



**EXTENDED CONSOLIDATED QUARTERLY
REPORT
OF THE CIECH CHEMICAL GROUP
FOR Q3 2008**

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I. Consolidated financial statements of the Ciech Chemical Group

1. Consolidated Profit and Loss Account

<i>in thousands of PLN</i>	01.01.-30.09.2008*	01.01.-30.09.2007			01.07.-30.09.2008*	01.07.2007-30.09.2007		
		Continued operations	Discontinued operations	TOTAL		Continued operations	Discontinued operations	TOTAL
Net sales income	2 981 160	2 633 208	608	2 633 816	923 838	841 050	203	841 253
Prime cost of sales	(2 308 141)	(1 991 724)	(587)	(1 992 311)	(735 017)	(655 806)	(193)	(655 999)
Gross profit/loss on sales	673 019	641 484	21	641 505	188 821	185 244	10	185 254
Other operating income	79 322	51 098	-	51 098	14 370	7 788	-	7 788
Selling costs	(191 532)	(169 668)	(914)	(170 582)	(66 133)	(51 235)	(236)	(51 471)
Administrative expenses	(218 686)	(196 485)	-	(196 485)	(68 628)	(63 770)	-	(63 770)
Other operating expenses	(76 283)	(48 913)	-	(48 913)	(22 329)	(17 409)	-	(17 409)
Operating profit/loss	265 840	277 516	(893)	276 623	46 101	60 618	(226)	60 392
Financial income	15 654	18 267	-	18 267	506	5 743	-	5 743
Financial costs	(122 683)	(37 789)	-	(37 789)	(67 972)	(12 240)	-	(12 240)
Net financial income/costs	(107 029)	(19 522)	-	(19 522)	(67 466)	(6 497)	-	(6 497)
Share in net profits of subsidiaries accounted for using the equity method	3 614	5 268	-	5 268	499	2 510	-	2 510
Profit/loss before tax	162 425	263 262	(893)	262 369	(20 866)	56 631	(226)	56 405
Income tax	(48 655)	(73 072)	-	(73 072)	(3 731)	(24 915)	-	(24 915)
Net profit/loss	113 770	190 190	(893)	189 297	(24 597)	31 716	(226)	31 490
Sales profit/loss related to discontinued operations	-	-	-	-	-	-	-	-
Profit/loss for the financial year	113 770	190 190	(893)	189 297	(24 597)	31 716	(226)	31 490
including:								
Net profit/loss of shareholders of the parent company	103 042	188 973	(893)	188 080	(28 538)	31 263	(226)	31 037
Net profit/loss of minority shareholders	10 728	1 217	-	1 217	3 941	453	-	453
Profit per share (in PLN):								
Basic	3.68	6.75	(0.03)	6.72	(1.02)	1.12	(0,01)	1.11
Diluted	3.68	6.75	(0.03)	6.72	(1.02)	1.12	(0,01)	1.11

* In the presented periods, there were no discontinued operations

2. Consolidated Balance Sheet

In thousands of PLN

ASSETS	30.09.2008	31.12.2007	30.09.2007
Fixed assets			
Tangible fixed assets	2 002 757	1 931 641	1 513 774
Perpetual leasehold of land	32 466	32 843	33 116
Intangible assets, including:	498 169	530 823	94 231
- goodwill	381 385	403 024	35 996
Investment property	30 920	16 543	16 683
Long-term receivables	30 763	24	236
Investments in associates and joint subsidiaries accounted for using the equity method	43 420	51 819	57 089
Other long-term investments	98 181	77 344	57 857
Deferred tax assets	14 773	10 411	2 681
Total fixed assets	2 751 449	2 651 448	1 775 667
Current assets			
Inventories	388 273	284 563	252 973
Short-term investments	1 573	2 066	4 919
Income tax receivables	12 616	9 483	818
Trade and other receivables	1 186 512	969 795	819 261
Cash and cash equivalents	93 312	124 496	139 478
Fixed assets held for sale	78 013	192 411	761
Total current assets	1 760 299	1 582 814	1 218 210
Total Assets	4 511 748	4 234 262	2 993 877
LIABILITIES	30.09.2008	31.12.2007	30.09.2007
Equity			
Share capital	164 115	164 115	164 115
Own shares	-	-	(5 051)
Share premium reserve	151 328	151 328	151 328
Equity components related to assets held for sale	-	-	-
Revaluation reserve	(26 116)	19 161	20 544
Other reserve capital	78 433	78 433	78 683
Foreign exchange differences arising from translation of subsidiaries	(27 295)	(19 301)	(3 572)
Retained earnings	990 288	945 540	893 209
Equity attributable to equity holders of the parent company	1 330 753	1 339 276	1 299 256
Minority shares	50 077	44 898	50 090
Total equity	1 380 830	1 384 174	1 349 346
Liabilities			
Loans, borrowings and other debt instruments	776 976	766 059	278 083
Employee benefits	73 091	55 201	44 639
Other long-term reserves	59 309	92 827	107 019
Other long-term liabilities	322 832	313 545	182 627
Deferred tax provision	58 667	68 895	61 724
Total long-term liabilities	1 290 875	1 296 527	674 092
Overdraft facility	54 865	28 888	19 068
Loans, borrowings and other debt instruments	777 560	453 494	392 147
Trade and other payables	820 846	877 234	477 306
Income tax payables	29 663	28 867	26 344

LIABILITIES	30.09.2008	31.12.2007	30.09.2007
Provisions (short-term employee benefit and other provisions)	157 109	165 078	55 574
Liabilities arising from fixed assets held for sale	-	-	-
Total short-term liabilities	1 840 043	1 553 561	970 439
Total liabilities	3 130 918	2 850 088	1 644 531
T o t a l L i a b i l i t i e s	4 511 748	4 234 262	2 993 877

Off-balance sheet items

<i>in thousands of PLN</i>	30.09.2008	31.12.2007	30.09.2007
1. Contingent receivables	-	-	-
- guarantees and sureties received	-	-	-
- other off-balance sheet receivables	-	-	-
2. Contingent liabilities	23 294	41 508	42 384
- guarantees and sureties granted	21 898	40 082	40 340
- other off-balance sheet liabilities	1 396	1 426	2 044
3. Other	347	1 012	313
- other	347	1 012	313
Total off-balance sheet items	23 641	42 520	42 697

3. Consolidated Cash Flow Statement

<i>in thousands of PLN</i>	01.01-30.09.2008	01.01-30.09.2007
Cash flows from operating activities		
Net profit (loss) for the period	113 770	189 297
Depreciation	162 064	136 424
Recognition / reversal of revaluation write-downs	(407)	(1 783)
Gains/ losses on foreign exchange differences	4 902	(5 084)
Investment property revaluations	-	-
Gains/ losses on investment activities	(5 278)	(1 010)
Gains/ losses on disposal of fixed assets	(31 560)	(16 497)
Interest and dividends	61 788	16 598
Input income tax	48 655	73 072
Gains/ losses on shares in entities accounted for using the equity method	(3 614)	(5 268)
Operating profit before changes in current assets and reserves	350 320	385 749
Changes in receivables	(231 636)	(163 677)
Changes in inventories	(105 507)	(7 791)
Changes in short-term liabilities	76 601	(44 155)
Changes in reserves and employee benefits	(23 175)	(12 805)
Net cash generated from operations	66 603	157 321
Interest paid	(59 507)	(16 453)
Income tax paid	(56 897)	(33 890)
Gains/ losses on disposal of discontinued operations	-	-
Other adjustments	33 415	(5 182)
Net cash from operating activities	(16 386)	101 796
Cash flows from investment activities		
Inflows (in "+")		
Disposal of intangible assets and tangible fixed assets	108 741	20 731
Disposal of a subsidiary	3 813	-
Disposal of investments	1 758	-
Dividends received	5 185	1 291
Interest received	3 177	1 490
Other inflows	18 812	-
Outflows (in "-")		
Acquisition of intangible assets and tangible fixed assets	(274 908)	(134 330)
Acquisition of a subsidiary (net of cash acquired)	(97 784)	(2 842)
Purchase of investment property	(27 656)	-
Purchase of other investments	(53 118)	-
Research and development expenses	-	-
Other expenses	(552)	(16 188)
Net cash from investment activities	(312 532)	(129 848)
Cash flows from financing activities		
Inflows (in "+")		
Proceeds from the issue of shares and other equity instruments, and capital contributions	-	-
Proceeds from issue of convertible preference shares	-	-
Proceeds from loans and borrowings	635 608	141 117

<i>in thousands of PLN</i>	01.01-30.09.2008	01.01-30.09.2007
Other financial inflows	1 952	55
Outflows (in "-")		
Purchase of own shares	-	-
Dividends and other payments to equity holders	(57 960)	(58 600)
Dividends paid to minority shareholders	(1 141)	(1 370)
Repayment of loans and borrowings	(303 917)	(64 728)
Repayment of debt securities	-	-
Payment of financial lease liabilities	(1 587)	(679)
Other financial outflows	(400)	(141)
Net cash from financing activities	272 555	15 654
Total net cash flow	(56 363)	(12 398)
Cash at beginning of period	95 610	131 313
Impact of foreign exchange differences	(800)	1 495
Cash at end of period	38 447	120 410

4. Statement of Changes in Consolidated Equity

<i>in thousands of PLN</i>	Allocated to shareholders of the parent company							Retained earnings	Total equity attributable to equity holders of the parent company	Minority shares	Total equity
	Share capital	Own shares	Share premium reserve	Equity components related to assets held for sale	Revaluation reserve	Other reserve capital	Foreign exchange differences arising from translation of subsidiaries				
Equity as at (beginning of period) 01/01/2008:											
Brought forward	164 115	-	151 328	-	19 161	78 433	(19 301)	945 540	1 339 276	44 898	1 384 174
Changes in accounting principles	-	-	-	-	-	-	-	-	-	-	-
Fundamental error corrections	-	-	-	-	-	-	-	-	-	-	-
Equity (restated) as at:	164 115	-	151 328	-	19 161	78 433	(19 301)	945 540	1 339 276	44 898	1 384 174
Exchange differences on translating foreign companies	-	-	-	-	-	-	(7 994)	-	(7 994)	(287)	(8 281)
Valuation of long-term investments	-	-	-	-	(28 685)	-	-	-	(28 685)	(1 498)	(30 183)
Exchange differences on net investments in a foreign entity	-	-	-	-	(16 592)	-	-	-	(16 592)	-	(16 592)
Total income and costs for the financial year recognised directly in equity	-	-	-	-	(45 277)	-	(7 994)	-	(53 271)	(1 785)	(55 056)
Net profit/ (loss)	-	-	-	-	-	-	-	103 042	103 042	10 728	113 770
Total income and costs for the financial year	-	-	-	-	(45 277)	-	(7 994)	103 042	49 771	8 943	58 714
Payment of dividends to shareholders	-	-	-	-	-	-	-	(57 960)	(57 960)	(317)	(58 277)
Coverage of negative equity of the company S.C. Unizele Sodice Govora - Ciech Chemical Group S.A.	-	-	-	-	-	-	-	555	555	(555)	-
Change as a result of purchasing additional shares	-	-	-	-	-	-	-	-	-	(3 008)	(3 008)
Other increases/ decreases	-	-	-	-	-	-	-	(889)	(889)	116	(773)
Equity as at (end of period) 30/09/2008:	164 115	-	151 328	-	(26 116)	78 433	(27 295)	990 288	1 330 753	50 077	1 380 830

<i>in thousands of PLN</i>	Allocated to shareholders of the parent company							Retained earnings	Total equity attributable to equity holders of the parent company	Minority shares	Total equity
	Share capital	Own shares	Share premium reserve	Equity components related to assets held for sale	Revaluation reserve	Other reserve capital	Foreign exchange differences arising from translation of subsidiaries				
Equity as at (beginning of period) 01/01/2007:											
Brought forward	164 115	(5 051)	151 328	-	11 986	78 683	(1 095)	737 379	1 137 345	50 008	1 187 353
Changes in accounting principles	-	-	-	-	-	-	-	-	-	-	-
Fundamental error corrections	-	-	-	-	-	-	-	-	-	-	-
Equity (restated) as at:	164 115	(5 051)	151 328	-	11 986	78 683	(1 095)	737 379	1 137 345	50 008	1 187 353
Exchange differences on translating foreign companies	-	-	-	-	-	-	(2 509)	-	(2 509)	(1 651)	(4 160)
Revaluation of fixed assets	-	-	-	-	-	-	-	3 924	3 924	12	3 936
Valuation of long-term investments	-	-	-	-	8 519	-	-	-	8 519	1 357	9 876
Total income and costs for the financial year recognised directly in equity	-	-	-	-	8 519	-	(2 509)	3 924	9 934	(282)	9 652
Net profit/ (loss)	-	-	-	-	-	-	-	188 080	188 080	1 217	189 297
Total income and costs for the financial year	-	-	-	-	8 519	-	(2 509)	192 004	198 014	935	198 949
Payment of dividends to shareholders	-	-	-	-	-	-	-	(58 600)	(58 600)	(1 373)	(59 973)
Result on changes in S.C. Unizele Sodice Govora - Ciech Chemical Group S.A.	-	-	-	-	-	-	2 055	29 584	31 639	-	31 639
Coverage of negative equity of the company S.C. Unizele Sodice Govora - Ciech Chemical Group S.A.	-	-	-	-	-	-	(2 055)	(7 662)	(9 717)	-	(9 717)
Other increases/ decreases	-	-	-	-	39	-	32	504	575	520	1 095
Equity as at (end of period) 30/09/2007:	164 115	(5 051)	151 328	-	20 544	78 683	(3 572)	893 209	1 299 256	50 090	1 349 346

II. Information on principles adopted for preparing the Extended Consolidated Quarterly Report of the Ciech Group

1. Basis for preparing the Extended Consolidated Quarterly Report of the Ciech Group

The presented consolidated financial report for the period from 1 January 2008 to 30 September 2008, including comparative data, was approved for publication by the Management Board of CIECH S.A. on 12 November 2008.

This consolidated report comprises the financial statements of CIECH S.A. and its subsidiaries (jointly called the Ciech Group"; "Group"), as well as the Group's shares in associates.

The scope of information presented in the Extended Consolidated Quarterly Report is in line with the requirements of:

- International Accounting Standard 34 – interim financial reporting
- Ordinance of the Minister of Finance of 19 November 2005 on current and periodical information provided by issuers of securities.

Preparation of financial statements in line with the IFRS requires from the Management Board professional judgements, estimates and assumptions, which have impact on the adopted principles and presented values of assets, liabilities, income and costs. Estimates and assumptions related to them are based on historical experience and other various factors, which are considered reasonable under the given circumstances, and their results provide a basis for professional judgement as for the carrying value of assets and liabilities, which cannot be calculated using other sources. The actual values may differ from the estimated value.

Estimates and assumptions related to them are subject to ongoing verification. Any change in accounting estimates is recognized in the period, in which they were changed, if it relates only to that period, or in the current and future period, if changes relate both to the current and future periods.

Professional judgements made by the Management Board, which have material impact on the consolidated financial statements, as well as estimates causing significant risk of material changes in the subsequent years, have been presented in part III, points 10 and 13 of this Report.

2. Statement of compliance

The consolidated financial statements of the Ciech Group as well as financial statements of all subsidiaries and associates of CIECH S.A. for the presented periods and corresponding periods have been prepared according to all the International Financial Reporting Standards (IFRS) adopted for use in the European Union as at 30 September 2008.

In the case of the Soda Deutschland Ciech Group, the initial settlement established on a provisional basis provided for by IFRS 3 "Business mergers" was applied. The Soda Deutschland Ciech Group was consolidated as at 31.12.2007, based on the estimated value of its assets and liabilities. After completion of the presently ongoing measurement at fair value of individual identifiable assets, liabilities and contingent liabilities of this group, any adjustments resulting from completion of initial provisional settlement will be entered to the consolidated financial statements of the Ciech Group as at the date of acquisition and as at subsequent balance sheet dates.

The parent company's Management Board used its best knowledge in the selection of standards and interpretations, as well as in the selection of measurement methods and principles for individual items of the Ciech Group's consolidated financial statements in line with IFRS as at 30 September 2008, including comparative figures. Due diligence was exercised at the time of preparing the tables and explanations provided below. The financial information presented was not audited.

3. Applicable accounting principles

In the presented period, there were no changes in the accounting principles compared to the principles presented by the Group in the Consolidated Report of the Ciech Group for Q1 of 2008, disclosed to the public on 30 September 2008, where the detailed information regarding principles and methods of assets and liabilities valuation and the measurement of the financial result as well as the method of preparation of the financial statements and comparative data was presented.

These principles have been used on a continuous basis when preparing all the consolidated financial statements of the Ciech Group since the date of transition into IFRS, i.e. since 1 January 2004.

4. Currency and principles of conversion

The currency used for the purposes of measurement and reporting in these consolidated financial statements is the Polish zloty. Unless provided otherwise, the data in the consolidated financial statements has been presented in thousands of PLN (PLN '000).

For the purposes of presentation of selected financial data, particular items of assets and liabilities in the balance sheet were translated into EURO at the average exchange rate announced as at the balance-sheet date (30 September 2008) by the National Bank of Poland, i.e. 3.4083. Individual items of the profit and loss account were translated into EURO at a rate calculated as arithmetic mean of the average EURO exchange rates determined by the National Bank of Poland as at the last day of each month, i.e. from January to September 2008 respectively: 3.6260; 3.5204; 3.5258; 3.4604; 3.3788; 3.3542; 3.2026; 3.3460; 3.4083. The exchange rate for the presented reporting period is 3.4247.

III. Explanatory notes to the Consolidated Financial Statements of the Ciech Group

1. Most significant events in the Ciech Group from 1 July 2008 to the date of preparing this report

On 7 July 2008, during the CIECH S.A.'s Supervisory Board meeting, Mister Robert Skoczeń was elected the Chairman of the CIECH S.A.'s Supervisory Board. This information was presented in the current report no. 50 dated 8 July 2008.

On 11 July 2008, the President of the CIECH S.A.'s Management Board, Mister Mirosław Kochalski resigned from the function. This information was presented in the current report no. 53 dated 11 July 2008.

Due to the resignation of Mirosław Kochalski, the CIECH S.A.'s Management Board decided by virtue of a resolution to appoint Mister Ryszard Kunicki to manage the regular works of the Management Board until the new President of the Management Board is appointed by the General Meeting of Shareholders. This information was presented in the current report no. 54 dated 11 July 2008.

On 16 July 2008, CIECH S.A. received the Decision of the District Court for the capital city of Warsaw, 13th Commercial Division of the National Register of Entrepreneurs regarding an entry on 10 July 2008 to the National Court Register – Register of Entrepreneurs of changes to the CIECH S.A.'s Articles of Association, introduced by a resolution of the General Shareholders Meeting of CIECH S.A. dated 26 June 2008. This information was presented in the current report no. 55 dated 16 July 2008.

On 25 July 2008, CIECH S.A. signed a sales contract for 100% shares of Boruta-Kolor Sp. z o.o. to Zakłady Chemiczne ZACHEM Spółka Akcyjna in Bydgoszcz. This information was presented in the current report no. 56 dated 25 July 2008.

On 19 August 2008, the Extraordinary Shareholders Meeting of CIECH S.A. introduced changes to the composition of the group of people managing CIECH S.A. Mister Ryszard Kunicki, Member of the Management Board was appointed the President of the Management Board. Mister Kazimierz Przelomski was recalled from the Management Board of CIECH S.A. Mister Robert Bednarski was appointed a Member of the Management Board. This information was presented in the current report no. 60 dated 19 August 2008.

On 25 August 2008, the District Court in Zielona Góra, 8th Commercial Division of the National Court Register recorded the share capital increase of "VITROSILICON" Spółka Akcyjna, a subsidiary of CIECH S.A., by the amount of PLN 4 800 000 by issuing 960,000 bearer shares of the nominal and issue value of PLN 5 each. This information was presented in the current report no. 63 dated 29 August 2008.

On 9 October 2008, a letter of intent was signed regarding purchase of the control packet of Anwil S.A. shares. The signatories of the document are: CIECH S.A., Zakłady Azotowe Kędzierzyn S.A. (ZAK) and Zakłady Azotowe in Tarnów - Mościce S.A. (Azoty Tarnów). A condition essential for the execution of the signatories' objectives is the decision of PKN Orlen S.A., owner of 84.79% of Anwil S.A. shares, regarding sales of this packet. Parties to the letter of intent appointed a Steering Committee, which comprises presidents of CIECH S.A., ZAK and Azoty Tarnów. Mister Ryszard Kunicki, the president of CIECH S.A. was appointed the committee's chairman. One of the committee's tasks will be the creation of a special purpose vehicle, which will represent the letter's signatories in the potential process of purchase of Anwil S.A. shares packet from PKN Orlen. 50 % shares in the special purpose vehicle will be subscribed by CIECH S.A., and ZAK and Azoty Tarnów will subscribe 25% each. CIECH S.A., ZAK and Azoty Tarnów will be responsible for financing transactions proportionally to the assumed shares in the special purpose vehicle. The partners declare that the investment will involve from 10 to 20 % of own funds. The remaining part will be covered by external financing. This information was presented in the current report no. 64 dated 9 October 2008.

2. Achievements of the Ciech Group in the period from 1 January to 30 September 2008 and the description of factors and events having material impact on the financial result

2.1 Basic financial data

Within the three quarters of 2008, the Ciech Group recorded net profit in the amount of PLN 113 770 thousand, the total assets amounted to PLN 4 511 748 thousand, and net cash decreased by PLN 56 363 thousand.

The table below presents selected financial data with basic financial ratios for three quarters of 2008 and 2007.

Selected financial information

<i>in thousands of PLN</i>	01.01.-30.09.2008	01.01.-30.09.2007	2008/2007 dynamics
Net sales income	2 981 160	2 633 816	13.2%
Prime cost of sales	2 308 141	1 992 311	15.9%
Gross sales profit	673 019	641 505	4.9%
Selling costs	191 532	170 582	12.3%
Administrative expenses	218 686	196 485	11.3%
Other operating income/ costs	3 039	2 185	-
Operating profit	265 840	276 623	(3.9%)
Financial income/ costs	(107 029)	(19 522)	-
Share of net profits of subsidiaries accounted for using the equity method	3 614	5 268	(31.4%)
Income tax	48 655	73 072	(33.4%)
Sales profit related to discontinued operations	-	-	-
Net profit	113 770	189 297	(39.9%)
Net profit of minority shareholders	10 728	1 217	781.5%
Net profit attributable to equity holders of the parent company	103 042	188 080	(45.2%)
EBITDA	427 904	413 047	3.6%

	30.09.2008	30.09.2007	2008/2007 dynamics
Value of assets	4 511 748	2 993 877	50.7%
Fixed assets	2 751 449	1 775 667	55.0%
Current assets, including:	1 760 299	1 218 210	44.5%
- Inventories	388 273	252 973	53.5%
- short-term receivables	1 199 128	820 079	46.2%
- cash and cash equivalents	93 312	139 478	(33.1%)
- short-term investments	1 573	4 919	(68.0%)
- fixed assets held for sale	78 013	761	-
Total equity	1 380 830	1 349 346	2.3%
Equity attributable to equity holders of the parent company	1 330 753	1 299 256	2.4%
Minority shares	50 077	50 090	0.0%
Long-term liabilities	1 290 875	674 092	91.5%
Short-term liabilities	1 840 043	970 439	89.6%

<i>in thousands of PLN</i>	01.01.-30.09.2008	01.01.-30.09.2007	2008/2007 dynamics
Net cash flow from operating activities	(16 386)	101 796	-
Net cash flow from investment activities	(312 532)	(129 848)	(140.7%)
Net cash flow from financing activities	272 555	15 654	1641.1%
Total net cash flow	(56 363)	(12 398)	(354.6%)

	01.01.-30.09.2008	01.01.-30.09.2007	2008/2007 dynamics
Net earnings per share	3.68	6.72	(45.2%)
Net return	3.5%	7.1%	(51.6%)
EBIT %	8.9%	10.5%	(15.1%)
EBITDA %	14.4%	15.7%	(8.5%)
Current ratio	1.0	1.3	(23.1%)
Quick ratio	0.7	1	(30.0%)
Total debt ratio	69.4%	54.9%	26.3%
Equity to assets ratio	30.6%	45.1%	(32.1%)

Source: CIECH S.A.

Calculation principles:

Net earnings per share – net earnings/ average weighted number of ordinary shares in a given period (in line with the definition of IAS 33 "Earnings per share")

Net return – net profit for a given period/ net income from sales of products, services, goods and materials in a given period,

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

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

Current ratio – current assets as at the period-end / current debt as at the period-end,

Quick ratio – current assets less inventories as at the period-end / current debt as at the period-end,

Total debt ratio – short and long-term liabilities as at the period-end / total assets as at the period-end,

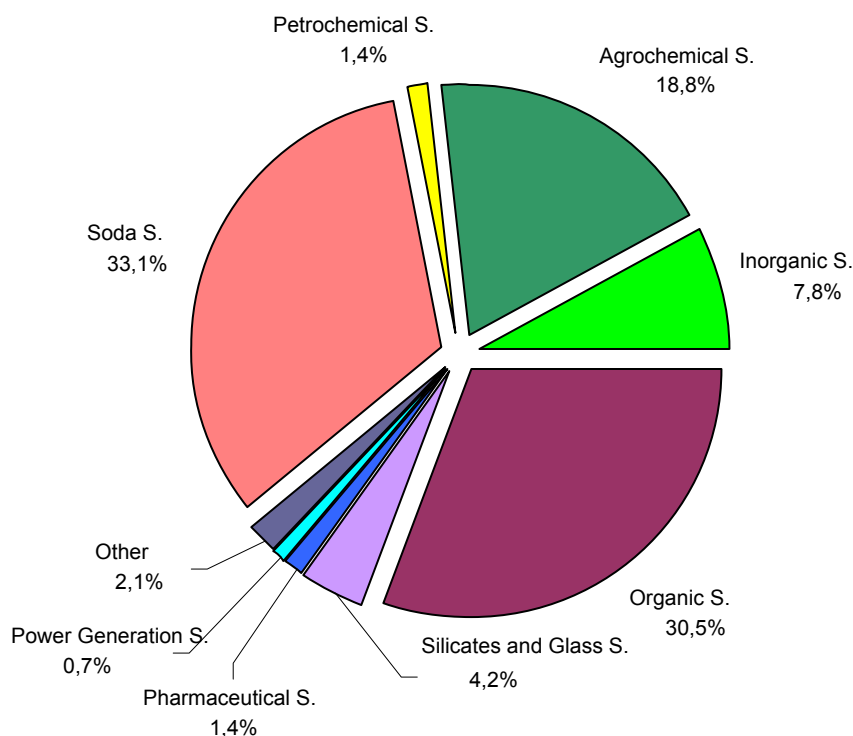
Equity to assets ratio – total equity as at the period-end / total assets as at the period-end

2.2 Sales income

The Ciech Group's net consolidated income from sales for three quarters of 2008 amounted to PLN 2 981 160 thousand. Compared to the corresponding period in 2007, the income has increased by PLN 347 344 thousand, i.e. by 13.2%. The increase was mainly due to income generated by the Soda Deutschland Ciech Group, which joined the Ciech Group in December 2007. Another factor that had a positive impact on the income level was an upturn in the area of the market of agrochemical products, which translated into a significant increase in the prices of fertilizers.

The net sales income for three quarters 2008 by business segments has been presented in the figure below.

Figure 1. Sales income distribution in three quarters 2008



Source: CIECH S.A.

The activity of the Ciech Group concentrates on four main segments: soda, organic, agrochemical and inorganic. These segments generate in total almost 90% of the Group's sales income. The structure of income has changed compared to the corresponding period last year, mostly on account of the purchase of the Soda Deutschland Ciech Group in Q4 2007 as well as income increase in the agrochemical segment. The greatest share in income from three quarters of 2008 is attributed to the sales of soda segment products. Last year, it was the organic segment that played the dominant role.

Soda Segment

In nine months of 2008, the soda segment generated 33% of the income from the Group's sales. The parent company, Ciech S.A. plays a key role in the sales operation, processing the total sales of the output of the SODA MAŹWY Group. The Group companies are the sole manufacturers of soda in Poland. Sales in the soda segment is also carried out by the Ciech Group companies, such as: S.C. Uzinele Sodice Govora – Ciech Chemical Group S.A. – Romanian soda company purchased in December 2006 and German Soda Deutschland Ciech Group – purchased in December 2007. The principal product in this segment is dense soda ash, which accounts for approximately 63% of the segment

sales and light soda ash accounting for approximately 19% of the segment income. As compared to the corresponding period in 2007, sales income in the segment increased by over 40%; mainly due to recognition of the sales of the Soda Deutschland Ciech Group in the Group consolidated income. Moreover, average sales prices for core products of the Polish companies in 2008 were higher compared to the corresponding period in the previous year. At the same time, a smaller sales volume of calcium chloride and dry salt caused by mild 2007/2008 winter had an adverse impact on income.

Organic Segment

Sales in the organic segment in the period of three quarters of 2008 amounted to over 30% of the income from the Group's sales. The ZACHEM Group, which is the manufacturer of TDI, EPI and plastics, plays a key role in the segment. The organic segment includes also sales of products of Z.Ch. "Organika-Sarzyna" S.A., which are mainly resins. A major part of the sales of the organic segment products is carried out by CIECH S.A. The main products of this segment are: TDI – almost 43% of the segment sales, plastics – over 20% of the segment income, resins – also over 20% and epichlorohydrin (EPI) – 6,5%. Income from sales in the organic segment decreased compared to the corresponding period in 2007 by 6.5%. This was a result of a lower exchange rate (sales in foreign currency accounts for about 80% of income) and lower volume of TDI sales (as a result of a failure of the TDI reactor at ZACHEM S.A.). Moreover, decrease of the EPI price and high supply of this product resulted in a lower quantitative sales and decrease of the income level.

Agrochemical Segment

The agrochemical segment generated almost 19% of the total Group's sales in the period of three quarters of the year. The following entities operate in this segment: (a) the FOSFOR Group dealing with the production of fertilizers and their sales on the domestic market, (b) Z.Ch. "Organika-Sarzyna" S.A. manufacturing mainly plant protection agents, (c) "Alwernia" S.A. dealing with manufacturing feed phosphates and nitrogenous fertilizers and (d) CIECH S.A., the parent company, exporting products of GZNF "FOSFOR" Sp. z o.o., acting as an agent in sales of the Z.Ch. "Organika-Sarzyna" S.A. products and of other domestic manufacturers, and importing raw materials for production of fertilizers. Fertilizers (64%) and plant protection agents (23%) are the leading items generating the segment income. Compared to the corresponding period of the previous year, the segment income increased by 21%, which mainly was due to good price and demand relations on the market of agrochemical segment products.

Inorganic Segment

The inorganic segment generated almost 8% of the Group's sales income in three quarters of 2008. The main producer in the segment is the subsidiary – "Alwernia" S.A., which produces the following products: phosphorus compounds (over 33% of the segment income) and sodium tripolyphosphorus (9% of the segment sales). The company imports raw materials and exports some of its products through CIECH S.A. The segment also comprises of such products as sodium hydroxide (over 12% of the segment income) and hydrochloric acid (6.4%), which are supplied by ZACHEM S.A. and companies from outside of the Group. A significant share in the segment (almost 24% of the segment income) is attributed to sulphur sold by CIECH S.A. The segment income increased by 10% compared to the corresponding period in 2007.

Silicates and Glass Segment

The share of the silicates and glass segment in the income from the Group sales amounted to over 4%. The subsidiary, "VITROSILICON" Spółka Akcyjna, which manufactures silicates, glass blocks and glass lanterns, is the main manufacturer in this segment. "VITROSILICON" Spółka Akcyjna is the sole manufacturer of glass blocks in Poland. Glass blocks and lanterns accounting for almost 63% of the segment income, as well as soda glaze accounting for 21% and sodium water glass accounting for 10% of the segment income contribute the most to the segment's income. Income from sales of the segment products increased compared to the corresponding period in the previous year by 5%. This increase is a result of an increased demand for the segment products and higher prices.

Other segments

The share of the petrochemical segment in the Group's sales remains insignificant (1.5 of the income) and covers transactions related to trade agent services provided by CIECH S.A. and CHEMAN S.A. The pharmaceutical segment (1.3% of the Group's income) involves commercial activity of POLFA Sp. z o.o. The power generation segment (1% of the Group's income) included EC KUJAWY Sp. z o.o. (since 19 June 2008 merged with Soda Polska CIECH Sp. z o.o.) belonging to the SODA MAŁY Group, which deals with production and distribution of electricity for the purposes of the Group and some external entities. The remaining segments in total account for almost 6% of the Group's income.

Net sales income – business segments

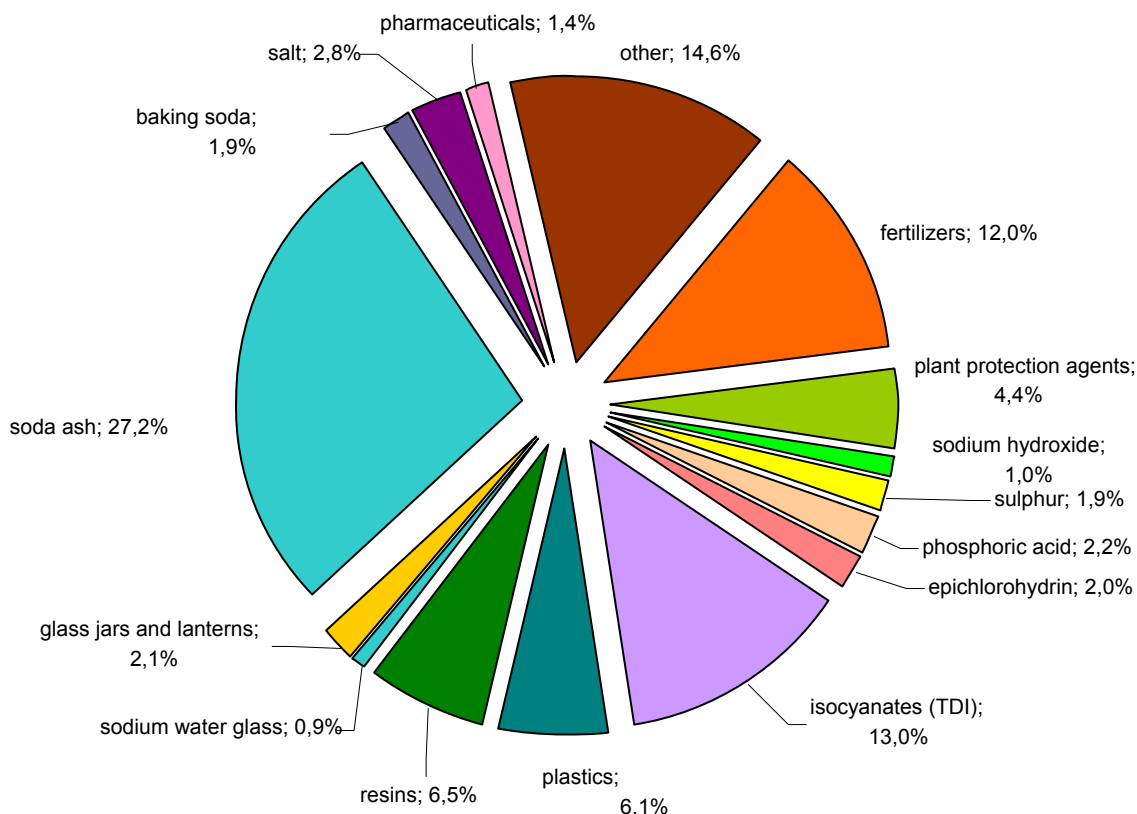
<i>in thousands of PLN</i>	01.01.-30.09.2008	01.01.-30.09.2007
Soda Segment	987 822	703 791
Petrochemical Segment	42 858	62 162
Agrochemical Segment	559 761	461 273
Inorganic Segment	233 720	212 236
Organic Segment	909 672	969 839

<i>in thousands of PLN</i>	01.01.-30.09.2008	01.01.-30.09.2007
Silicates and Glass Segment	123 705	117 604
Pharmaceutical Segment	40 920	35 173
Power Generation Segment	20 761	17 281
Other	61 941	53 849
Discontinued Operations Segment	-	608
TOTAL	2 981 160	2 633 816

Source: CIECH S.A.

The figure below presents the Group's sales income distribution by core products.

Figure 2. Sales income distribution by core products.



Source: CIECH S.A.

2.3 Sales profit and operating profit

After three quarters of 2008, the gross profit from sales amounted to PLN 673 019, and in the corresponding period in the previous year, PLN 641 505 thousand. However, operating profit was at the level of PLN 265 840 thousand and PLN 276 623 thousand for the comparable period.

The following events had a positive effect on the results:

- upturn on the market of soda,
- increase of sales prices and product profitability of the agrochemical segment (however in the third quarter, negative changes in the fertilizers market could be observed, which resulted in a decrease of demand).

The following events had a negative effect on the results:

- a failure of the reactor at ZACHEM S.A., which resulted in lower TDI output and sales,
- unfavourable price and demand relations on the market of EPI sales; due to a high level of supply of the product, a decrease in sales prices and volume was recorded,

- lower prices of epoxy resins sales, which had a negative effect on the sales profit,
- decrease in plant protection agents sales as a result of unfavourable weather conditions,
- fortuitous events (failure of equipment and lower output) and increase of costs of raw materials and energy in the Romanian soda company, S.C. Uzinele Sodice Govora – Ciech Chemical Group S.A.
- lower exchange rate for USD and EURO compared to 2007.

Due to the purchase of the Soda Deutschland Ciech Group in December 2007, since 1 January this year, the Ciech Group's results have included also the results generated by the Soda Deutschland Ciech Group. Operating profit of the Soda Deutschland Ciech Group for three quarters of 2008 amounted to PLN 27 836 thousand.

In 2007, the Group's EBIT included a one-off event, namely sales of fixed assets at the Zachem Group (Ośrodek Wypoczynkowy "Chemik" in Sopot, Sanatorium Uzdrawiskowe CHEMIK in Ciechocinek and Wydział Produkcyjny T-7300). Profit from the disposal of non-financial fixed assets for three quarters of 2007 at the Zachem Group amounted to PLN 15 969 thousand.

EBIT margin rate after three quarters of 2008 amounted to 8.9% (10.5% the year before).

2.4 Net result

The consolidated net profit for three quarters of 2008 amounted to PLN 113 770 thousand, with PLN 103 042 thousand accounting for net profit of shareholders of the parent company. Net return reached 3.8% (7.1% the year before). The Group recorded a decrease in the net result by PLN 75 527 thousand in relation to the corresponding period in the previous year. The worse result is attributed mainly to: a loss due to exchange rate differences, negative valuation of derivatives and higher costs of crediting. Higher costs of crediting are a result of the Group using external funds in a greater degree for the purpose of financing investment expenses and acquisition. The increase of debt was also impacted by increased demand on the Group's working capital.

Financial results by type of business

<i>in thousands of PLN</i>	01.01.-30.09.2008	01.01.-30.09.2007	2008/2007 dynamics
1. Operating profit	265 840	276 623	(3.9%)
2. Net financial income/ costs	(107 029)	(19 522)	-
3. Share of net profits of subsidiaries accounted for using the equity method	3 614	5 268	(31.4%)
4. Income tax	48 655	73 072	(33.4%)
5. Sales profit related to discontinued operations	-	-	-
6. Net profit (1+2+3+4+5)	113 770	189 297	(39.9%)
7. Profit attributable to minority shareholders	10 728	1 217	781.5%
8. Profit for the shareholders in the parent company	103 042	188 080	(45.2%)

Source: CIECH S.A.

2.5 Income and profit/loss by business segments

01.01.-30.09.2008

<i>in thousands of PLN</i>	Soda Segment	Power Generation Segment	Organic Segment	Petrochemical Segment	Agrochemical Segment	Pharmaceutical Segment	Silicates and Glass Segment	Inorganic Segment	Other Operations	Eliminations (consolidation adjustments)	TOTAL
Income from third parties	987 247	20 761	909 672	42 858	559 761	40 920	123 705	233 720	62 516	-	2 981 160
Income from inter-segment transactions	23 709	-	1 301	3 311	1 929	203	109	9 001	47 355	(86 918)	-
Total income	1 010 956	20 761	910 973	46 169	561 690	41 123	123 814	242 721	109 871	(86 918)	2 981 160
Segment profit/ loss	209 234	6 808	166 207	5 193	156 934	14 230	36 302	89 987	8 710	(20 586)	673 019
Unallocated (costs) income											(407 179)
Operating profit											265 840
Net financial income (costs)											(107 029)
Share of profits of associates	-	-	-	-	-	-	-	-	3 614	-	3 614
Tax											(48 655)
Profit related to discontinued operations											-
Net profit											113 770

In the presented period there were no discontinued operations.

01.01.-30.09.2007

<i>in thousands of PLN</i>	Soda Segment	Power Generation Segment	Organic Segment	Petrochemical Segment	Agrochemical Segment	Pharmaceutical Segment	Silicates and Glass Segment	Inorganic Segment	Discontinued Operations Segment	Other Operations	Eliminations (consolidation adjustments)	TOTAL
Income from third parties	703 791	16 380	969 839	62 162	461 273	35 173	117 604	212 221	608	54 765	-	2 633 816
Income from inter-segment transactions	43 250	167 265	24 571	2 347	3 631	325	103	1 906	-	54 072	(297 470)	-
Total income	747 041	183 645	994 410	64 509	464 904	35 498	117 707	214 127	608	108 837	(297 470)	2 633 816
Segment profit/ loss	188 798	11 767	242 246	3 177	125 052	13 092	34 266	39 669	21	21 588	(38 171)	641 505
Unallocated (costs) income												(364 882)
Operating profit												276 623
Net financial income (costs)												(19 522)
Share of profits of associates	-	-	-	-	-	-	-	-	-	5 268	-	5 268
Tax												(73 072)
Profit related to discontinued operations												-
Net profit												189 297

2.6 Assets

As at the end of September 2008, fixed assets of the Group amounted to PLN 2 751 449 thousand. Compared to the situation as at 30 September 2007, the value of fixed assets increased by PLN 975 782 thousand (i.e. by 55%). The increase related mainly to the acquisition of the Soda Deutschland Ciech Group, which took place in Q4 2007 and the purchase of 6.5% shares packet of Zakłady Azotowe in Tarnów-Mościce S.A. in June 2008, which as at the balance-sheet date was disclosed as PLN 33 280 thousand. The increase of fixed assets includes also the increase of intangible assets in the amount of PLN 403 938 thousand (mostly the goodwill of the Soda Deutschland Ciech Group amounting to PLN 334 773 thousand). At the same time, between October 2007 and September 2008, the Ciech Group made investment expenditures in production assets in order to keep up with the current pace of growth. In particular, this related to the SODA MAŁY Group (including Zakład Produkcyjny JANIKOSODA after the merger in November 2007), Z.Ch. "Organika-Sarzyna" S.A. and ZACHEM S.A. The share of fixed assets in total assets is 61% (over 59% the year before).

The Group's current assets as at 30 September 2008 amounted to PLN 1 760 299 thousand. The structure of current assets was dominated by: trade and other receivables – 67.4% of the current assets, inventories – 22.1% and cash and cash equivalents – 5.3%. In comparison to the status as at the end of September 2007, the value of current assets increased by approximately 44.5% i.e. by PLN 542 089 thousand. This resulted mostly from the recognition of the assets of the Soda Deutschland Ciech Group, acquired in December 2007, in the consolidated balance sheet. A significant increase of inventories was recorded in the FOSFORY Group, which is a result of the concentration of the purchase of raw materials for fertilizers before the autumn season and relatively low sales of fertilizers in August and September due to a downturn on the agricultural market.

2.7 Liabilities

The liabilities (long and short-term in total) of the Ciech Group amounted to PLN 3 130 918 thousand as at 30 September 2008, which accounts for an increase compared to the situation as at the end of September 2007 by PLN 1 486 387 thousand (i.e. by 90.4%).

The increase of liabilities is mainly due to the increase of trade and other liabilities (increase by PLN 343 540 thousand, i.e. by 72%), which was mostly a result of the increase of the sales volume. Moreover, there was an increase of provisions and other long-term liabilities resulting mainly from the consolidation of the Soda Deutschland Ciech Group.

Financial long and short-term liabilities due to loans, borrowings and other financial instruments increased by PLN 884 306 thousand, i.e. by 132%, out of which long-term liabilities increased by the amount of PLN 498 893 thousand and short-term liabilities increased by PLN 385 413 thousand.

The debt ratio (short and long-term liabilities to total assets) amounted to 69.4% as at 30 September 2008 (55% the year before). The consolidated net debt of the Group (calculated as long and short-term liabilities due to loans, borrowings and other debt instruments plus overdraft facilities less cash and cash equivalents) amounted to PLN 1 516 089 thousand as at 30 September 2008 and increased compared to the situation as at the end of September 2007 by PLN 966 269 thousand.

The increased debt results mainly from the issue of bonds by CIECH S.A., amounting to PLN 300 000 thousand, which was conducted in Q4 2007 in order to finance the acquisition of Soda Deutschland Ciech. Moreover, the Soda Deutschland Ciech Group was consolidated (as at 31.12.2007) (debt in the amount of approximately PLN 280 563 thousand). The purchase of ZA Tarnów's shares was financed by an overdraft facility (expense in the amount of approximately PLN 49 920 thousand). The Ciech Group intensified the use of credit limits in relation to an increase of the demand for working capital (increase by PLN 143 207 thousand) as a result of: (i) increase of trade receivables resulting from an increase of product prices and (ii) increase of inventories (including the purchase of raw materials: anthracite and phosphorites). Moreover, the Group's companies financed a series of investment expenditures for production assets from external sources of financing, including mainly: the SODA MAŁY Group, Z.Ch. "Organika-Sarzyna" S.A., Grupa ZACHEM and "VITROSILICON" Spółka Akcyjna.

The Ciech Group has full capacity to meet the obligations undertaken. The current ratio, calculated as the ratio of total current assets to total short-term liabilities amounted to 1.0 as at 30 September 2008 (1.3 the year before), while the quick ratio amounted to 0.7 (1.0 the year before). Ratio levels are a result of the Group using external sources of financing the expansion in the scope of the working capital.

2.8 Cash flows

Net cash flows in three quarters of 2008 amounted to PLN -56 363 thousand. In the corresponding period of the previous year, the Group generated cash flows lower by PLN 43 965 thousand. The cash flows from operating activities amounted to PLN -16 386 thousand and were lower from the cash flows generated between January and September 2007 by PLN 118 182 thousand, mainly due to an increase of the working capital.

The increase of the working capital resulted mainly from a big increase in receivables and inventories compared to the increase of liabilities at the FOSFORNY Group. The receivables increased due to an increase of product prices and inventories increased due to a downturn on the agricultural market in August and September, when less fertilizers than planned were sold.

The Group paid higher interest in relation to three quarters of 2007 (increase of expenses by PLN 43 054 thousand), which was a result of an increase of the level of using external sources of financing. Due to the consolidation of a new entity - the Soda Deutschland Ciech Group, the Group paid higher income tax when compared with the corresponding period of the previous year.

The surplus of investment expenditures over inflows amounted to PLN 312 532 thousand and was higher in relation to the corresponding period of 2007 by PLN 182 684 thousand (i.e. by 141%). The biggest impact on the balance of cash flows from investment activities had transactions of purchase and disposal of intangible assets and tangible fixed assets.

Net cash from financial activity was positive and amounted to PLN 272 555 thousand and was higher by PLN 256 901 thousand in relation to three quarters of 2007. The increase was due to the excess of incurred loans and borrowings over repaid loans and borrowings, which amounted to PLN 331 691 thousand and was a result of an increase of using loans and borrowings to finance investment projects, mainly by the SODA MAŁY Group, the ZACHEM Group and "VITROSILICON" Spółka Akcyjna Z.Ch. "Organika-Sarzyna" S.A.

The cash disclosed in the cash flow statement as at the end of September 2008 amounted to PLN 38 447 thousand and was lower from the cash as at the end of September 2007 by PLN 81 963 thousand.

2.9 Investment tasks carried out

Within three quarters of 2008, the Ciech Group's Companies carried out the tasks projected in the investment plan for 2008. The biggest investment tasks that were carried out relate to the companies from the soda and organic segments. The main investment tasks carried out in the presented period are as follows:

- the Soda Deutschland Ciech Group – development investments related to an increase of the production force of the soda department up to the level of 510 thousand tones/ a year) presently around 460 thousand tones/ a year),
- the Soda Mały Group – investments related to the modernisation of the heat and power plant (boilers and a turbogenerator) and soda plants, where modernisation works of lime kilns and carbonating columns are carried out. Moreover, development investments in the scope of salt business are carried out, including extension of two systems: for salt tableting and packaging.
- the ZACHEM Group – development investments related to the extension of the TDI complex up to 75 thousand tonnes/ a year, with an increase of production force of PUR foams up to 25 thousand tonnes/ a year, with the DNT/TDA Complex; however, modernisation and recreation investments relate mainly to the EPI plant and a decrease of losses on the power transmission grid.
- Z. Ch. „Organika- Sarzyna” S.A. – development investment "Construction of a new line of unsaturated polyester resins production" (increase of the production capability up to 25 thousand tonnes/ a year),
- the Fosfory Group - development investment "Construction of a storage container for imported phosphoric acid",
- "Alwernia" S.A. – development investment titled "System for fertilizers production – second dryer and a packaging line",
- VITROSILICON Spółka Akcyjna – development investment "Increase of production capacity of Pobiedziska to 75t/24 hours".

2.10 Human resources situation

In Q3 2008, the second edition of the programme of Paid Trainings at the Ciech Group was ended. In 2008, 35 trainees took part in the programme (double number compared to the first edition, when 18 trainees were present). The objective of the programme is, among other things, bringing to a stop the shortage of competence by acquiring potential candidates for employment among graduates of higher education schools.

The second edition of the Talent Promotion programme was continued. The objective of the programme is to keep and develop the Ciech Group's employees with a high professional potential and their integration around the strategy and its key issues. The programme's participants, apart from taking part in educational and development sessions prepared especially for them, worked out projects related to topics strategically significant to the Group.

2.11 Transactions on derivatives

Between February and August 2008, CIECH S.A. made transactions with the use of derivatives, the objective of which was to obtain Euro sales levels close to the ones assumed in the financial plan. In total, in the abovementioned period, 17 transactions were concluded, out of which 6 were unsettled as at 30 September 2008.

The transactions used by CIECH S.A. are option strategies, which were based on purchase of the "put" options and sales of the "call" options. In order to obtain a higher current price of Euro sales, the value of the sold options was higher than the value of the purchased options.

Total valuation of transactions not settled as at 30 September 2008 amounted to PLN -36 934 thousand. This amount is presented in the profit and loss account under "Net financial income/costs".

the table below presents selected information on unsettled transactions.

Date of conclusion	Nominal value of sold "call" options	Nominal value of purchased "put" options	Exchange rate	Knock-out	Maturity
06-02-2008	EUR 3,000,000.00/month	EUR 2,000,000.00 /week	3.6630	3.5000	to 31.12.2008
07-02-2008	EUR 1,000,000.00/month	EUR 500,000.00 /month	3.6640	none	to 31.12.2008
07-02-2008	EUR 2,000,000.00/month	EUR 1,000,000.00 /month	3.6660	none	to 31.12.2008
05-08-2008	EUR 1.000.000,00/week	EUR 500,000.00 /week	3.5700-3.2400	3.2040	to 01.08.2010
06-08-2008	EUR 1,600,000.00 /week	EUR 800,000.00 /week	3.3700	3.2040	to 09.08.2010
12-08-2008	EUR 500,000.00 / week	EUR 250.000.00 /week	3.7300-3.3300	3.2400	to 05.08.2010

By the time these transactions are closed, settled or expired, the net result will be sensitive to changes of the PLN/EUR exchange rate.

The Ciech Group has surplus of foreign currency inflows over Euro expenditures. An increase of the EUR/PLN exchange rate will result in an increase of the value of PLN inflows and in the future compensate the loss disclosed on hedging transactions.

The table below presents an estimate of foreign exchange exposure of the Ciech Group in Euro as at 30 September 2008 due to financial instruments and future net operating income.

EUR FX risk exposure	('000 EUR)	Impact on FX risk	Impact on FX rate	Impact from 1.10.2008 to 31.08.2010
assets				
loans granted – net investment in a foreign entity	99 059		x	
trade and other receivables	29 758	x		
bank deposits	4 000	x		
liabilities				
trade and other liabilities	-16 811	x		
loans and borrowings liabilities	-35 856	x		
Derivatives				
cross currency interest rate swap (securing FX risk of incurred loans)	2 000	x		
foreign exchange transactions – forward	-4 507	x		
option structures (delta equivalent)	-227 333	x		
Planned future net sales				

EUR FX risk exposure	('000 EUR)	Impact on FX risk	Impact on FX rate	Impact from 1.10.2008 to 31.08.2010
future projected net income from sales in EUR - Ciech till August 2010.	361 357			x
future projected net income from sales in EUR – US Govora till August 2010.	15 318			x
Total position	226 984			

We want to emphasize that most of the above FX options have got knock-outs, which cause that a transaction is closed without being settled at the time of exercising the knock-out (the knock-out will be exercised in the scenario of decreasing EUR/PLN rates). Due to the above, we want to underline that at the moment of knock-out exercise, the option FX position presented as delta equivalent will be reset.

Analysis of FX risk sensitivity	('000 PLN)*	Impact on FX risk	Impact on FX rate	Impact from 1.10.2008 to 31.08.2010
Balance-sheet FX positions and non-option derivatives	-214	-214		
Loans granted – net investment in foreign entities	991		991	
Future projected net income from sales in EUR	3 767			3 767
Change of the option portfolio value				
- based on delta	-2 273	-2 273		
- based on delta-gamma	-2 289			
- based on vega (volatility)	-1 453			
Total impact	N/A	-2 487	991	3 767

*for FX rate increase of the EUR/PLN rate by 1 grosz; for volatility (vega) increase of volatility by 1 percentage point

Delta – shows how much the option price will change in the case of a change of the underlying asset price, however the approximation is good only for small changes.

Gamma – shows how much delta will change in the case of a change of the underlying asset price, i.e. how quick the option price will be changing along with the change of the underlying asset price.

It improves the approximation of the option price with the use of delta itself. The approximation is good only for small changes.

Vega – shows how much the option price will change in the case of a change of the volatility factor. The approximation is good only for small changes.

3. Seasonality and cyclicity of the operations of CIECH S.A. and the Ciech Group

The Ciech Group's level of income and financial performance depends to a large extent on the general standing of economy. Cyclical fluctuations of income and profit are especially noticeable in the organic chemistry segment, which is marked by few-years long economic cycles. Due to the fact that 31% of income and 25% of gross profit on the group's sales for three quarters of 2008 is achieved from sales of organic chemical products, the markets of which are characterised by high cyclicity related to fluctuations in world economies and the level of prices of basic raw materials mainly coming from petroleum processing, fluctuations of income and results of the Group may be relatively high. The basic products sold in the organic chemistry segment are TDI, EPI and epoxy resins. In 2008, the market prices for the majority of these products reached record levels. In the second half of the year, we observed an economic downturn and a decrease of prices.

One may not clearly state and calculate the cyclicity of prices for the basic organic chemistry goods. Historically, we have observed cyclicity every few years. High prices and big demand cause a situation that decisions on launching new systems are made. Then, there is an increase of production and consequently market saturation is recorded, followed by a decrease in prices. When a downturn is observed, ineffective systems are closed down, while demand is growing, the more so, as the prices for commodities are low, so another shortage occurs in the market and this is followed by another increase of prices. It all indicates that in the case of TDI we are at the beginning of the cycle of a decrease of prices and in the case of epoxy resins in the cycle of prices stabilization after a decrease.

Markets of the other segments of the Ciech Group activity (soda and inorganic segments) are characterised historically by good stability, thus fluctuations of income and results are relatively small. However, the level of prices of the basic raw materials in these segments: phosphorites, coal and energy raw materials for soda production is subject to fluctuation.

As regards of the Soda Division, there is a close relation between the level of sales of specific products and the type of winter. In the case of chloride and other products (anti-icers, salt and chloride mix, sodium chloride) a mild winter directly translates into a decrease of sales, and in the case of salt, it has an indirect impact. Some of the rock-salt and evaporated salt (both domestic and foreign) that is usually distributed to the road engineering industry – in relation to a small demand of this sector – started to be distributed to the market of table salt, taking over some of the recipients of salt from Janikowo.

The seasonality related to periodic demand and supply fluctuations has a certain significance in general sales trends shaping in the Ciech Group. Products especially prone to seasonality are the ones closely related to agriculture, i.e.:

- chemical fertilizers,
- raw materials for fertilizers production,
- plant protection agents.

Concentration of fertilizers sales takes place in Q3 of a given year. This results from an increased field fertilization in the autumn season. Similarly, the majority of plant protection agents are used in the first half of the year, in the period of intense plant growth, when approximately 90% of total sales of these products takes place.

Seasonality of sales is recorded in the two key product ranges of the glass products segment, i.e. glass blocks and glass lanterns. The highest sales for these products are recorded between May – October (blocks) and June – October (lanterns).

In the case of other products, the Group's annual income and profits are not influenced by any significant seasonal fluctuations. On that account, seasonality plays a relatively small role in the Group's overall sales.

4. Fulfilment of profit forecasts previously published against the performance presented in the quarterly report

In its Current Report no. 15/2008 dated 29 February 2008, the Management Board of CIECH S.A. published a forecast of the consolidated profit of the Ciech Group for 2008. The projection assumed consolidated income from sales in the amount of PLN 4 270 million and the consolidated net profit of the Ciech Group in the amount of PLN 225 million.

Having analysed the financial results of key companies of the Ciech Group for 9 months of 2008 and based on the prepared estimates of the Ciech Group's financial results in Q4 2008, the Management Board of CIECH S.A. decided to:

- maintain the projection for sales income,
- update the projection for the net financial result of the Group to the amount of PLN 88 million.

The main reasons of the decrease of the net result projection include:

- negative valuation of transactions with the use of derivatives concluded between 27 February and 12 August 2008. The company used option strategies that aimed at obtaining short-term advantages in foreign exchange. The size and character of the concluded transactions cause a high sensitivity of the Ciech Group's net profit for changes of the PLN/EUR rate, not having a direct impact on the Group's Cash flows. The information on transactions on derivatives unsettled as at 30 September 2008 and on the exposure of the Ciech Group's results on the changeability of the PLN/EUR rate will be presented in the periodical report published on 12 November 2008;
- a lower sales volume of TDI and EPI, epoxy resins, saturated resins, novolaks, hardeners and plant protection agents when compared to the plan as well as a downturn in the scope of the abovementioned products projected for Q4;
- not meeting the planned results by foreign Companies included in the Soda Division. In the case of US Govora, the basic reason was a lower production volume than in the plan, which was a result of a high level of failures of the plant in Romania, and as regards the German company – a significant increase of energy costs and postponement of the sales of voids.

An update of the projection was published on 7 November 2008 in the current report no. 68.

5. Factors which may impact the Ciech Group's results, with a special emphasis on the next quarter of the year

5.1 External factors

Economic situation

The activity of the Ciech Group relies to a large extent on chemical products sales, the level and profitability of which depend on the global economic situation in Europe and worldwide. A global economic downturn may negatively affect the demand for raw materials in international markets, and thus reducing the Group's export turnover.

According to the forecasts by CEFIC – European Chemistry Industry Council (published at the beginning of July this year), 2008 will see a general economic slowdown: 2.7 GDP worldwide (from 3.6% in 2007) and to 1.9% GDP in the EU (27) (from 2.8% in 2007). Expectations as to the chemical sector in the EU are similar (decrease in dynamics of the chemical output without pharmacy to 1.4% in 2008 compared to 2.1% in 2007). At the same time, CEFIC projected a small increase of the dynamics of chemical production in the EU in 2009 (without pharmacy) – by 1.5%. Taking into account the situation on worldwide and European financial markets in autumn this year, it will be very difficult to maintain the increase – positive dynamics – of the European chemical production, both this and next year. According to statistical data for the first six months of 2008 published by CEFIC, the EU chemical production (without pharmacy) decreased by 0.5%.

PLN/ main currencies rates

The majority of the Ciech Group's export sales are settled in EURO. A strong EURO means higher profitability of export sales, both for the Ciech Group and other chemical industry manufacturers in Poland. It also increases the value of turnover carried out by CIECH S.A. for other manufacturers. As a result, the EURO/ PLN exchange rate impacts the profitability of income from the Ciech Group's sales. However, if the Polish zloty becomes stronger against the EURO, the profitability of exports will probably decline and the Ciech Group's export sales volumes will decrease.

The impact of the valuation of hedging transactions on the Ciech Group's result has been described in part III, point 2.11 hereof.

Regulation risks – REACH and emission allowances

The works related to the preparation of CIECH S.A. and the Ciech Group's subsidiaries for the implementation of the REACH system are subject to ongoing control by the REACH Task Force, which was appointed by the resolution of the CIECH S.A. Management Board in January 2007. The implemented reporting system ensures information flow between the Companies to the Ciech Group and supervision of the process of REACH implementation at the Group. The works included in the time schedules drawn up by the Companies are carried out on time, which guarantees efficient implementation of the REACH system at the Ciech Group and mitigates the risk of losing profits due to not meeting the legal requirements in place.

The detailed assessment of costs related to the implementation of the REACH system which was carried out (based on the studies of the Industrial Chemistry Research Institute), will allow the Companies to plan their expenses for this purposes in the next years. Presently, the Companies concentrate on the initial registration of produced and imported substances, which started in June 2008 and will last till the end of November 2008. The initial registration of substances will allow the Companies to make use of transitional periods and register the substances later on, i.e. in 2010, 2013 and 2018.

Some Companies have entered into co-operation with future registering entities within associations of manufacturers operating in the EU, making consortia for the purposes of common substance registration.

Project of a resolution regarding KPRU II dated 12 February 2008, amended as at 16 May 2008 was approved by the Council of Ministers on 1 July 2008 and passed on to the EC for notification. Allocated carbon dioxide emission allowances for the second settlement period reflect the actual emission of this gas in 2007. In the case of an intensification of the production, there is a risk of a deficiency of the allowances for the Companies that participate in the emission trading scheme, which may result in a need to incur financial expenditures for the purchase of the missing allowances.

5.2 Internal factors

Maintenance of cost and quality competitiveness

The Ciech Group's competitiveness concentrates on basic market factors, i.e. costs, quality, marketing, market position and their direct sources. The most important ones are the following:

- cost competitiveness based on the effects of great scale of production, specialisation, standardisation and results of experience,
- quality leadership and quality management systems,
- competition based on the enterprise market force (position of a leader and dominating entity on the market),
- marketing competitiveness,
- cost leadership and differentiation.

In the global economy, competitiveness of an enterprise is related to innovations and entrepreneurship, which are the basic indicator of the enterprise competitiveness. Innovative product and process technologies, which "added" to the traditional branches of industry allow for their restructuring and increase their ability to compete on the market become the basis for competition.

Liabilities related to the acquisition of ZACHEM S.A., Z.Ch. "Organika-Sarzyna" S.A. and S.C. Uzinele Sodice Govora - Ciech Chemical Group S.A. and Sodawerk Staßfurt GmbH & Co. KG

In line with the agreements for the acquisition of ZACHEM S.A. and Z.Ch. "Organika-Sarzyna" S.A., S.C. Uzinele Sodice Govora - Ciech Chemical Group S.A. and Sodawerk Staßfurt GmbH & Co. KG, CIECH S.A. has liabilities related mainly to the execution of investment packages, employee guarantees and options of repurchase of minority shares.

Detailed information on the liabilities undertaken by CIECH S.A. has been presented in the Consolidated Report of the Ciech Group for Q1 2008.

Changes in estimates

In Q4 of this year, in the case of indications described in IAS 36 taking place, there will be tests regarding asset impairment conducted and long-term provisions will be recalculated. Such recalculations will be conducted based on indicators calculated as at 31 December 2008. Effects of these recalculations may impact the Ciech Group's results for Q4 2008.

6. Consolidated entities

Description of the Ciech Group's organisation

The Ciech Capital Group's parent company is CIECH Spółka Akcyjna, with its current registered seat in Warsaw, ul. Puławska 182, registered under number 0000011687 at the District Court for the capital city of Warsaw, 13th Commercial Division of the National Court Register.

The Ciech Group is a group of domestic and foreign manufacturing, distribution and trade companies operating in the chemical industry. As at 30 September 2008, it comprised of 58 entities, including the following:

- parent company CIECH S.A.,
- 40 subsidiaries, including:
 - 25 domestic subsidiaries,
 - 15 foreign subsidiaries,
- 14 domestic associates,
- 2 foreign associates,
- 1 foreign joint entity.

The Ciech Group comprises direct subsidiaries and associates, for which CIECH S.A. is the parent company, as well as indirect subsidiaries and associates, whose parent companies are direct subsidiaries of CIECH S.A.

The Ciech Group conducts manufacturing activities related to the sales of own products and commercial activities related to trading in goods. Commercial activities are carried out mainly by CIECH S.A. and domestic and foreign commercial companies, being CIECH S.A.'s subsidiaries, however, manufacturing activities are carried out by CIECH S.A.'s subsidiaries. The parent company has no branches.

When preparing the consolidated financial statements for Q3 2008, the companies presented in the table below were subject to consolidation.

List of consolidated entities accounted for using the equity method in Q3 2008 and in the comparative period.

Company/ Group	Consolidation method as at 30.09.2008 and CIECH S.A.'s level of control	Consolidation method as at 30.09.2007 and CIECH S.A.'s level of control	Subject of activity
1) CIECH S.A.	Parent company	Parent company	The core business of the parent company as defined in the Articles of Association includes: 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 an agent for Polish and foreign companies.
2) "POLFA" Sp. z o.o.	Fully consolidated subsidiary of CIECH S.A.	Fully consolidated subsidiary of CIECH S.A.	<ul style="list-style-type: none"> - wholesale of pharmaceutical products, - wholesale of chemical products, - wholesale of perfume and cosmetics, - retail sales of medical and orthopaedic products
CIECH FINANCE Group	-	-	
3) CIECH FINANCE Spółka z ograniczoną odpowiedzialnością	Fully consolidated subsidiary of CIECH S.A.	Fully consolidated subsidiary of CIECH S.A.	<ul style="list-style-type: none"> - management of disinvestment projects connected with unnecessary fixed assets (real estate) - and financial assets (stock and shares of capital companies)
3.1.) Cheman S.A.	Indirect subsidiary of CIECH S.A. – full consolidation at the level of the Ciech Group.	Indirect subsidiary of CIECH S.A. – full consolidation at the level of the Ciech Group.	<ul style="list-style-type: none"> - wholesale and distribution of solid inorganic and organic chemicals, - wholesale and distribution of raw 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
SODA MAŁY Group			
4) SODA MAŁY S.A.	Fully consolidated lower-tier Group Lower-tier parent company (CIECH S.A. subsidiary)	Fully consolidated lower-tier Group Lower-tier parent company (CIECH S.A. subsidiary)	<ul style="list-style-type: none"> - manufacture of other inorganic basic chemicals, - wholesale of chemical products, - production and distribution of electricity, - transportation services in goods shipping
4.1.) Soda Polska CIECH Sp. z o.o.	Indirect subsidiary of CIECH S.A. – lower-tier full consolidation	-	
4.1.1.) Elektrociepłowni Kujawskie Spółka z ograniczoną odpowiedzialnością	Since 19 June merged with Soda Polska CIECH Sp. z o.o.	Indirect subsidiary of CIECH S.A. – lower-tier full consolidation.	
4.1.2) TRANSODA Sp. z o.o.	Indirect subsidiary of CIECH S.A. – lower-tier full consolidation	Indirect subsidiary of CIECH S.A. – lower-tier full consolidation. Since 10 March 2006 merged with "Jantrans-Janikowo" Spółka z ograniczoną odpowiedzialnością	

Company/ Group	Consolidation method as at 30.09.2008 and CIECH S.A.'s level of control	Consolidation method as at 30.09.2007 and CIECH S.A.'s level of control	Subject of activity
4.2) Polskie Towarzystwo Ubezpieczeń Spółka Akcyjna	Indirect associate of CIECH S.A. – accounted for using the equity method as lower tier.	Indirect associate of CIECH S.A. – accounted for using the equity method as lower tier.	
JANIKOSODA Group	Fully consolidated lower-tier Group	Fully consolidated lower-tier Group	– production of salt,
5) JANIKOSODA S.A.	Lower-tier parent company (CIECH S.A. subsidiary)	Lower-tier parent company (CIECH S.A. subsidiary)	– production of industrial gases, – production of other inorganic basic chemicals, – production of other chemical products n.e.c.
5.1) Polskie Towarzystwo Ubezpieczeń Spółka Akcyjna	Indirect associate of CIECH S.A. – accounted for using the equity method at lower-tier.	Indirect associate of CIECH S.A. – accounted for using the equity method at lower-tier.	
FOSFORY Group	Fully consolidated lower-tier Group	Fully consolidated lower-tier Group	– production of chemical fertilizers and nitrogen compounds,
6.) GZNF “FOSFORY” Sp. z o.o.	Lower-tier parent company (CIECH S.A. subsidiary)	Lower-tier parent company (CIECH S.A. subsidiary)	– production of other inorganic chemicals, – production of other organic chemicals, – manufacture of refined petroleum products,
6.1) “AGROCHEM” Spółka z ograniczoną odpowiedzialnością - in Dobre Miastio	Indirect subsidiary of CIECH S.A. – lower-tier full consolidation.	Indirect subsidiary of CIECH S.A. – lower-tier full consolidation.	– production of plastics, – wholesale of grain, seeds and animal feeds,
6.2) “AGROCHEM” Spółka z ograniczoną odpowiedzialnością – in Człuchów	Indirect subsidiary of CIECH S.A. – lower-tier full consolidation.	Indirect subsidiary of CIECH S.A. – lower-tier full consolidation.	– transshipment services based on own transshipment and storage base
7) “Alwernia” S.A.	Fully consolidated subsidiary of CIECH S.A.	Fully consolidated subsidiary of CIECH S.A.	– production of other inorganic basic chemicals, – production of dyes and pigments, – production of other organic basic chemicals, – production of chemical fertilizers and nitrogen compounds, – production of gypsum, – production of heat (steam and hot water)
8) POLSIN PRIVATE LIMITED	Fully consolidated subsidiary of CIECH S.A.	Fully consolidated subsidiary of CIECH S.A.	– wholesale and retail sales of a variety of goods in Far East markets
9) DALTRADE PLC.	Fully consolidated subsidiary of CIECH S.A.	Fully consolidated subsidiary of CIECH S.A.	– distribution and retail sales of chemicals in the UK market
10) VITROSILICON Spółka Akcyjna	Fully consolidated subsidiary of CIECH S.A.	Fully consolidated subsidiary of CIECH S.A.	– production of other inorganic basic chemicals, – production of household and technical glassware, – production of plastic packaging, – production of other plastic products
11) Przedsiębiorstwo Transportowo-Usługowe TRANSCLEAN Sp. z o.o.	Fully consolidated subsidiary of CIECH S.A.	Fully consolidated subsidiary of CIECH S.A.	– international transport of liquid chemicals, – tank truck and rail tank car wash
12) Zakłady Chemiczne “Organika-Sarzyna” S.A.	Fully consolidated subsidiary of CIECH S.A.	Fully consolidated subsidiary of CIECH S.A.	– production of plastic, – production of pesticides and other chemical products
ZACHEM Group	Fully consolidated lower-tier Group	Fully consolidated lower-tier Group	– production of other organic and inorganic chemicals,

Company/ Group	Consolidation method as at 30.09.2008 and CIECH S.A.'s level of control	Consolidation method as at 30.09.2007 and CIECH S.A.'s level of control	Subject of activity
13) ZACHEM S.A.	Indirect subsidiary of CIECH S.A. – full consolidation at lower tier.	Indirect subsidiary of CIECH S.A. – full consolidation at lower tier.	– production and sales of plastics, – production of plastic plates, sheets, tubes and profiles, – production of dyes and pigments, – installation, repairs and maintenance of general purpose machinery n.e.c.
13.1) ZACHEM UCR Spółka z ograniczoną odpowiedzialnością	Indirect subsidiary of CIECH S.A. – full consolidation at lower tier.	Indirect subsidiary of CIECH S.A. – full consolidation at lower tier.	
13.2) ZACHEM Barwniki Spółka z ograniczoną odpowiedzialnością	Indirect subsidiary of CIECH S.A. – full consolidation at lower tier.	Indirect subsidiary of CIECH S.A. – full consolidation at lower tier.	
14) S.C. Uzinele Sodice Govora – Ciech Chemical Group S.A.	Fully consolidated subsidiary of CIECH S.A.	Fully consolidated subsidiary of CIECH S.A.	– production of other inorganic and organic chemicals, – wholesale of chemical products
Soda Deutschland Ciech Group	Fully consolidated lower-tier Group	-	– production of other inorganic and organic chemicals, – wholesale of chemical products, – manufacture and distribution of electricity
15.) Soda Deutschland Ciech GmbH	Indirect subsidiary of CIECH S.A. – full consolidation at lower tier as at 31.12.2007	-	
15.1.) Sodawerk Holding Stassfurt GmbH	Indirect subsidiary of CIECH S.A. – full consolidation at lower tier as at 31.12.2007	-	
15.1.1.) Sodawerk Stassfurt Verwaltungs GmbH	Indirect subsidiary of CIECH S.A. – full consolidation at lower tier as at 31.12.2007	-	
15.1.2) Sodawerk Stassfurt GmbH&Co.KG	Indirect subsidiary of CIECH S.A. – full consolidation at lower tier as at 31.12.2007	-	
15.1.3) KWG GmbH	Indirect subsidiary of CIECH S.A. – full consolidation at lower tier as at 31.12.2007	-	

7. Results of changes in the structure of the Ciech Group's business entities in Q3 2008, including mergers of business entities, acquisitions or disposals of the group's entities, long-term investments, divisions, restructuring and discontinuation of operations.

In Q3 2008, the investment and disinvestment actions were continued, in line with the direction of the Ciech Group's development.

"VITROSILICON" Spółka Akcyjna

- On 25 August 2008, the District Court in Zielona Góra, 8th Commercial Division of the National Court Register, registered the increase of the share capital of „VITROSILICON” Spółka Akcyjna, a subsidiary of CIECH S.A., by the amount of PLN 4,800,000 through the issue of 960,000 bearer shares of the nominal and issue value of PLN 5 each. The issue of shares was directed solely to CIECH S.A. with a parallel exclusion of the subscription of the shareholder Soda Polska CIECH Sp. z o.o. After registering the increase of the share capital of "VITROSILICON" Spółka Akcyjna, CIECH S.A. directly holds 1,394,213 shares in this Company of the total nominal value of PLN 6,971,065, with the total number of shares of "VITROSILICON" Spółka Akcyjna equal to 1,679,109 shares, which gives CIECH S.A. a direct share of 83.03% in the share capital and votes at the General Meeting of Shareholders of this Company. In total, with the subsidiary Soda Polska CIECH Sp. z o.o., CIECH S.A. indirectly holds 100% shares in the share capital of "VITROSILICON" Spółka Akcyjna.

CIECH S.A.

- On 3 July 2008, a reduction of the share capital of Boruta-Kolor Sp. z o.o., a subsidiary of CIECH S.A. was registered, by redemption of its 2 500 shares. The Company's share capital was reduced from the amount of PLN 16,301,000 to the amount of PLN 13,801,000. The decision to reduce the share capital was made by the Extraordinary General Meeting of Shareholders of 21 January 2008.
- As a result of two purchase and sales agreements of 28 July 2008 and 28 August 2008, CIECH S.A. purchased 105,533 (10.55%) shares of POLSIN PRIVATE LIMITED from Intraco Ltd and 50,000 (5.00%) shares of POLSIN PRIVATE LIMITED for the total amount of SGD 778 thousand. The CIECH S.A.'s share in the capital of POLSIN PRIVATE LIMITED increased to 98.0%.
- On 29 September 2008, CIECH S.A. purchased 14 shares of GZNF "FOSFORY" Sp. z o.o. CIECH S.A. presently holds 51,855 shares, which constitutes 89.46% of the company's share capital (increase by 0.024%).
- On 30 September 2008, CIECH S.A. purchased from JANIKOSODA S.A.'s employees 110 Company's shares, which constitutes 0.0025% of the Company's share capital.
- On 30 September 2008, CIECH S.A. purchased from SODA MAŁY S.A. employees, 32 Company's shares, which constitutes 0.00043% of the Company's share capital.

8. CIECH S.A.'s shareholders holding at least 5% of shares/votes at the General Meeting of Shareholders

As determined in the notifications received under Art. 69 of the *Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading and Public Companies of 29 July 2005, - Journal of Laws no. 184 item 1539*, the following entities hold at least 5% of the total number of votes at general meetings of shareholders of the company:

- State Treasury - 10 270 800 shares, which amounts to 36.68% of CIECH S.A. share capital; number of votes: 10 270 800, which constitutes 36.68% of the total number of votes at the General Meeting of Shareholders.
- Otwarty Fundusz Emerytalny PZU "Złota Jesień" – 1 712 732, which amounts to 6.12% of CIECH S.A. share capital; number of votes: 1 712 732, which constitutes 6.12% of the total number of votes at the General Meeting of Shareholders;
- Pioneer Pekao Investment Management S.A. (PPIM) – 5 255 045, which amounts to 18.77% of CIECH S.A. share capital; number of votes: 5 255 045, which constitutes 18.77% of the total number of votes at the General Meeting of Shareholders;

including Pioneer investment funds managed by PPIM – 5 184 274, which amounts to 18.52% of CIECH S.A. share capital; number of votes: 5 184 274, which constitutes 18.52% of the total number of votes at the General Meeting of Shareholders.

including Pioneer Zrównoważony Fundusz Inwestycyjny Otwarty – 1 402 040, which amounts to 5.01% of CIECH S.A. share capital, number of votes: 1 402 040, which constitutes 5.01% of the total number of votes at the General Meeting of Shareholders.

including Pioneer Akcji Polskich Fundusz Inwestycyjny Otwarty – 1 507 398, which amounts to 5.38% of CIECH S.A. share capital, number of votes: 1 507 398, which constitutes 5.38%.

Changes in the ownership structure of significant packages of shares/ votes of CIECH S.A. (at least 5%)

Shareholder	As at 17.07.2008	Purchased shares	Disposed shares	As at 04.11.2008
State Treasury	10 270 800	-	-	10 270 800
Otwarty Fundusz Emerytalny PZU "Złota Jesień"	1 712 732	-	-	1 712 732
Pioneer Pekao Investment Management S.A. (PPIM):	4 696 518	558 527	-	5 255 045
including Pioneer investment funds managed by PPIM	4 592 374	591 900	-	5 184 274
including Pioneer Zrównoważony Fundusz Inwestycyjny Otwarty	1 402 040	-	-	1 402 040
including Pioneer Akcji Polskich Fundusz Inwestycyjny Otwarty	1 507 398	-	-	1 507 398

CIECH S.A. was informed on 13 October 2008 by Pioneer Pekao Investment Management, executing the agreement for provision of services in the scope of managing the portfolio of broker-traded financial instruments on order, concluded between Pioneer Pekao Towarzystwo Funduszy Inwestycyjnych S.A. and PPIM, on behalf of the following funds:

1. Pioneer Akcji Polskich Fundusz Inwestycyjny Otwarty,
2. Pioneer Aktywnej Alokacji Fundusz Inwestycyjny Otwarty,
3. Pioneer Fundusz Inwestycyjny Otwarty,
4. Pioneer Stabilnego Wzrostu Fundusz Inwestycyjny Otwarty,
5. Pioneer Małych i Średnich Spółek Rynku Polskiego Fundusz Inwestycyjny Otwarty,
6. Pioneer Średnich Spółek Rynku Polskiego Fundusz Inwestycyjny Otwarty,
7. Pioneer Zrównoważony Fundusz Inwestycyjny Otwarty,
8. Specjalistyczny Fundusz Inwestycyjny Otwarty Telekomunikacji Polskiej.

On 17 October 2008, CIECH S.A. was informed by Pioneer Pekao Investment Management S.A. (PPIM) on the increase of total involvement to 18.77% of the total number of votes at the General Meeting of Shareholders of the Company in the scope of financial instruments included in the portfolios managed as part of PPIM carrying out the service of managing the portfolio of broker-traded financial instruments.

9. Changes in CIECH S.A. shares held by members of the Management Board or the Supervisory Board

Declarations submitted by persons holding managerial and supervisory positions state that:

- Artur Osuchowski – Member of the Management Board holds 2 100 shares in CIECH S.A.

Other persons holding managerial and supervision positions do not hold any shares in CIECH S.A., nor shares and stakes in its associates.

10. Provisions and impairment of assets from 01.07.2008 to 30.09.2008

The Ciech Group's consolidated financial statements for Q3 2008 disclosed the following recognitions and reversals of provisions and impairment of assets.

Provisions recognised between 01.07.-30.09.2008	<i>in thousands of PLN</i>
Income tax provision	1 025
Provision for retirement gratuities, annual leaves, bonuses, compensation payments, etc.	9 823
Provision for expected losses	-
Provision for environmental protection	5 707
Restructuring provision	-
Provision for liabilities (costs)	2 005
Total	18 560
Provisions reversed between 01.07.-30.09.2008	<i>in thousands of PLN</i>
Income tax provision	3 142
Provision for retirement gratuities, annual leaves, bonuses, compensation payments, etc.	14 398
Provision for expected losses	3 539
Provision for environmental protection	6 886
Restructuring provision	697
Provision for liabilities (costs)	960
Total	29 622
Impairment on assets (increase) between 01.07.-30.09.2008	<i>in thousands of PLN</i>
Impairment losses on intangible assets	-
Impairment losses on tangible fixed assets	-
Revaluation write-downs on long-term receivables	-
Revaluation write-downs on short-term receivables	2 614
Inventory revaluation write-downs	1 041
Impairment losses on long-term financial assets	-
Impairment losses on short-term financial assets	788
Total	4 443
Impairment on assets (decrease) between 01.07.-30.09.2008	<i>in thousands of PLN</i>
Impairment losses on intangible assets	-
Impairment losses on tangible fixed assets	135
Revaluation write-downs on long-term receivables	-
Revaluation write-downs on short-term receivables	490
Inventory revaluation write-downs	2 023
Impairment losses on long-term financial assets	-
Impairment losses on short-term financial assets	-
Total	2 648
Deferred income tax assets between 01.07.-30.09.2008	<i>in thousands of PLN</i>
Increase	7 849
Decrease	6 216

11. Information on purchase and disposal of tangible fixed assets items

In thousands of PLN

Data from 01.01.2008 to 30.09.2008	Purchase	Disposal
a) Tangible fixed assets, including	119 539	2 790
land, buildings, structures, and land- and water engineering facilities	31 269	956
machinery and equipment	79 947	532
means of transport	2 013	1 177
other fixed assets	6 310	125
b) Fixed assets under construction	104 083	49 879
c) Advances for fixed assets under construction (net)	86 570	-
Total tangible fixed assets	310 192	52 669

CIECH S.A.

CIECH S.A. purchased tangible fixed assets for the total amount of PLN 7 442 thousand, out of which PLN 3 533 thousand was spent on purchase of machinery and technical equipment, and PLN 2 107 thousand on fixed assets under construction.

Zakłady Chemiczne "Alwernia" Spółka Akcyjna

"Alwernia" S.A. purchased tangible fixed assets for PLN 806 thousand, out of which PLN 260 thousand was spent on purchase of machinery and technical equipment, and PLN 379 thousand on land, buildings, structures, and land- and water engineering facilities.

Przedsiębiorstwo Chemiczne Cheman Spółka Akcyjna

Cheman S.A. purchased tangible fixed assets for the total amount of PLN 197 thousand, out of which PLN 125 thousand was spent on purchase of machinery and technical equipment.

The FOSFOR Group

GZNF „FOSFOR” Sp. z o.o. purchased tangible fixed assets for PLN 8 629 thousand, out of which PLN 5 700 thousand was spent on purchase of machinery and technical equipment, PLN 1 899 thousand on land, buildings, structures, and land- and water engineering facilities, and PLN 337 on means on transport.

"POLFA" Spółka z ograniczoną odpowiedzialnością

The Company purchased tangible fixed assets for PLN 330 thousand, out of which PLN 160 thousand was spent on land, buildings, structures, and land- and water engineering facilities, and PLN 115 thousand on means of transport.

The SODA MĄTWY Group

SODA MĄTWY S.A. purchased tangible fixed assets for PLN 111 336 thousand, out of which PLN 61 573 thousand was spent on fixed assets under construction. Moreover, the company sold fixed assets under construction for PLN 49 879 thousand (including the biggest investments delivered for usage: soda silo, soda palletizing line, system for limestone sifting, extended system for tableting).

The ZACHEM Group

ZACHEM S.A. purchased tangible fixed assets for the total amount of PLN 18 280 thousand, out of which PLN 13 146 thousand was spent on machinery and technical equipment, PLN 3 418 thousand for land, buildings, structures, and land- and water engineering facilities.

Zakłady Chemiczne "Organika-Sarzyna" Spółka Akcyjna

Z.Ch. "Organika-Sarzyna" S.A. purchased tangible fixed assets for the total amount of 20 359 thousand. The amount of PLN 11 171 thousand was spent on land, buildings, structures, and land- and water engineering facilities, and PLN 8 054 thousand on machinery and technical equipment.

S.C. Uzinele Sodice Govora – Ciech Chemical Group S.A.

The company purchased tangible fixed assets for the total amount of PLN 38 993 thousand, out of which PLN 7 795 thousand was spent on machinery and technical equipment, PLN 23 197 thousand on fixed assets under construction, and PLN 7 840 thousand on advances for fixed assets under construction.

Przedsiębiorstwo Transportowo – Usługowe TRANSCLEAN Sp. z o.o.

The company purchased tangible fixed assets for the total amount of 339 thousand. The expenditure on land, buildings, structures, and land- and water engineering facilities amounted to PLN 69 thousand. The advances for fixed assets under construction amounted to PLN 205 thousand.

The Soda Deutschland Ciech Group

Soda Deutschland Ciech allotted PLN 86 163 thousand for the purchase of tangible fixed assets, out of which PLN 5 990 thousand was spent on machinery and technical equipment, and PLN 77 666 thousand on advances for fixed assets.

“VITROSILICON” Spółka Akcyjna

The company allotted PLN 17 169 thousand for the purchase of fixed assets under construction. The total value of the purchased tangible fixed assets amounted to PLN 17 242 thousand.

The purchased tangible fixed assets were financed mainly from own resources and investment loans.

12. Information on changes in contingent liabilities or contingent assets occurring after the end of the previous financial year.

As at 30 September 2008, there were no contingent liabilities at the Ciech Group.

The value of contingent liabilities as at 30 September 2008 amounted to PLN 23 294 thousand, which means a decrease by PLN 18 214 thousand compared to the status as at 31 December 2007. This was caused by a decrease of granted guarantees and sureties by the amount of PLN 18 184 thousand and a decrease of other off-balance sheet liabilities by PLN 30 thousand.

A significant decrease of granted guarantees and sureties is a result of an expiry of the surety for PLN 18 160 thousand, granted by ZACHEM S.A. for Spółka Wodna Kapuściska.

A decrease of other off-balance sheet liabilities compared to the status as at 31 December 2007 is related to lower value of bills of exchange discounted by “Alwernia” S.A. for PLN 30 thousand.

A decrease of the other item by PLN 665 thousand to the level of PLN 347 thousand is a result of a liability incurred due to operating lease related to motor cars at VITROSILICON Spółka Akcyjna for the amount of PLN 154 thousand. On the other hand, the bill of exchange of JANIKOSODA S.A. for PLN 775 thousand, securing the agreement for the purchase of blast-furnace coke expired.

Detailed information regarding off-balance sheet items has been presented in the consolidated balance sheet (part I point 2).

13. Procedures pending before courts, in arbitration proceedings or public administrations bodies as at 30.09.2008.**13.1 CIECH S.A.****Liabilities of CIECH S.A. (domestic and foreign) claimed in court or arbitration proceedings as at 30.09.2008.****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 the failure to complete Polish sulphur deliveries to Brazil between 1996 and 1999. The sued parties were CIECH SA and the sulphur mines in Tarnobrzeg and Grzybów. The claim amounted to USD 3 873 thousand (the equivalent of PLN 9 182 thousand) and statutory interest according to the Polish law, calculated from 16 September 2003, which as at 30 September 2008 amounted to PLN 5 561 thousand. Moreover, Comexport demanded the return of court fees and legal charges in the amount of EUR 204 thousand (the equivalent of PLN 695 thousand).

The principal claim amount comprised of Comexport's lost profit on contractual sulphur quantities not delivered to Brazilian customers, losses from overstated freight costs, etc. In November 2003, CIECH S.A. answered the claim by filing for dismissal of Comexport's action, on the grounds of the force majeure certificate proving that the mines had been put into liquidation and that the sulphur industry had been restructured; moreover, it claimed that the action had lapsed, and that the claim for damages was 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 22 April 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 S.A. The sued sulphur mines in Tarnobrzeg and Grzybów did not join the arbitration proceedings nor did they appoint any attorneys. CIECH S.A. filed for Comexport's claim to be dismissed and for the costs of proceedings to be refunded, sustaining its previous allegations as described in the pleadings and the accompanying documents. Comexport also sustained its demands presented in the claim. After closing of the proceedings, the arbitration proceedings ended.

On 27 October 2005, CIECH S.A. received a court judgement, according to which all three defendants, i.e. CIECH S.A. and sulphur mines in Grzybów and Tarnobrzeg, shall jointly and severally pay the amount of USD 2 474

thousand (the equivalent of PLN 5 865 thousand) and the 5% interest from 17 September 2003, amounting as at 30 September 2008 to USD 624 thousand (the equivalent of PLN 1 479 thousand) and USD 123 thousand (the equivalent of PLN 292 thousand) for court proceedings. The awarded amount constitutes the lost profit moved for by Comexport.

On 18 November 2005, CIECH S.A. informed the Appeals Court in Paris of its intention to petition for the reversal of the Arbitration Court judgement. The complaint, with a statement of reasons was filed by CIECH S.A. on 22 March 2006. The subject of the complaint was a breach of the rules by an arbitrator in the arbitration proceedings (adversarial principle) by citing the Polish Supreme Court judgement decision of 1973, on the relevant issue concerning interruption of the operation of a time limit without allowing the parties to voice their opinions about the issue. In the opinion of the law office representing CIECH S.A., the judgement of 1973 cited by the arbitrator did not apply to the arbitration proceedings. On 21 July 2006, Comexport answered the complaint of CIECH S.A. by filing for its dismissal. During the hearing before the Appeals Court on 15 May 2007, the parties' attorneys maintained their respective opinions. On 15 June 2007, the Appeals Court announced its judgement dismissing the complaint of CIECH S.A.

At present, CIECH S.A., having received a legal advice on the legitimacy of filing for cassation, resolved to appeal for cassation of the judgement of the Appeals Court. The intention to petition for cassation was filed with the Supreme Court in November 2007, while the material grounds for cassation were filed by CIECH S.A. at the Appeals Court in Paris in May 2008. At present, CIECH SA awaits an answer from Comexport regarding the cassation. The case is pending.

Action by Enapharm

In June 2004, the Liquidator for Enapharm in Algeria filed a claim for USD 173 thousand (the equivalent of PLN 410 thousand) as damages concerning deliveries of expired medications by CIECH S.A. between 1985 and 1991.

According to the claimant, CIECH SA did not replace expired medications that the customer had not sold, in violation of the contract between the parties. CIECH S.A., however, claims that it was exempt from the replacement, in light of the claimant failing to make the payments due from its sales of the medications in the Algerian market; moreover, CIECH S.A. raised an objection that the Enapharm's claims fall under the statute of limitations.

In June 2007, an opinion of the court expert was delivered to CIECH S.A., notifying an increase in value of the medications subject to the complaint to USD 372 thousand (equivalent of PLN 882 thousand).

The expert's opinion was reviewed by CIECH S.A. for its credibility and compliance with the terms and conditions of the purchase-sales contract. CIECH questioned the findings of the expert's report on formal and material grounds, claiming that the value of medications reported by Enapharm promptly and in line with the contractual provisions, accounts only for around 10% of the amount claimed by Enapharm. In November 2007, the Algerian court announced the judgement in favour of CIECH S.A., in which it rejected the existing expert's report declaring infringement of the laws applicable to civil proceedings. At the same time, the court ordered a new expert opinion to be prepared, and announced the appointment of a new expert, recommending also that a representative of the defendant should be present at the time of the new examination. Up to his day, the Liquidator for Enapharm has not addressed the expert in order to set the time for examining the medications.

The case is pending before an Algerian court. CIECH S.A. is represented by a local attorney, supervised by a well-respected law firm in Paris. The case is pending.

Action by the Polish Office of Competition and Consumer Protection (UOKiK)

On 31 December 2007, the President of UOKiK initiated an anti-trust procedure against CIECH S.A. on the charge of abuse of a dominant position in the domestic market of table salt production and sales, manifesting itself in hindering conditions necessary for the competition to emerge or develop by including provisions in their contracts committing purchasing parties to sell table salt purchased exclusively from the selling party, i.e. CIECH S.A., and by prohibiting table salt purchases from any other entity than the selling party, which may breach Article 9, section 1 in conjunction with section 2, item 5 of the Act on Competition and Consumer Protection.

On 31 January, 14 March, 6 June and 8 September 2008, CIECH S.A. submitted explanations to the President of UOKiK refuting the presented charge and filed for dismissal of the proceedings. CIECH S.A. claims that the abuse of the dominant position on the table salt market cannot have taken place in this case.

The aforesaid proceedings is the first anti-trust procedure against CIECH S.A.

Action by Consolidated Oil Services

Consolidated Oil Services (COS) with its registered office in Warsaw filed an action against CIECH SA claiming the indemnification of PLN 188 thousand for the refusal to pay the administration fee between May 2004 and February 2006 provided for in the Consortium Contract concluded by the parties in 2003. Co-operation in the reconstruction of the infrastructure in Iraq was the subject of the contract. CIECH S.A. terminated the Consortium Contract in January 2005 due to non-achievement of the contract objective. The claimant (COS) declares that CIECH S.A.'s termination was ineffective. The case is pending before the Court of Arbitration at the Polish Chamber of Commerce in Warsaw. The case is pending.

Employee claims

One case is currently pending against CIECH S.A, filed by a former employee laid off due to reasons on the part of the employer. The employee is demanding to be restored to work and compensated. The projections as to the result of the above suit are advantageous.

A provision in the amount of PLN 7 746 thousand was created at CIECH S.A for the above liabilities.

CIECH S.A. (domestic and international) debt**Amounts receivable claimed in courts or courts or arbitration**

CIECH S.A. is currently conducting five civil law domestic cases against its trade and other debtors for the total amount of PLN 315 thousand. The Company wrote-down the abovementioned amount in full.

Bankruptcy proceedings

The total of PLN 9 387 thousand is being claimed in domestic bankruptcy proceedings (forty proceedings). CIECH S.A. is claiming USD 315 thousand and EUR 508 thousand (total of PLN 2 478 thousand) in international bankruptcy proceedings, with the largest claims being the bankruptcy proceedings for:

- Chemapol – Prague (PLN 852 thousand),
- Euroftal N.V. Belgium (PLN 712 thousand),

The projections as to the proceedings' results are not good, as CIECH S.A.'s receivables are not privileged. The Company created a revaluation write-down for all pending proceedings.

Enforcement and composition proceedings

CIECH S.A. is claiming PLN 9 405 thousand from debtors in domestic enforcement proceedings (twenty five proceedings). The projections as to the results of the enforcement proceedings are different, depending on the debtors' assets.

In foreign enforcement proceedings there is one case of the value of EUR 27 thousand (the equivalent of PLN 92 thousand).

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

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

USD exchange rate	PLN 2.3708
EURO exchange rate	PLN 3.4083.

13.2 Subsidiaries**The SODA MAŃWY Group**

No claims (liabilities) have been filed against the SODA MAŃWY Group that could materially affect its business. However, claims from debtors of SODA MAŃWY S.A. and its subsidiaries in bankruptcy proceedings, in court actions and in enforcement proceedings amount to PLN 23 341 thousand, with the largest claim of PLN 21 814 thousand pending against B. Lepiarz for unpaid deliveries of goods in enforcement proceedings. According to the information from SODY MAŃWY S.A., the projections are not good.

The Soda MaŃwy Group comprises also court and administrative cases taken over on 7.11.2008 by Soda Polska Ciech Sp. z o.o. from the Janikosoda Group pursuant to the agreement on business transfer and in the manner specified in Article 55¹ of the Civil Code.

No material claims (liabilities) have been filed against Soda Polska Ciech Sp. z o.o. that could affect its business. Soda Polska Ciech Sp. z o.o 's claims pending in civil court actions from a several dozen trade debtors amount to PLN 321 thousand. The largest amount of PLN 12 003 thousand is claimed in enforcement proceedings from B. Lepiarz. Due to the fact that the enforcement officer stated no assets, Soda Polska Ciech Sp. z o.o. filed for an affidavit of assets of B. Lepiarz. The amount of PLN 348 thousand is claimed through bankruptcy proceedings. The SODA MAŃWY wrote down claims in all pending cases.

“VITROSILICON” Spółka Akcyjna

No claims (liabilities) have been filed against the company that could affect its trade business. The company is claiming a total of PLN 1 137 thousand from trade debtors, including the largest claim pursued through enforcement proceedings for PLN 620 thousand and PLN 466 thousand pursued through bankruptcy proceedings. “VITROSILICON” Spółka Akcyjna wrote down claims in all pending cases.

“ALWERNIA” S.A.

No claims (liabilities) have been filed against "Alwernia" S.A. that could materially affect its business. "Alwernia" S.A. is claiming trade receivables and damages to a total amount of PLN 377 thousand through court actions and enforcement proceedings. The amount of PLN 1 119 thousand is claimed in bankruptcy proceedings. "Alwernia" S.A. wrote down claims in all pending cases.

CHEMAN S.A.

No claims (liabilities) have been filed against Cheman S.A. that could materially affect its business. Cheman S.A. filed court cases against several dozen trade debtors for a total amount of PLN 4 017 thousand, including PLN 2 096 thousand claimed in court actions and enforcement proceedings. The amount of PLN 880 thousand is claimed in bankruptcy and composition proceedings.

Cheman S.A. wrote down claims in all pending cases.

The FOSFORO Group

No claims (liabilities) have been filed against the companies belonging to the FOSFORO Group that could materially affect their trade business. The FOSFORO Group is claiming from several dozen trade debtors a total of PLN 4 731 thousand in court actions, enforcement and bankruptcy proceedings, with the largest claim of PLN 2 978 thousand in bankruptcy and composition proceedings.

The FOSFORO Group wrote down claims in all pending cases.

CIECH POLFA Sp. z o.o.

No claims (liabilities) have been filed against CIECH POLFA Sp. z o.o. that could affect its business. The company is claiming a total of USD 34 thousand (the equivalent of PLN 81 thousand) from trade debtors for unpaid deliveries of goods.

The company wrote down claims in all pending cases.

ZAKŁADY CHEMICZNE "ORGANIKA-SARZYNA" Spółka Akcyjna

No material claims (liabilities) have been filed against Z.Ch. "Organika – Sarzyna" S.A. that could affect its trade business.

Z.Ch. "Organika – Sarzyna" S.A. is claiming the amount of PLN 3 539 thousand from a dozen or so domestic companies in court actions, bankruptcy, enforcement and composition proceedings. The largest amount of PLN 2 395 thousand is claimed in bankruptcy and composition proceedings. The amount of PLN 1 111 thousand is claimed in enforcement proceedings, and PLN 33 is claimed for unpaid deliveries of goods.

The company wrote down claims in all pending cases.

The ZACHEM Group

No material claims (liabilities) have been filed against the companies belonging to the ZACHEM Group that could affect its business. The largest claim filed against ZACHEM is a claim filed by trade union for payment of PLN 14 433 thousand to the account of the social fund for sales of holiday premises. The proceedings in this case have been suspended due to amicable arrangements. The ZACHEM Group's claims pending in business lawsuits, bankruptcy, enforcement and administrative proceedings from a several dozen debtors total PLN 17 178 thousand, with the largest claim being PLN 12 285 thousand in bankruptcy and composition proceedings.

The Group wrote down claims in all pending cases.

S.C. UZINELE SODICE GOVORA - Ciech Chemical Group S.A.

No claims have been filed against S.C. Uzinele Sodice Govora – Ciech Chemical Group S.A. that could affect its business. The value of settlements towards the Company amounts at present to RON 481 thousand (the equivalent of PLN 437 thousand).

However, S.C. Uzinele Sodice Govora - Ciech Chemical Group S.A. is claiming a total of RON 4 thousand (the equivalent of PLN 3.6 thousand) in business lawsuits from various debtors.

S.C. Uzinele Sodice Govora wrote down claims in all pending cases.

The exchange rate adopted for translation is: RON 1 = PL 0.9120

14. Information concerning non-standard and non-routine transactions with affiliated entities concluded by CIECH S.A. or its subsidiaries.

Transaction party	Affiliation with the party to the transaction	Transaction	Financial terms	Specific characteristics of the contract deviating from generally applicable terms and conditions for similar contracts	Additional information
CIECH S.A.					
S.C. Unizele Sodice Govora – Ciech Chemical Group S.A.	Subsidiary	Granting a loan	Interest rate: 3M EURIBOR + margin, interest payable at the end of each quarter	Final repayment – 31 December 2008 with a possibility of prolongation	Transaction value: EUR 5 mln
S.C. Unizele Sodice Govora – Ciech Chemical Group S.A.	Subsidiary	Granting a loan	Interest rate: 3M EURIBOR + margin, interest payable at the end of each quarter	Final repayment – 31 December 2008 with a possibility of prolongation	Transaction value: EUR 1.4 mln
Boruta Kolor Sp. z o.o.	Subsidiary	Sales of shares for redemption		Payment date - 7 days of the receipt of the court's decision on registration of the share capital decrease	Transaction value: EUR 2.5 mln
ZACHEM S.A.	Subsidiary	Sales of shares in Boruta Kolor Sp. z o.o.		Repayment date – 5 days from the day of signing the agreement, i.e. from 25 July 2008.	Transaction value: EUR 14.4 mln
SODA MAŁY Group					
Loan agreement between Soda Polska CIECH Sp. z o.o. (lender) and SODA MAŁY S.A. (borrower)	Soda Polska CIECH Sp. z o.o. - subsidiary of SODA MAŁY S.A.	Loan agreement of 19 November 2007 with an Addendum of 29 February 2008 for PLN 5 385 thousand.	3M WIBOR from each interest period increased by a 0.5% margin annually.	none	Long-term loan falling due on 30 June 2009 to repay public law liabilities and other current liabilities.
Loan agreement between Soda Polska CIECH Sp. z o.o. (lender) and JANI-KOSODA S.A. (borrower)	Soda Polska CIECH Sp. z o.o. - associate of JANI-KOSODA S.A.	Loan agreement of 14 November 2007 for PLN 950 thousand.	3M WIBOR from each interest period increased by a 0.5% margin annually.	none	Long-term loan falling due on 30 June 2009 to repay public law liabilities and other current liabilities.
Loan agreement between Soda Polska CIECH Sp. z o.o. (lender) and JANI-KOSODA S.A. (borrower)	Soda Polska CIECH Sp. z o.o. - associate of JANI-KOSODA S.A.	Loan agreement of 19 November 2007 with an Addendum of 29 February 2008 for PLN 4 935 thousand.	3M WIBOR from each interest period increased by a 0.5% margin annually.	none	Long-term loan falling due on 30 June 2009 to repay public law liabilities and other current liabilities.

15. Information on loan and borrowing sureties granted by CIECH S.A. or its subsidiaries.

Sureties and guarantees granted

Obligee's name	Amount of loans covered by surety in whole or in specific part		Effective date of surety	Financial terms: surety fee due to the company	Principal	Affiliation between CIECH S.A. and the borrower
	currency in thousands	in thousands of PLN				
CIECH S.A.						
KREDYT BANK SA Branch in Sieradz		4 000	by 31.08.2009	Payment to CIECH S.A. equal to 1% of the surety value + PLN 3.5 thousand + PLN 2.5 thousand + PLN 62.5 thousand	Cheman S.A.	Subsidiary
KREDYT BANK SA Branch in Sieradz		4 000	by 31.08.2009	Payment to CIECH S.A. equal to 1% of the surety value + PLN 3.5 thousand + PLN 2.5 thousand	Cheman S.A.	Subsidiary
PKN ORLEN SA		1 200	no fixed date	Payment to CIECH S.A. equal to 1% of the surety value	Cheman S.A.	Subsidiary
BANK PKO SA I Branch in Warsaw		3 400	by 31.07.2009	Payment to CIECH S.A. equal to 1% of the surety value (from PLN 2 million) + PLN 10 thousand on increase + PLN 4 thousand + PLN 5 thousand on prolongation	Cheman S.A.	Subsidiary
BANK PKO SA I Branch in Warsaw		500	by 30.04.2012		Cheman S.A.	Subsidiary
Total CIECH S.A.		13 100				
JANIKOSODA S.A.						
BOŚ Poznań	EUR 676	2 303	by 16.11.2009	no fee	"VITROSILICON" Spółka Akcyjna	Subsidiary
Total JANIKOSODA S.A.		2 303				
ZACHEM S.A.						
Nordea Bank		18 160	by 30.07.2009	none	Spółka Wodna Kapuściska	none
Total ZACHEM S.A.		18 160				
Total amount of loans guaranteed		33 563				

Obligee's name	Total amount of loans covered by surety in whole or in specific part		Effective date of surety	Financial terms: surety fee due to the company	Principal	Affiliation between CIECH S.A. and the borrower
	currency in thousands	in thousands of PLN				
ZACHEM S.A.						
Wojewódzki Fundusz Ochrony Zdrowia i Gospodarki Wodnej Toruń		3 632	by 31.12.2011		Spółka Wodna Kapuściska	none
Total ZACHEM S.A.		3 632				
Total amount of loans guaranteed		3 632				

Obligee's name	Total amount of guarantees granted, backed in whole or in specific part		Guarantee period	Financial terms: guarantee fee due to the company	Principal	Affiliation between CIECH S.A. and the Principal
	currency in thousands	in thousands of PLN				
CIECH S.A.						
Citibank Romania S.A.	EUR 13 000	44 308	by 28.03.2009	Payment to CIECH S.A. equal to 0.5% of the surety value; 0.3% commission on the increase amount	S.C. Unizele Sodice Govora – Ciech Chemical Group S.A. - Romania	Subsidiary
ING Bank NV Amsterdam – Branch in Bucharest	EUR 11 000	37 491	by 31.05.2009	Payment of EUR 19.1 thousand – as a return of guarantee costs incurred by CIECH S.A.	S.C. Unizele Sodice Govora – Ciech Chemical Group S.A. - Romania	Subsidiary
SG Equipment Leasing Polska Sp. z o.o. - Warsaw	EUR 1 100	3 749	30.09.2009	To the lease agreement concluded between S.C. Uzinele Sodice Govora – Ciech Chemical Group S.A. I ECS International Polska Sp. z o.o. as of 10.07.2007	S.C. Unizele Sodice Govora – Ciech Chemical Group S.A. - Romania	Subsidiary
SG Equipment Leasing Polska Sp. z o.o. - Warsaw	EUR 1 700	5 749	30.09.2009		S.C. Unizele Sodice Govora – Ciech Chemical Group S.A. - Romania	Subsidiary
Air Products, LLC and Air Products Chemicals Europe B.V.	USD 38 500	91 276	2013	The surety was estimated on the basis of semi-annual deliveries under the contract concluded by ZACHEM S.A. in 2004, and annexed in October 2007. Annual deliveries are worth USD 77 million	ZACHEM S.A.	Subsidiary
COMMERZBANK AG	25 000 EUR	85 207	31.01.2013	To the loan contract of 23.01.2008 for EUR 75 million	Soda Deutschland Ciech GmbH	Subsidiary

Obligee's name	Total amount of guarantees granted, backed in whole or in specific part		Guarantee period	Financial terms: guarantee fee due to the company	Principal	Affiliation between CIECH S.A. and the Principal
	currency in thousands	in thousands of PLN				
KREDYT BANK SA in Warsaw		90	by 25.02.2012	aval of the guarantee	Chemana S.A.	Subsidiary
ING Tease Romania IFN S.A.	2 237	7 623	30.04.2013		S.C. Unizele Sodice Govora – Ciech Chemical Group S.A. - Romania	Subsidiary
Total CIECH S.A.		275 493				
Total amount of guarantees granted		275 493				

16. Information regarding issue, redemption and repayment of debt securities and equity securities in the Ciech Group

In Q3 2008, the Ciech Group did not issue any securities.

In 2007, the Ciech Group issued securities in the form of bonds and did not redeem any debt or equity securities.

In order to finance the Ciech Group's investment projects and conduct debt restructuring CIECH S.A. carried out the Bond Issue Programme. On 23 November 2007, the following contracts were concluded: Dealership Contract, Agency Contract and Deposit Contract with the following banks: Bank Handlowy w Warszawie S.A., BRE Bank S.A. and Bank PKO BP. The contracts concern the implementation of the Bond Issue Programme held by CIECH S.A. worth PLN 500 000 thousand. Within the Programme and with respect to the bonds, the banks operate exclusively as the Issuer's representatives and bear no liability towards the bond holders of CIECH SA as far as obligations of the Issuer resulting from the bonds are concerned, especially with respect to the Issuer's buyout of bonds and interest payments. Legal form of the instrument: bearer bonds, not having any document form, issued in accordance with the Act on bonds of 29 June 1995 and pursuant to Resolution no. 130/V/2007 of the CIECH S.A.'s Supervisory Board. The issue of bonds shall take place pursuant to Article 9, section 3 of the Act on bonds, by means of addressing a proposal of bond purchase to a group of no more than 99 individuals. The Issuer and Dealers do not plan to introduce the bonds for public trade or to quote them on any regulated or non-regulated market. Within the Programme, the Coupon Bonds may be offered with the redemption term between 1 year and 10 years and with a fixed or variable interest rate. The nominal value of one bond is PLN 100 thousand. The bonds will be sold at nominal value and are not hedged. Proceeds from the Issue will be allotted to financing of the Ciech Group investment projects and restructuring of the CIECH S.A.'s debt.

On 14 December 2007, CIECH S.A. issued Series A Bonds to the amount of PLN 300 000, under the following conditions:

- maturity: 5 years,
- coupon formula – 3 M WIBOR + margin,
- coupon payment frequency – quarterly,
- redemption date: 14 December 2012.

The issue price of the bonds is equal to their nominal value and amounts to PLN 100 thousand. The bonds are not hedged. Proceeds from the issue have been allotted to financing the acquisition of Sodawerk Holding Staßfurt GmbH and repayment of a part of the short-term debt of CIECH S.A.

The remaining limit for bond issue may be used at any time after a consent (resolution) is obtained from the Supervisory Board of CIECH S.A.

17. Information regarding paid (or declared) dividends, in their total amount and per share, by ordinary and preference shares.

On 4 June 2008, the company's Supervisory Board passed a resolution, which positively evaluates the application of CIECH S.A.'s Management Board regarding the proposal to divide the net profit generated by CIECH S.A. for 2007 in the amount of PLN 58 100 898.57 in the following way:

- PLN 57 960 000.00 per dividend for Shareholders (PLN 2.07 per share),
- PLN 140 898.57 for the company's supplementary capital.

The 2007 dividend, in the amount of PLN 2.07 per share was paid to the Shareholders who held CIECH S.A. shares as at 11 July 2008 (dividend date). The dividend was paid on 1 August 2008.

The Ordinary General Meeting of Shareholders of CIECH S.A., resolved by virtue of resolution no. 7 dated 21 June 2007, to allocate PLN 58 800 thousand from the net profit generated by the Company in the financial year 2006 to dividends for the Shareholders. The 2006 dividend, in the amount of PLN 2.10 per share was paid to the Shareholders, who held CIECH S.A. shares as at 10 July 2007 (dividend date). The dividend was paid on 2 August 2007.

There are only ordinary shares in the structure of the CIECH S.A. initial capital.

18. Discontinued operations and assets held for sale.

As at 30 September 2008, the Soda Deutschland Ciech Group disclosed voids numbered from S113 to S116 under "Fixed assets held for sale". In the first half of the year, the voids numbered from S105 to S112 were sold.

19. Information regarding unpaid loans or any breach of terms of an agreement regarding debts, which was not adjusted later on.

In the presented quarter, none of the abovementioned events took place at the Ciech Group.

20. Information regarding non-consolidated subsidiaries and associates

When selecting entities for consolidation, the Management Board of the parent company was led by the materiality principle (in line with the IFRS objectives) of their financial data in order to comply with the requirement of true and fair view of the economic and financial standing as well as the Group's financial result. It was assumed that entities whose balance-sheet totals and net sales income and income from financial operations are insignificant in relation to the analogical items recorded by the parent company, and their combined figures are lower than 5% from the corresponding combined figures (of all subsidiaries of the Ciech Group), were irrelevant for compliance with the requirements of the standards.

Non-consolidated entities	Shares of CIECH S.A. in the company (direct +indirect)	Net income from sales of goods and products and from financial operations	Net profit/loss	Balance sheet total of the entity/Group**	CIECH S.A.'s income (%)	CIECH S.A.' balance sheet total (%)	Dependence on CIECH S.A.
1) Chemia.com S.A.	100.00%	10 861	43	2 270	0.64%	0.11%	Subsidiary
2) Polcommerce Handel und Vertretungsgesellschaft m .b. H	100.00%	32 052	241	4 796	1.87%	0.23%	Subsidiary
3) CIECH SERVICE Sp. z o.o.	100.00%	4 396	(206)	1 554	0.26%	0.07%	Subsidiary
5) POLFA Group							
5.1.) POLFA Hungaria KFT.,(formerly Polcommerce Kft.), Hungary	100.00%	1 116	(23)	707	0.07%	0.03%	Indirect subsidiary
6) SODA MAŹWY Group							

Non-consolidated entities	Shares of CIECH S.A. in the company (direct +indirect)	Net income from sales of goods and products and from financial operations	Net profit/loss	Balance sheet total of the entity/ Group**	CIECH S.A.'s income (%)	CIECH S.A.' balance sheet total (%)	Dependence on CIECH S.A.
6.1.) SODA-MED. Sp. z o.o.	99.74%	564	(99)	2 747	0.03%	0.13%	Indirect subsidiary
7) Nordiska Unipol Aktienbolag	97.78%	14 351	432	8 139	0.84%	0.39%	Subsidiary
8) ALWERNIA Group							
8.1.) "ALWERNIA-FOSFORANY" Spółka z ograniczoną odpowiedzialnością	73.75%	-	-	50	0.00%	0.00%	Indirect subsidiary
8.2.) SOC-AL. Spółka z ograniczoną odpowiedzialnością	69.88%	1 498	58	1 679	0.09%	0.08%	Indirect subsidiary
9) CHEMIEPETROL* Außenhandelsgesellschaft mit beschränkter Haftung in liquidation	60.00%	197	(1 442)	2 638	0.01%	0.13%	Subsidiary
10) ORGNIKA – SARZYNA Group							
10.1.) Z.D. "ORGANIKA" Sp. z o.o.	51%	2 786	117	2 612	0.16%	0.13%	Indirect subsidiary
11) Soda Deutschland Ciech Group							
11.1.Sodachem GmbH	100%	4 411	401	1 445	0.26%	0.07%	Subsidiary
11.2 KPG Kavernen-Projekt-Beteiligungsgesellschaft mbH	100%	-	-	709	0.00%	0.03%	Subsidiary
12) Ciech America Latina LTDA	99.99%	-	(509)	307	0.00%	0.01%	Subsidiary

*entity out of business

Total value	Non-consolidated entities	The Ciech Group (without eliminations)	% share	
Balance sheet totals		45 597	6 825 446	0.67%
Net income from sales of goods and products and from financial operations		81 461	4 775 410	1.71%

Applying the principle of materiality (as per IFRS objectives), the Management Board of CIECH S.A made a decision to exclude the following associates from the consolidated financial statements.

Entities not accounted for using the equity method	Shares of CIECH S.A. in the company (direct+ indirect).	Total number of votes at the General Meeting (%)	Acquisition cost	Allowance for the acquisition cost	Equity as at 30.09.2008 attributable to the Ciech Group	Net income from sales of good and products and from financial operations of a given entity	Balance-sheet total of a given entity	Net profit (loss)
1) Suomen Unipol Oy*	24.78%	24.78%	132	-	907	37 740	21 070	942
2) ORGANIKA – SARZYNA Group								
2.1.) "Komunalna Biologiczna Oczyszczalnia Ścieków- Spółka z ograniczoną odpowiedzialnością"	56.62%	48.77%	8 358	-	8 094	2 103	14 708	51
2.2.) Zakłady Chemiczne "Silikony Polskie" Spółka z ograniczoną odpowiedzialnością	30.00%	25.84%	5 209	-	5 828	12 859	21 216	413
2.3.) "Bud -Org" Sp. z o.o.	24.85%	21.40%	43	-	358	5 259	2 055	590
2.4.) "Gumokor - Organika" Sp. z o.o.	24.81%	21.37%	16	-	127	751	664	45
2.5.) "ORGANIKA-PROJEKT" Sp. z o.o.	24.49%	21.09%	18	-	52	703	277	17
2.6.) "DREWREM - ORGANIKA" Sp. z o.o.	24.14%	20.79%	8	-	23	799	208	18
2.7.) "EL -CHEM" Sp. z o.o.	24.73%	21.29%	92	-	512	4 353	3 091	185
2.8.) "WOD - REM" Sp. z o.o.	24.94%	21.48%	146	-	472	5 347	2 798	117
2.9.) "NS Automatyka" Sp. z o.o.	22.44%	19.32%	115	-	433	4 056	3 205	170
3) ZACHEM Group								
3.1.) "BUDPUR" Spółka z ograniczoną odpowiedzialnością	27.73%	23.60%	63	-	160	2 150	907	119
3.2.) Przedsiębiorstwo Transportowo Spedycyjne "TRANSCHEM" Spółka z ograniczoną odpowiedzialnością	27.81%	23.66%	89	54	(62)	3 910	1 530	(520)
3.3.) Zakład Remontowo-Produkcyjny "Metalpur" Spółka z ograniczoną odpowiedzialnością	24.52%	20.87%	26	-	231	2 734	1 291	115
3.4.) Natural Chemical Products	44.03%	37.47%	214	-	2 127	21 000	11 128	7
4) Soda Deutschland Ciech Group								
4.1. Kaverngesellschaft Stassfurt GmbH	50%	50%	b.d.	-	994	4 343	6 022	1 360

Entities not accounted for using the equity method	Shares of CIECH S.A. in the company (direct+ indirect).	Total number of votes at the General Meeting (%)	Acquisition cost (in thousands of PLN)	Allowance for the acquisition cost (in thousands of PLN)	Equity as at 30.09.2008 attributable to the Ciech Group (in thousands of PLN)	Net income from sales of good and products and from financial operations of a given entity (in thousands of PLN)	Balance-sheet total of a given entity (in thousands of PLN)	Net profit (loss) (in thousands of PLN)
Total value	-	-	14 529	54	20 256	108 107	90 170	3 629

CIECH S.A. also holds stocks/shares in entities where its control has been limited or lost:

- Calanda Polska Sp. z o.o.- in liquidation, 95.70% shares/ votes held directly by CIECH S.A., the company has not been presented in the table above as no data is available.
- ZAO-Polfa Ciech, Rosja – in liquidation, 65.00 % shares/ votes held directly by CIECH S.A.
- Polsin-Karbid Sp. z o.o. – in liquidation, 22.76% total shares/ votes held by CIECH S.A., shares/ votes (direct + indirect) via CIECH S.A. and POLSIN PRIVATE LIMITED
- K.Foster&Son Ltd. – lost control, 46.51%, shares/ votes held indirectly by CIECH S.A. via DALTRADE PLC
- Polfa Nigeria – lost control, no contact with the company, 20% share held directly by CIECH S.A.
- Zach-Ciech Sp. z o.o.- 35.65% shares/ votes held directly by CIECH S.A., on 24 January 2006, the District Court in Katowice declared the company bankrupt.
- Zakład Gastronomiczno-Hotelowy "MIREX" Sp. z o.o. – in liquidation, 27% shares/ votes held indirectly by CIECH S.A. via ZACHEM S.A.
- Polsin Overseas Shipping Ltd. is an associate of CIECH S.A. The company did not deliver its financial data for Q3 2008.

21. Reconciliation of equity presented in the financial statements for Q3 2007 with the data presented currently.

As at 31 December 2006, settlement of the merger of ZACHEM S.A. Z.Ch. "Organika-Sarzyna" S.A. and S.C. Uzinele Sodice Govora – Ciech Chemical Group S.A. was determined on a provisional basis according to the provisions of IFRS 3 "Business Combinations" items 61-62. In 2007, identification and establishment of fair value of all identifiable assets, liabilities and contingent liabilities were made. Costs of the merger were also subject to verification. The balance-sheet data as at 30 September 2007, as well as for the period from 1 January to 30 September 2007, as presented in this report as comparable, covers all adjustments of accounting estimates recognized to date, stemming from the completion of the provisional settlement.

As a result of the adjustment of accounting estimates recognised to date by the result of measurement at fair value, figures disclosed in the report as at 30 September 2007 were subject to a change.

The table below presents data presented to date and currently:

<i>in thousands of PLN</i>	30.09.2007 presented in the extended consolidated report for Q3 2007	Valuation to fair value Organika Sarzyna	Deferred tax adjustment related to revaluation of CIECH S.A. shares owned by Organika Sarzyna	Valuation to fair value ZACHEM	Valuation to fair value S.C. Uzinele Sodice Govora - Ciech Chemical Group S.A.	Writing off the goodwill of S.C. Uzinele Sodice Govora - Ciech Chemical Group S.A.	Withdrawal of the goodwill valuation of S.C. Uzinele Sodice Govora - Ciech Chemical Group S.A.	Change of the consolidation adjustments related to changes in the companies' data	30.09.2007 presented in the extended consolidated report for Q3 2008 (as comparable data)
LIABILITIES									
Equity									
Share capital	164 115	-	-	-	-	-	-	-	164 115
Own shares	(6 124)	-	1 073	-	-	-	-	-	(5 051)
Share premium reserve	151 328	-	-	-	-	-	-	-	151 328
Equity components related to assets held for sale	-	-	-	-	-	-	-	-	-
Revaluation reserve	20 544	-	-	-	-	-	-	-	20 544
Other reserve capital	78 683	-	-	-	-	-	-	-	78 683
Foreign exchange differences arising from translation of subsidiaries	(7 487)	-	-	-	(1 494)	-	3 035	2 374	(3 572)
Retained earnings	880 915	90 566	-	108 959	93 030	(90 119)	-	(190 142)	893 209
Equity attributable to equity holders of the parent company	1 281 974	90 566	1 073	108 959	91 536	(90 119)	3 035	(187 768)	1 299 256
Minority shares	50 510	-	-	-	-	-	-	(420)	50 090
Total equity	1 332 484	90 566	1 073	108 959	91 536	(90 119)	3 035	(188 188)	1 349 346
Net profit, including:	222 831	(4 216)	-	(25 563)	(4 394)	-	-	639	189 297
Net profit attributable to equity holders of the parent company	221 614	(4 216)	-	(25 563)	(4 394)	-	-	639	188 080
Net profit attributable to minority shareholders	1 217	-	-	-	-	-	-	-	1 217

Due to the adjustment of the lower tier Groups for the period from 01.01. to 30.06.2008 by the dividend received from an associate accounted for using the equity method, the figures presented in the report as at 30 June 2008 were subject to a change.

The table below presents data presented to date and currently:

<i>in thousands of PLN</i>	30.06.2008 presented in the extended consolidated report for H1 2008	Elimination of dividends from an entity accounted for using the equity method	Change of the consolidation adjustments related to changes in the companies' data	30.06.2008 presented in the extended consolidated report for Q3 2008
LIABILITIES				
Equity				
Share capital	164 115	-		164 115
Own shares	-	-		-
Share premium reserve	151 328	-		151 328
Equity components related to assets held for sale	-	-		-
Revaluation reserve	(25 295)	-		(25 295)
Other reserve capital	78 428	-		78 428
Foreign exchange differences arising from translation of subsidiaries	(30 736)	-		(30 736)
Retained earnings	1 022 912	(3 900)	10	1 019 022
Equity attributable to equity holders of the parent company	1 360 752	(3 900)	10	1 356 862
Minority shares	48 038	-	(10)	48 028
Total equity	1 408 790	(3 900)		1 408 890
Net profit, including:	142 267	(3 900)		138 367
Net profit attributable to equity holders of the parent company	135 469	(3 900)	10	131 579
Net profit attributable to minority shareholders	6 798	-	(10)	6 788

IV. Condensed Individual Financial Statements of CIECH S.A. for Q3 2008 drawn up in accordance with the International Financial Reporting Standards

1. Individual Profit and Loss Account

<i>in thousands of PLN</i>	01.01.-30.09.2008			01.01.-30.09.2007			01.07.-30.09.2008			01.07.-30.09.2007		
	Continued operations	Discontinued Operations	TOTAL	Continued operations	Discontinued Operations	TOTAL	Continued operations	Discontinued Operations	TOTAL	Continued operations	Discontinued Operations	TOTAL
Net sales income	1 668 975	-	1 668 975	1 557 362	-	1 557 362	536 024	-	536 024	512 659	-	512 659
Own costs of sales	(1 418 595)	-	(1 418 595)	(1 306 393)	-	(1 306 393)	(446 919)	-	(446 919)	(433 740)	-	(433 740)
Gross profit/ loss from sales	250 380	-	250 380	250 969	-	250 969	89 105	-	89 105	78 919	-	78 919
Other operating income	8 884	-	8 884	4 738	-	4 738	946	-	946	1 207	-	1 207
Selling costs	(98 716)	-	(98 716)	(87 038)	-	(87 038)	(37 015)	-	(37 015)	(27 940)	-	(27 940)
Administrative expenses	(56 500)	-	(56 500)	(57 409)	-	(57 409)	(18 971)	-	(18 971)	(18 574)	-	(18 574)
Other operating expenses	(16 635)	-	(16 635)	(11 813)	-	(11 813)	(6 424)	-	(6 424)	(553)	-	(553)
Operating profit / loss	87 413	-	87 413	99 447	-	99 447	27 641	-	27 641	33 059	-	33 059
Financial income	41 028	-	41 028	36 420	-	36 420	10 807	-	10 807	8 494	-	8 494
Financial costs	(91 316)	-	(91 316)	(22 786)	-	(22 786)	(44 044)	-	(44 044)	(1 770)	-	(1 770)
Net financial income/ costs	(50 288)	-	(50 288)	13 634	-	13 634	(33 237)	-	(33 237)	6 724	-	6 724
Share of net profits of subsidiaries accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Profit/ loss before tax	37 125	-	37 125	113 081	-	113 081	(5 596)	-	(5 596)	39 783	-	39 783
Income tax	(7 170)	-	(7 170)	(20 499)	-	(20 499)	1 731	-	1 731	(7 033)	-	(7 033)
Net profit/ loss	29 955	-	29 955	92 582	-	92 582	(3 865)	-	(3 865)	32 750	-	32 750
Profit/ loss on sales regarding discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-
Net profit for the financial year	29 955	-	29 955	92 582	-	92 582	(3 865)	-	(3 865)	32 750	-	32 750

2. Individual Balance Sheet

in thousands of PLN

ASSETS	30.09.2008	31.12.2007	30.09.2007
Fixed assets			
Tangible fixed assets	13 316	23 408	22 645
Perpetual leasehold of land	-	65	65
Intangible assets, including:	8 471	9 318	7 819
- goodwill	-	-	-
Investment property	27 085	12 064	11 942
Long-term receivables	37 236	44 506	46 242
Investments in associates and joint entities accounted for using the equity method	-	-	-
Other long-term investments	1 334 901	1 277 126	993 056
Deferred tax assets	15 866	4 731	3 890
Total fixed assets	1 436 875	1 371 218	1 085 659
Current assets			
Inventories	11 951	16 085	16 774
Short-term investments	66 173	40 097	13 123
Income tax receivables	10 195	3 714	454
Trade and other receivables	540 595	358 485	372 493
Cash and cash equivalents	21 343	33 274	72 320
Fixed assets held for sale	-	-	-
Total current assets	650 257	451 655	475 164
Total Assets	2 087 132	1 822 873	1 560 823
LIABILITIES	30.09.2008	31.12.2007	30.09.2007
Equity			
Share capital	164 115	164 115	164 115
Own shares	-	-	-
Share premium reserve	151 328	151 328	151 328
Equity components related to assets held for sale	-	-	-
Revaluation reserve	(13 135)	1 044	946
Other reserve capital	76 199	76 199	76 199
Foreign exchange differences arising from translation of subsidiaries	-	-	-
Retained earnings	309 761	337 766	372 247
Equity attributable to equity holders of the parent company	688 268	730 452	764 835
Minority shares	-	-	-
Total equity	688 268	730 452	764 835
Liabilities			
Loans, borrowings and other debt instruments	455 205	476 114	183 958
Employee benefits	1 508	336	249
Reserves (other long-term)	-	-	-
Other long-term liabilities	60 697	46 209	48 120
Deferred tax provision	-	-	-
Total long-term liabilities	517 410	522 659	232 327
Overdraft facility	-	-	-
Loans, borrowings and other debt instruments	374 371	181 754	178 491
Trade and other payables	496 539	352 947	345 409

in thousands of PLN

ASSETS	30.09.2008	31.12.2007	30.09.2007
Income tax payables	2 366	17 824	17 529
Provisions (short-term employee benefit and other provisions)	8 178	17 237	22 232
Liabilities arising from fixed assets held for sale	-	-	-
Total short-term liabilities	881 454	569 762	563 661
Total liabilities	1 398 864	1 092 421	795 988
T o t a l L i a b i l i t i e s	2 087 132	1 822 873	1 560 823

Off-balance sheet items*in thousands of PLN*

	30.09.2008	31.12.2007	30.09.2007
1. Contingent receivables	-	-	-
2. Contingent liabilities	288 638	173 269	70 362
1.1. Towards associates	288 638	173 269	70 362
- guarantees and sureties granted	288 638	173 269	70 362
1.2. Towards other entities	-	-	-
3. Other	31 219	18 978	18 978
- other commercial sureties	21 641	9 400	9 400
- investment liabilities	9 578	9 578	9 578
Total off-balance sheet items	319 857	192 247	89 340

3. Individual Cash Flow Statement

<i>in thousands of PLN</i>	01.01-30.09.2008	01.01-30.09.2007
Cash flows from operating activities		
Net profit (loss) for the period	29 955	92 582
Depreciation	4 164	4 651
Recognition / reversal of revaluation write-downs	(279)	4 761
Gains/ losses on foreign exchange differences	26 741	(2 149)
Investment property revaluations	-	-
Gains/ losses on investment activities	(3 624)	(1 747)
Gains/ losses on disposal of fixed assets	(81)	(3)
Interest and dividends	(2 753)	(12 424)
Input income tax	7 170	20 499
Gains/ losses on shares in entities accounted for using the equity method	-	-
Operating profit before changes in current assets and reserves	61 293	106 170
Changes in receivables	(187 404)	(78 847)
Changes in inventories	4 134	(4 107)
Changes in short-term liabilities	147 805	114 704
Changes in reserves and employee benefits	(5 099)	4 953
Net cash generated from operations	20 729	142 873
Interest paid	(27 281)	(5 977)
Income tax paid	(36 752)	(2 425)
Other adjustments	37 032	(2 738)
Gains/ losses on disposal of discontinued operations	-	-
Net cash from operating activities	(6 272)	131 733
Cash flows from investment activities		
Inflows (in "+")		
Disposal of intangible assets and tangible fixed assets	209	20
Disposal of a subsidiary	17 821	-
Disposal of investments	1 758	-
Dividends received	8 032	14 513
Interest received	3 477	2 796
Other inflows	-	-
Outflows (in "-")		
Acquisition of intangible assets and tangible fixed assets	(10 579)	(6 000)
Acquisition of a subsidiary (net of cash acquired)	(32 761)	(2 878)
Purchase of investment property	-	-
Purchase of other investments	(49 920)	-
Research and development expenses	-	-
Other expenses	(55 325)	(77 374)
Net cash from investment activities	(117 288)	(68 923)
Cash flows from financing activities		
Inflows (in "+")		
Proceeds from the issue of shares and other equity instruments, and capital contributions	-	-
Proceeds from issued of convertible preference shares	-	-
Proceeds from loans and borrowings	198 420	34 292
Other financial outflows	-	-
Outflows (in "-")		

<i>in thousands of PLN</i>	01.01-30.09.2008	01.01-30.09.2007
Purchase of own shares	-	-
Dividends and other payments to equity holders	(57 960)	(58 800)
Dividends paid to minority shareholders	-	-
Repayment of loans and borrowings	(27 579)	(28 154)
Repayment of debt securities	-	-
Payment of financial lease liabilities	-	-
Other financial outflows	-	-
Net cash from financing activities	112 881	(52 662)
Total net cash flow	(10 679)	10 148
Cash at beginning of period	33 274	61 074
Impact of foreign exchange differences	(1 252)	1 098
Cash at end of period	21 343	72 320

4. Statement of Changes in Equity

<i>in thousands of PLN</i>	Share capital	Own shares	Share premium reserve	Equity components related to assets held for sale	Revaluation reserve	Other reserve capital	Retained earnings	Total equity
Equity as at (beginning of period) 01/01/2008:								
Brought forward	164 115		151 328	-	1 044	76 199	337 766	730 452
Changes in accounting principles								-
Fundamental error corrections								-
Equity (restated) as at:	164 115	-	151 328	-	1 044	76 199	337 766	730 452
Valuation of financial instruments					(14 179)			(14 179)
Total income and costs for the financial year recognised directly in equity	-	-	-	-	(14 179)	-	-	(14 179)
Net profit/ (loss)							29 955	29 955
Total income and costs for the financial year	-	-	-	-	(14 179)	-	29 955	15 776
Payment of dividends to shareholders							(57 960)	(57 960)
Equity as at (end of period) 30/09/2008:	164 115	-	151 328	-	(13 135)	76 199	309 761	688 268

<i>in thousands of PLN</i>	Share capital	Own shares	Share premium reserve	Equity components related to assets held for sale	Revaluation reserve	Other reserve capital	Retained earnings	Total equity
Equity as at (beginning of period) 01/01/2007:								
Brought forward	164 115		151 328	-		76 199	338 465	730 107
Changes in accounting principles								-
Fundamental error corrections								-
Equity (restated) as at:	164 115	-	151 328	-	-	76 199	338 465	730 107
valuation of financial instruments					946			946
Total income and costs for the financial year recognised directly in equity	-	-	-	-	946	-	-	946
Net profit/ (loss)							92 582	92 582
Total income and costs for the financial year	-	-	-	-	946	-	92 582	93 528
Payment of dividends to shareholders							(58 800)	(58 800)
Equity as at (end of period) 30/09/2007:	164 115	-	151 328	-	946	76 199	372 247	764 835

5. Explanatory notes for the financial statements prepared for Q3 of 2008 ended on 30 September 2008

5.1. The basis for preparation and accounting principles (policy)

On 31 January 2007, the Extraordinary Shareholders' Meeting of CIECH S.A. passed resolution no. 4 regarding the preparation of individual financial statements according to IFRS/ IAS. In relation to the above resolution, since 2007, the reports of CIECH S.A. have been prepared in line with the IFRS/ IAS using the principles of valuation of assets and liabilities and measurement of the net financial result, as determined in the accounting policy.

Detailed information regarding the principles and methods of the valuation of assets and liabilities and measurement of the financial result, as well as the method of preparation of financial statements and comparative data, were included in the report of the Ciech Group for H1 2008, publicly disclosed on 30 September 2008.

5.2. Earnings per share

Data regarding profit and shares, which are basis for the calculation of the basic and diluted profit per share, has been presented below.

	<i>in thousands of PLN</i>	
	01.01.-30.09.2008	01.01.-30.09.2007
Net profit (loss) from continued operations for shareholders of the parent company	29 955	92 582
Net profit (loss) from discontinued operations for shareholders of the parent company	-	-
Net profit (loss) for shareholders of the parent company, applied to calculate the basic profit per share	29 955	92 582
Net profit (loss) for shareholders of the parent company, applied to calculate the diluted profit per share	29 955	92 582

	<i>in items</i>	
	30.09.2008	30.09.2007
Weighted average number of ordinary shares issued, applied to calculate the basic profit per share	28 000 000	28 000 000
Weighted average number of ordinary shares issued, applied to calculate the diluted profit per share	28 000 000	28 000 000

5.3. Seasonality and cyclicity of operations

The information seasonality and cyclicity of operations has been presented in part III, point 3 of the extended consolidated quarterly report of the Ciech Group for Q3 2008.

5.4. Changes in accounting estimates

There were no material changes in accounting estimates disclosed in previous financial years.

5.5. Information regarding issue, redemption and repayment of debt securities and equity securities

The information regarding issue, redemption and repayment of debt securities and equity securities has been presented in part Iii, point 16.1. of the extended consolidated quarterly report of the Ciech Group for Q3 2008.

5.6. Information on dividends paid

The information on dividends paid has been presented in part III, point 17 of the extended consolidated quarterly report of the Ciech Group for Q3 2008.

5.7. Income and profit/ loss by segments of business

01.01.-30.09.2008

<i>in thousands of PLN</i>	Soda	Organic	Petrochemical	Agrochemical	Silicates and glass products	Inorganic	Other Operations	TOTAL
Income from third parties	525 513	408 462	35 967	94 655	37 510	90 797	239	1 193 143
Income from inter-segment transactions	114 860	21 560	3 311	270 110	-	52 990	13 001	475 832
Total income	640 373	430 022	39 278	364 765	37 510	143 787	13 240	1 668 975
Segment profit/ loss	136 933	34 559	4 368	13 160	6 228	42 633	12 499	250 380
Unallocated costs/ income								(162 967)
Operating profit								87 413
Net financial income/ costs								(50 288)
Tax								(7 170)
Net profit								29 955

01.01.-30.09.2007

<i>in thousands of PLN</i>	Soda	Organic	Petrochemical	Agrochemical	Silicates and glass products	Inorganic	Other Operations	TOTAL
Income from third parties	525 805	518 146	23 083	98 360	36 356	74 723	621	1 277 094
Income from inter-segment transactions	94 103	52 362	2 341	72 528	-	41 779	17 155	280 268
Total income	619 908	570 508	25 424	170 888	36 356	116 502	17 776	1 557 362
Segment profit/ loss	146 738	48 633	1 865	7 483	5 866	26 510	13 874	250 969
Unallocated costs/ income								(151 522)
Operating profit								99 447
Net financial income/ costs								13 634
Tax								(20 499)
Net profit								92 582

5.8. Information on material events that occurred after the end of Q3 2008, which have not been reflected in the presented periodical report

There were no material events after the end of Q3 2008, which have not been reflected in the financial statements for the period from 1 January to 30 September 2008.

5.9. Information on changes in the entity structure

In the presented period, the Company purchased stock/ shares of the following companies:

1. Polsin Private Limited – purchase of 155 533 shares, which caused an increase of CIECH S.A.'s share in the Company's capital to 98.0%,
2. GZNF FOSFORY Sp. z o.o. – purchase of 14 shares. As a consequence of this transaction CIECH S.A. holds 89.46% in this Company's capital,
3. Janikowskie Zakłady Sodowe JANIKOSODA S.A. – purchase of 110 shares in September. CIECH S.A.'s share in the Company's capital amounts to 99.62%,
4. Inowrocławskie Zakłady Chemiczne Soda Mątwy S.A. – purchase of 32 shares. CIECH S.A.'s share in the Company's capital amounts to 99.85%,

In August 2008, CIECH S.A. subscribed 960 thousand shares in the increased capital of Vitrosilicon S.A. Current share of CIECH S.A. in the Company's capital amounts to 83.03%

In the presented period, at the time of reviewing its portfolio of stocks and shares, the company sold 1 968 shares of Andropol – Elektrociepłownia Sp.z o.o. with its registered seat in Andrychów.

In Q3 2008, the Company sold 13 801 shares of BORUTA – KOLOR Sp. z o.o.. As a result of this transaction, CIECH S.A. does not have any direct shares in this Company's capital.

5.10. Information on changes in contingent liabilities or contingent assets

<i>in thousands of PLN</i>	30.09.2008	31.12.2007
1. Contingent receivables	-	-
2. Contingent liabilities	288 638	173 269
1.1. Towards associates	288 638	173 269
- sureties and guarantees granted	288 638	173 269
1.2. Towards other entities	-	-
3. Other	31 219	18 978
- - other commercial sureties	21 641	9 400
- investment liabilities	9 578	9 578
Total off-balance sheet items	319 857	192 247

As at 30.09.2008, no contingent receivables occurred at CIECH S.A.

Contingent liabilities as at 30 September 2008 amounted to PLN 288 638 thousand, which stands for an increase compared to December 2007 by the amount of PLN 115 369 thousand. The main reasons of this difference are as follows:

- increase of the granted guarantees for liabilities of the subsidiary, S.C. Uzinele Sodice Govora – Ciech Chemical Group S.A. by the amount of EUR 11 236 thousand,
- granting guarantees for liabilities of Soda Deutschland CIECH GmbH in the amount of EUR 25 000 thousand,
- granting an aval of the guarantee for Kredyt Bank S.A. in the amount of PLN 90 thousand for Cheman S.A.

5.11. Information on revaluation write-downs on inventories, tangible fixed assets, intangible assets and other assets

01.07.-30.09.2008

<i>in thousands of PLN</i>	balance as at beginning of period	increase	decrease	balance as at end of period
Intangible assets	-	-	-	-
Tangible fixed assets	238	-	-	238
Investment property	1 568	-	-	1 568
Long-term investments	64 020	-	788	63 232
Inventories	146	3	-	149
Receivables	43 443	511	-	43 954
Short-term investments	5 392	788	-	6 180

01.07.-30.09.2007

<i>in thousands of PLN</i>	as at beginning of period	increase	decrease	as at end of period
Intangible assets	39	-	-	39
Tangible fixed assets	238	-	-	238
Investment property	1 568	-	-	1 568
Long-term investments	30 577	-	400	30 177
Inventories	641	-	363	278
Receivables	54 607	-	579	54 028
Short-term investments	3 392	400	-	3 792

5.12. Information on reversal of all provisions for restructuring costs

CIECH S.A. has not established any provisions for restructuring costs.

5.13. Information on purchase and disposal of tangible fixed assets and commitments to purchase tangible fixed assets

01.01.-30.09.2008

<i>in thousands of PLN</i>	land, buildings, structures, and land- and water engineering facilities	machinery and technical equipment	transport means	other fixed assets	fixed assets under construction	Total
purchase	-	3 533	-	1 802	2 107	7 442
disposal	-	1 380	300	222	-	1 902
reclassification to investment property	14 852	3 847	-	34	-	18 733

CIECH S.A. purchased tangible fixed assets for the total amount of PLN 7 442 thousand. The purchases were financed from the Company's own resources.

The Head Office of CIECH S.A. was in Warsaw at ul. Powązkowska 46/50. In the financial statements for 2007, the building along with the perpetual leasehold of land related to the property were presented in the balance sheet assets under „Fixed assets”. As the Company's Head Office was relocated (since February 2008, the Company has leased premises in IO-1 building at ul. Puławska 182), the planned use was changed and new investment plans were drawn up for the land and the building thereon, in March 2008, the property was reclassified to “Investment property”.

01.01.-30.09.2007

<i>in thousands of PLN</i>	land, buildings, structures, and land- and water engineering facilities	machinery and technical equipment	transport means	other fixed assets	fixed assets under construction	Total
purchase	-	2 160	230	33	95	2 518
disposal	-	24	-	1	-	25

CIECH S.A. purchased tangible fixed assets for the total amount of PLN 2 518 thousand. The purchases were financed from the Company's own resources.

5.14. Court proceedings**Liabilities of CIECH S.A. (domestic and foreign) claimed in court or arbitration proceedings as at 30.09.2008.**

The information has been presented in part III, point 13.1. of the extended quarterly report of the Ciech Group for Q3 2008.

5.15. Information on adjustments of errors from previous periods

Not applicable.

5.16. Information on unpaid loans or breach of loan agreement provisions

Not applicable.

5.17. Transactions with affiliates

Transactions with affiliates are concluded under typical market conditions.

<i>in thousands of PLN</i>	Sales income 01.01.-30.09.2008	Purchase of goods and services 01.01.- 30.09.2008	Financial income 01.01.-30.09.2008	Receivables as at 30.09.2008	Liabilities as at 30.09.2008
Consolidated entities	411 192	974 816	34 978	77 360	257 026
Non-consolidated entities	64 640	5 130	458	9 715	1 039

<i>in thousands of PLN</i>	Sales income 01.01.-30.09.2007	Purchase of goods and services 01.01.- 30.09.2007	Financial income 01.01.-30.09.2007	Receivables as at 30.09.2007	Liabilities as at 30.09.2007
Consolidated entities	230 788	997 188	22 943	212 368	255 928
Non-consolidated entities	52 237	7 363	1 330	8 930	1 408

5.18. Events occurring after the balance sheet date

Not applicable.

V. Statement of the Management Board.

This extended consolidated quarterly report of the Ciech Capital Group for Q3 2008 was approved by the Management Board of CIECH S.A. at its registered seat on 12 November 2008.

Warsaw, 12 November 2008.

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Ryszard Kunicki - President of the Management Board of CIECH Spółka Akcyjna

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Robert Bednarski – Member of the Management Board of CIECH Spółka Akcyjna

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Marcin Dobrzański - Member of the Management Board of CIECH Spółka Akcyjna

.....
Artur Osuchowski – Member of the Management Board of CIECH Spółka Akcyjna

.....
Katarzyna Rybacka – Chief Accountant of CIECH Spółka Akcyjna