year 2004 (published on 16th May 2005)

Reconciliation of equity as at the day of changing into IFRS (1st January 2004), and reconciliation of equity and net profit presented in the last annual financial statement prepared according to the Polish Accounting Standards have been presented in note 35 to the consolidated financial statement of the Ciech Group for the first half of 2005, prepared according to IFRS (published on 28th October 2005).

28. Statement of the Management Board

These condensed consolidated financial statements of the Ciech group have been approved by the Management Board at the Company's registered office on November 14th, 2005.

Warsaw, November 14th, 2005.

.....
Ludwik Klinkosz – President of the Management Board of Ciech SA

.....
Stefan Rojewski – Member of the Management Board of Ciech SA

.....
Jerzy Golis – Member of the Management Board of Ciech SA

.....
Kazimierz Przelomski – CFO, Commercial Representative of Ciech SA