

Letter from the President of Ciech S.A. Board

Dear Sirs,

2005 marked itself in the history of Ciech as a year of extremely crucial events.

Upon a debut on the Warsaw Stock Exchange on 10th February, Ciech S.A. became a public company, which defined the Company's new development perspectives. As a formality, I would like to remind you that the relevant decision of the shareholders took place in May 2004 already.

Another event is related to the Company's history. In October 2005, we celebrated 60 years of the Company's operation on the market. We are proud to have a possibility of working for the company, the rich experience of which is illustrated with the history of the country's economy. We have managed to adjust the former Head Office for Foreign Trade to diametrically new conditions of management, since we were able to make use of the experience gained during our many years' operation on international markets. Therefore, we can now compete with the top companies on the European market.

Last year, the organisational changes introduced on a large scale began to bear fruit. The structures of Ciech S.A. and Grupa Chemiczna CIECH (*CIECH Chemical Group*) became established. They function in a way that allows for the increase of their value. Thanks to the stock exchange, the market value of the Company is undergoing constant verification, which has a positive influence on the management and employee teams. Compared to the original offer, the price Ciech S.A. shares have more than doubled during the year. We fulfil obligations related to acquisition, included in the prospectus. Cash entrusted to us by the shareholders is used for good purposes. In order to increase additionally the level of security of the owners, we have introduced a business risk management system.

Dear Sirs, We present the 2005 report, however, in our opinion, we cannot ignore a crucial fact that in March 2006, we signed purchase agreements for two large companies composing the so-called Great Chemical Synthesis of Zakłady Chemiczne ZACHEM S.A. (*ZACHEM S.A. Chemical Enterprise*) and Zakłady Chemiczne Organika-Sarżyna S.A. (*Organika-Sarżyna S.A. Chemical Enterprise*), that will constitute the basis of Dywizja Organika (*Organika Division*). As a consequence, the Company's income will go up by approx. 60%.

The enumeration of these facts is justified, since we are consequently implementing the strategy aimed at strengthening our position as a leader with relation to selected product groups. It refers in particular to calcinated soda, soda-like products, and salts. Inclusion of new companies to form Grupa Chemiczna CIECH will allow gaining the position of a leader with relation to numerous organic chemistry products. Ciech is one of the leading European companies in the field.

A systematic growth of the value of the Group embracing several dozen companies has been appreciated by the shareholders. I suppose that we have not disappointed our business partners either. We have met the financial forecasts for 2005, which is supported with the detailed financials included in the documents to be analysed. It was a good year for Ciech S.A. and its affiliates. We have established strong foundations for the Company's growth.

I am convinced of further dynamic development of Grupa Chemiczna CIECH, and its success will be a source of satisfaction to its present and future customers and shareholders.