



**EXTENDED CONSOLIDATED
QUARTERLY REPORT
OF THE CIECH CHEMICAL GROUP
for Q4 2009**

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I. Consolidated Financial Statements of the Ciech Group

(all financial statements presented below include corrections resulting from changes in accounting principles and corrections of error, as described in point III.22).

1. Consolidated Profit and Loss Account of the Ciech Group

	01.01.-31.12.2009*	01.01.-31.12.2008*	01.10.-31.12.2009*	01.10.-31.12.2008*
PLN '000	Continued operations	Continued operations	Continued operations	Continued operations
Net sales of products, goods and materials	3,685,846	3,787,072	894,615	805,914
Cost of sales	(3,060,806)	(3,002,998)	(759,930)	(701,532)
Gross profit/loss on sales	625,040	784,074	134,685	104,382
Other operating income	187,247	129,580	26,825	52 877
Selling costs	(221,210)	(247,928)	(58,965)	(51,668)
General and administrative expenses	(296,691)	(291,634)	(80,760)	(72,733)
Other operating costs	(123,217)	(127,409)	(57,054)	(58,586)
Operating profit/loss	171,169	246,683	(35,269)	(25,728)
Finance income	69,314	105,947	42,801	87,536
Finance costs	(288,131)	(356,619)	(79,065)	(233,354)
Net finance income/costs	(218,817)	(250,672)	(36,264)	(145,818)
Share in net profit of subsidiaries valued under the equity method	3,316	(3,262)	2,044	(6,876)
Profit/loss before taxes	(44,332)	(7,251)	(69,490)	(178,422)
Income tax	(18,789)	(24,331)	17,421	20,809
Net profit/loss	(63,121)	(31,582)	(52,069)	(157,613)
Profit/loss on sales related to discontinued operations	-	-		
Net profit/loss for the financial year	(63,121)	(31,582)	(52,069)	(157,613)
including:				
Net profit/loss attributable to controlling shareholders	(56,838)	(41,939)	(49,233)	(157,069)
Net profit/loss attributable to minority shareholders	(6,283)	10,357	(2,836)	(544)
Earnings per share (in PLN):				
Basic	(2.03)	(1.50)	(1.76)	(5.61)
Diluted	(2.03)	(1.50)	(1.76)	(5.61)

* No discontinued operations occurred in the presented period.

2. Consolidated Statement of Comprehensive Income of the Ciech Group

<i>PLN '000</i>	01.01.-31.12.2009	01.01.-31.12.2008
	Continued operations	Continued operations
Net profit/loss for the financial year	(63,121)	(31,582)
Other gross comprehensive income		
Currency translation differences (foreign companies)	(11,370)	(33,534)
Cash flow hedging	68,756	(47,948)
Revaluation of tangible fixed assets	-	-
Revaluation of available-for-sale financial assets	23,341	(50,268)
Net currency translation differences (investments in foreign companies)	(10,206)	-
Other components of other comprehensive income	(509)	198
Income tax attributable to other components of comprehensive income	(16,582)	13,562
Other net comprehensive income	53,430	(117,990)
COMPREHENSIVE INCOME	(9,691)	(149,572)
Comprehensive income, including attributable to:	(9,691)	(149,572)
Controlling shareholders	(4,793)	(156,574)
Minority interest	(4,898)	7,002

3. Consolidated Statement of Financial Position of the Ciech Group

PLN '000

ASSETS	31.12.2009	31.12.2008
Non-current assets		
Tangible non-current assets	2,382,644	2,350,758
Right of perpetual usufruct	31,554	32,361
Intangible assets, including:	178,473	192,877
- goodwill	52,220	54,254
Investment real property	20,427	22,353
Non-current receivables	4,556	17
Investments in affiliates and jointly-controlled entities measured under the equity method	41,559	37,280
Other long-term investments	96,250	89,240
Deferred tax assets	23,980	41,387
Total non-current assets	2,779,443	2,766,273
Current assets		
Inventory	318,914	437,106
Short-term investments	1,502	1,185
Income tax receivables	12,997	28,593
Trade and other receivables	827,178	930,723
Cash and cash equivalents	131,638	112,120
Non-current assets held for sale	-	70,618
Total current assets	1,292,229	1,580,345
Total assets	4,071,672	4,346,618
EQUITY AND LIABILITIES	31.12.2009	31.12.2008
Share capital	164,115	164,115
Own shares	-	-
Share premium	151,328	151,328
Equity components related to assets held for sale	-	-
Cash flow hedge	15,302	(40,766)
Financial asset revaluation reserve	(3,458)	(22,887)
Tangible fixed asset revaluation reserve	-	-
Other reserve capitals	78,521	78,521
Net currency translation differences (investments in foreign companies)	(10,206)	-
Currency translation differences (subsidiaries)	(63,781)	(50,961)
Retained profits	513,333	570,030
Equity attributable to controlling shareholders	845,154	849,380
Minority interest	38,283	49,412
Total equity	883,437	898,792
Liabilities		
Loans, borrowings and other debt instruments	651,996	388,899
Other non-current liabilities	303,012	430,650
Employee benefits	64,967	59,769
Provisions (other long-term)	74,807	109,802
Deferred tax provision	121,143	128,312
Total non-current liabilities	1,215,925	1,117,432

EQUITY AND LIABILITIES	31.12.2009	31.12.2008
Overdraft facility	78,714	66,323
Loans, borrowings and other debt instruments	939,695	1,264,866
Trade and other liabilities	883,477	881,078
Income tax liabilities	34,126	26,141
Provisions (short-term provisions for employee benefits and other provisions)	36,298	91,986
Liabilities related to non-current assets held for sale	-	-
Total current liabilities	1,972,310	2,330,394
Total liabilities	3,188,235	3,447,826
Total equity and liabilities	4,071,672	4,346,618

4. Consolidated Statement of Cash Flows of the Ciech Group

PLN '000	01.01-31.12.2009	01.01-31.12.2008
Cash flows from operating activities		
Net profit (loss) for the period	(63,121)	(31,582)
Adjustments		
Amortization/depreciation	229,040	203,262
Recognition / reversal of write-downs	4,135	11,494
Foreign exchange profit / loss	30,702	(108,305)
Investment real property revaluation	1,100	-
Profit / loss on investment activities	(3,633)	(13,787)
Profit / loss on disposal of fixed assets	(2,551)	(30,336)
Dividends and interest	104,047	96,071
Input income tax	18,789	24,331
Profit / loss on shares in companies valued under the equity method	(3,316)	3,262
Operating profit / loss before changes in working capital and provisions	315,192	154,410
Change in receivables	48,341	(98,431)
Change in inventory	113,052	(153,791)
Change in current liabilities	27,777	95,530
Change in provisions and employee benefits	(92,501)	(30,998)
Net cash generated from operating activities	411,861	(33,280)
Interest paid	(92,649)	(93,351)
Inflows from construction contracts (voids)	147,255	7,615
Income tax paid	7,820	(74,584)
Profit / loss on sales attributable to discontinued operations	-	-
Cash flows from options	(98,730)	3,518
Measurement of derivatives	(43,775)	228,169
Other adjustments (including adjustments of cash flows from options)	88,459	(5,087)
Net cash from operating activities	420,241	33,000
Cash flows from investment activities		
Inflows (in "+")	15,903	187,283
Disposal of a subsidiary	-	850
Disposal of intangible and tangible fixed assets	8,070	152,963
Disposal of financial assets	248	2,563
Disposal of investment real property	-	1,758
Dividends received	6,236	3,594
Interest received	1,299	2,312
Repayment of borrowings	50	-
Other inflows	-	23,243
Outflows (in "-")	(344,691)	(613,529)
Acquisition of a subsidiary (after deduction of acquired cash)	(71,252)	(100,211)
Acquisition of intangible and tangible fixed assets	(262,753)	(456,791)
Acquisition of financial assets	(3,588)	(53,143)
Acquisition of investment real property	-	-
Research and development	(1,395)	(2,329)
Equity increase and contributions	-	-
Loans granted	(1,550)	-
Other	(4,153)	(1,055)

<i>PLN '000</i>	01.01-31.12.2009	01.01-31.12.2008
Net cash from investment activities	(328,788)	(426,246)
Cash flows from financial activities		
Inflows (in "+")	309,705	752,694
Net inflows from issue of shares and other equity instruments, and equity contributions	-	-
Loans and borrowings taken	307,637	749,187
Subsidies received	-	-
Issue of debt securities	-	-
Other financial inflows	2,068	3,507
Outflows (in "-")	(393,353)	(415,110)
Purchase of own shares	-	-
Dividends paid and other payments to controlling shareholders	(6,733)	(57,968)
Dividends paid to minority shareholders	-	(1,141)
Repayment of loans and borrowings	(372,234)	(342,338)
Redemption of debt securities	-	-
Payment of financial lease liabilities	(12,386)	(6,365)
Other financial outflows	(2,000)	(7,298)
Net cash from financial activities	(83,648)	337,584
Total net cash flows	7,805	(55,662)
Cash as at the beginning of period	45,797	95,602
Impact of foreign exchange differences	(678)	5,857
Cash as at the end of period	52,924	45,797

5. Consolidated Statement of Changes in Equity of the Ciech Group

Attributable to controlling shareholders													Total equity
PLN '000	Share capital	Own shares	Share premium	Equity components related to assets held for sale	Cash flow hedge	Financial asset revaluation reserve	Other reserve capitals	Net currency translation differences (investments in foreign companies)	Currency translation differences (subsidiaries)	Retained profits	Equity attributable to controlling shareholders	Minority interest	
Equity as at 01/01/2009													
Previously reported	164,115		151,328	-	(111,700)	(22,887)	78,521	-	(50,961)	656,460	864,876	49,412	914,288
Changes in accounting principles	-	-	-	-	-	-	-	-	-	(15,496)	(15,496)	-	(15,496)
Corrections of errors from previous periods	-	-	-	-	70,934	-	-	-	-	(70,934)	-	-	-
Equity (restated) as at: 01/01/2009	164,115	-	151,328	-	(40,766)	(22,887)	78,521	-	(50,961)	570,030	849,380	49,412	898,792
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(6,464)	(6,464)
Adjustments related to negative minority interest	-	-	-	-	-	-	-	-	-	567	567	(567)	-
Change in the Group's composition	-	-	-	-	-	-	-	-	-	-	-	800	800
Comprehensive income in 2009	-	-	-	-	56,068	19,429	-	(10,206)	(12,820)	(57,264)	(4,793)	(4,898)	(9,691)
Equity as at 31/12/2009	164,115	-	151,328	-	15,302	(3,458)	78,521	(10,206)	(63,781)	513,333	845,154	38,283	883,437

Attributable to controlling shareholders

PLN '000	Share capital	Own shares	Share premium	Equity components related to assets held for sale	Cash flow hedge	Financial asset revaluation reserve	Other reserve capitals	Net currency translation differences (investments in foreign companies)	Currency translation differences (subsidiaries)	Retained profits	Equity attributable to controlling shareholders	Minority interest	Total equity
Equity as at 1/01/2008:													
Previously reported	164,115	-	151,328	-	-	19,162	78,521	-	(18,918)	673,308	1,067,516	44,904	1,112,420
Changes in accounting principles	-	-	-	-	-	-	-	-	-	-	-	-	-
Corrections of errors from previous periods	-	-	-	-	-	-	-	-	-	(3,255)	(3,255)	-	(3,255)
Equity (restated) as at: 01/01/2008	164,115	-	151,328	-	-	19,162	78,521	-	(18,918)	670,053	1,064,261	44,904	1,109,165
Dividends paid	-	-	-	-	-	-	-	-	-	(57,961)	(57,961)	(323)	(58,284)
Coverage for US Govora's negative capitals	-	-	-	-	-	-	-	-	-	(754)	(754)	754	-
Change in the Group's composition	-	-	-	-	-	-	-	-	-	408	408	(2,925)	(2,517)
Comprehensive income for the period	-	-	-	-	(40,766)	(42,049)	-	-	(32,043)	(41,716)	(156,574)	7,002	(149,572)
Equity as at 31/12/2008:	164,115	-	151,328	-	(40,766)	(22,887)	78,521	-	(50,961)	570,030	849,380	49,412	898,792

II. Information about the presentation principles for 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 statements for the period from January 1st, 2009 to December 31st, 2009, including comparative information, was approved by the Management Board of CIECH SA on February 25th, 2010 to be published on February 26th, 2010.

This consolidated statement covers the financial statements of CIECH S.A., the parent company, and its subsidiaries (jointly referred to as the "Ciech Group"; the "Group"), as well as the Group's interests in associates.

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

- International Accounting Standard 34 – Interim Financial Reporting,
- Regulation of the Minister of Finance of February 19th, 2009 on Current and Interim Information Submitted by the Issuers of Securities.

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

The estimates and related assumptions are subject to current verification. Changes in accounting estimates are recognised in the period in which they are made, if such changes apply solely to that period, or in the current period and future periods, if such changes apply both to the current and future periods.

The Management Board's professional judgements, which have a significant impact on the consolidated financial statements, and the estimates bearing a high risk of significant changes in future periods, have been presented in part III, Points 10 and 14 of this Report.

2. Statement of Conformity

The consolidated financial statements of the Ciech Group, as well as the financial statements of all subsidiaries and associates of CIECH S.A. for the presented period and corresponding periods have been prepared according to all the International Financial Reporting Standards (IFRS), adopted for usage in the European Union as at March 31st, 2009.

The Management Board of the parent company used their best judgement in selecting and interpreting the applicable standards, as well as in selecting measurement methods and principles for the different items of the Ciech Group's IFRS consolidated financial statements as at December 31st, 2009, including comparative data. Due diligence was exercised when preparing the tables and notes below. The financial information presented here was not audited.

3. Adopted accounting principles

In the presented period, there were no changes to the accounting principles as compared with the principles presented by the Group in the Consolidated Report of the Ciech Group for 2008 that was made available to the public on April 30th, 2009. The report in question includes 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 preparing the financial statements and comparable data.

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

In conjunction with the application by the Ciech Group of revised IAS 1 "Presentation of Financial Statements" and new IFRS 8 "Operating Segments" starting from January 1st, 2009, there was a change in the presentation of financial statements and information about operating segments. The new division of activity into segments is grounded on the criterion of product and service diversification based on management information. The aforesaid changes have been applied by the Ciech Group in the presentation of comparable data. Changes to the accounting principles are described in details in point III.22.

4. Functional and presentation currency and conversion principles

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

For the purposes of presenting selected financial data, particular assets and liabilities disclosed in the balance sheet were translated into EURO according to the average exchange rate of the National Bank of Poland as at the balance sheet date (December 31st, 2009), i.e. 4.1082. Individual items of the profit and loss account were translated into EURO according to the exchange rate calculated as the 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 2009 to December 2009 respectively: 4.4392; 4.6578; 4.7013; 4.3838; 4.4588; 4.4696; 4.1605; 4.0998; 4.2226; 4.2430; 4.1431; 4.1082. The exchange rate for the presented reporting period is 4.3406.

III. Notes to the Extended Consolidated Financial Statements of the Ciech Group

1. The most important events in the Ciech Group from January 1st, 2009 up to the preparation of this statement

- On January 5th, 2009 the shareholders of Polskie Konsorcjum Chemiczne Sp. z o.o. (PKCh) on the Shareholders' Meeting adopted a resolution on increasing the Company's share capital by PLN 50 thousand to PLN 100 thousand. Simultaneously, Ciech SA, Zakłady Azotowe w Tarnowie-Mościcach (ZAT), Zakłady Azotowe Kędzierzyn SA (ZAK) and PKCh signed an Agreement of Shareholders that regulates the principles of collaboration in the process of future purchase of a controlling shareholding in Anwil S.A. The shares acquired by ZAT and ZAK account for 25% of votes at the General Meeting of Shareholders respectively. The remaining 50% belongs to CIECH S.A. The registration by the Registry Court in the register of companies of the National Court Register occurred on February 19th, 2009. The information was announced in Current Report no. 1 of January 5th, 2009 and Current Report no. 10 of February 27th, 2009.
- On January 14th, 2009 CIECH S.A. and PKP "Cargo" S.A., with its registered office in Warsaw, signed an agreement concerning the transport of goods of companies forming the Ciech Group on domestic routes. The value of the agreement for 2009 is estimated at approximately PLN 75 million. The information was announced in Current Report no. 2 of January 14th, 2009.
- On January 15th, 2009, an annex to the long-term agreement of April 15th, 2008 concluded by Soda Polska CIECH Sp. z o.o. and Kompania Węglowa S.A., was signed: it regulated the deliveries and prices of power coal in 2009. The value of the agreement in 2009 is estimated at approximately PLN 200 million net. The information was announced in Current Report no. 3 of January 15th, 2009.
- On January 26th, 2009, Soda Polska Ciech Sp. z o.o. concluded with Bank Pekao S.A., having its registered office in Warsaw, a Loan Agreement for the financing of the company's investment activity between 2008 and 2012, amounting to PLN 256,300 thousand. The information was announced in Current Report no. 5 of January 27th, 2009.
- On February 10th, 2009, the Management Board of CIECH S.A. decided to reduce operating costs and investment expenditure for Ciech Group in 2009. As a part of the savings program, the financial plan for 2009 assumes a reduction in operating costs by PLN 71 million and investment expenditure by PLN 121 million. The decision to reduce operating costs and investment expenditure is due to the need to respond to threats resulting from unfavourable changes in market conditions. The information was announced in Current Report no. 7 of February 10th, 2009.
- On February 18th, 2009 CIECH S.A. and Jochen Ohm concluded a settlement under which:
 - Jochen Ohm, a former minority shareholder of Soda Deutschland Ciech GmbH and the President of German subsidiaries of CIECH S.A., resigns early from all his positions and functions.
 - The collaboration between CIECH S.A. and its subsidiaries, on the one hand, and Jochen Ohm, on the other hand, is finally settled and completed.
 - CIECH S.A. acquires the remaining 8% of shares in Soda Deutschland Ciech GmbH, thus becoming the sole shareholder of the company.
 - CIECH S.A. obtains the title of ownership for the land where voids held for sale are located.
 - CIECH S.A. acquires rights to 100% of profits on the sale and exploitation of voids.

The value of the settlement is EUR 12,500 thousand. The information was announced in Current Report no. 8 of February 18th, 2009.

- On March 18th, 2009, a multilateral agreement was concluded by and between Nafta Polska S.A. and the companies: CIECH S.A., Zakłady Azotowe w Tarnowie-Mościcach S.A., with its registered office in Tarnów, Zakłady Azotowe Kędzierzyn S.A., with its registered office in Kędzierzyn-Koźle, the financial advisor of Nafta Polska S.A., Raiffeisen Investment AG, with its registered office in Vienna, Raiffeisen Investment Polska Sp. z o.o., with its registered office in Warsaw, and the legal advisor of Nafta Polska, Radzikowski, Szubielska i Wspólnicy Spółka Komandytowa, with its registered office in Warsaw. The purpose of the agreement is the realisation of the process of selecting an investor or investors who will purchase shares in ZAT, ZAK and CIECH S.A. and who are able at the same time to acquire shares in the increased capital of the aforesaid companies. The financial advisors of Nafta Polska are Raiffeisen Investment AG, with its registered office in Vienna, Raiffeisen Investment Polska Sp. z o.o., with its registered office in Warsaw, and their subcontractors Lazard & Co. Limited, with its registered office in Great Britain, as well as Bank Zachodni WBK SA, with its registered office in Wrocław. The process includes, in particular, the preparatory phase, the announcement of an invitation to negotiations concerning the sale of shares in ZAT, ZAK and CIECH S.A., held by the State Treasury and Nafta Polska, and negotiations with selected potential investors conducted by Nafta Polska. Pursuant to the agreement, every company authorised Nafta Polska to conduct any and all activities aimed at selecting one or several investors interested in acquiring the companies' shares as well as in offering financial aid to the companies for the purchase of shares in Anwil S.A. or realisation of the companies' investment goals. All

analyses and source documents will be provided by the companies in accordance with the provisions regulating the disclosure of confidential information within the meaning of the Act on the Offering.

The agreement entered into force upon its signing and may be terminated by Nafta Polska at any time with fourteen days' notice. The agreement is automatically cancelled after 15 months from its signing unless the parties thereto decide to extend it in writing. Nafta Polska may assign its rights and obligations under the agreement to the State Treasury. The information was announced in Current Report no. 16 of March 19th, 2009.

- On April 10th, 2009, the project "Development of Boilers in EC Janikowo (CKT12 boiler)" was approved and entered onto the list of projects recommended for co-financing from EU funds, presented by the National Fund for Environmental Protection and Water Management (NFOSiGW). The subsidy equals the requested amount, i.e. over PLN 13 million. The agreement was signed on June 30th, 2009.
- On April 15th, 2009, the project "Establishment of a Combustion Gas Desulphurisation System in Elektrociepłownia Janikowo" was approved and entered onto the list of projects recommended for co-financing from EU funds, presented by the National Fund for Environmental Protection and Water Management (NFOSiGW). The subsidy equals the requested amount, i.e. over PLN 17 million. The agreement was signed on July 30th, 2009.
- On April 24th, the District Court for the Capital City of Warsaw, 13th Commercial Division, registered an increase in the share capital of CIECH FINANCE Sp. z o.o. by PLN 600 thousand. The shares created as a result of share capital increase will be acquired by CIECH S.A. The capital was increased by way of a resolution of the Extraordinary Shareholders' Meeting of April 1st, 2009.
- On April 28th, 2009, the Management Board of CIECH S.A. obtained information on the decision of the Regional Court in Warsaw (file no. XVI GC 531/07), delivered the same day in a case against PTU S.A. instigated by FSO S.A. The Regional Court declared invalid Resolutions no. 2 and 3, passed on March 19th, 2003 by the Compulsory Administration (acting in the capacity of the general shareholders' meeting). Resolution no. 2 concerned a decrease in the share capital through reducing the nominal value of shares, while Resolution no. 3 concerned an increase in the share capital by way of 10th, 11th and 12th issue of shares with the exclusion of the pre-emptive right of former shareholders. Pursuant to Resolution no. 3 on the increase of share capital, the shares of PTU S.A. (operating under the name "DAEWO" Towarzystwo Ubezpieczeniowe – Spółka Akcyjna at the moment of passing the resolutions) were acquired, inter alia, by Janikowskie Zakłady Sodowe JANIKOSODA S.A. and Inowrocławskie Zakłady Chemiczne SODA MAŃWY S.A. Both resolutions were challenged by FSO S.A. but the court dismissed the suits twice. As a result of the appeal which was lodged, the Regional Court in Warsaw by way of a decision of April 28th, 2009 declared Resolutions no. 2 and 3 invalid, for in the opinion of the court these were adopted in breach of the principles of social intercourse.
The decision is not final (which is why it is difficult to estimate its potential influence on the consolidated financial statements of the Ciech Group). The challenged resolutions remain in force until the decision is validated. As at the balance sheet date and reporting date, the company Janikowskie Zakłady Sodowe JANIKOSODA S.A. holds 22.71% shares in the share capital of PTU S.A., while the company Inowrocławskie Zakłady Chemiczne SODA MAŃWY S.A. - 22.72%. On June 22nd, 2009, the appeal of Janikowskie Zakłady Sodowe Janikosoda S.A., acting in the capacity of an Intervening Party, was lodged to the Appeal Court in Warsaw, 1st Civil Division. The appeal was lodged by Polskie Towarzystwo Ubezpieczeń S.A. and Polskie Towarzystwo Reasekuracji S.A., acting as an Intervening Party. The parties will attempt to resolve the dispute amicably.
- On April 28th, 2009, the companies: CIECH S.A., Kopalnie i Zakłady Chemiczne Siarki "Siarkopol" S.A. (hereinafter referred to as: Siarkopol G), Kopalnie i Zakłady Przetwórcze Siarki "Siarkopol" in liquidation (hereinafter referred to as: Siarkopol T) and Comexport Companhia De Comercio Exterior (hereinafter referred to as: Comexport) signed a voluntary settlement concerning the amicable resolution of a long-term dispute between Comexport, on the one hand, and Ciech S.A., Siarkopol T and Siarkopol G, on the other hand. The dispute resulted from a contract for the delivery of sulphur concluded in the 1990s. Under the concluded settlement, the Polish entities pay Comexport an amount lower than the one adjudicated by way of a decision of the Court of Arbitration at the International Chamber of Commerce in Paris. CIECH S.A. was obliged to pay Comexport USD 828 thousand. The amount was paid in the form of a bank draft for the benefit of Comexport on the date of settlement. Pursuant to the settlement, each party waived any and all claims under the said contract for the delivery of sulphur as well as any and all claims resulting from the conducted proceedings.
- On May 5th, the Supervisory Board of CIECH S.A. adopted a resolution in which it gave a positive opinion on the motion lodged by the Management Board of CIECH S.A. on April 28th, 2009 and concerning recommended allocation of CIECH S.A.'s profit for 2008 amounting to PLN 14,994 thousand for the company's supplementary capital. The information was announced in Current Report no. 17 of May 6th, 2009. On June 18th, 2009, the Annual General Meeting of CIECH S.A. adopted a resolution on the distribution of profit, which does not anticipate dividend payout for 2008. The decision is compliant with the recommendations of the Supervisory Board and Management Board of CIECH S.A.
- On May 5th, 2009, the Supervisory Board of CIECH S.A. adopted a resolution on the appointment of Deloitte Audyt Sp. z o.o. as an expert auditor to audit the financial statements of CIECH S.A. and the financial statements of the Ciech Group for 2009. The information was announced in Current Report no. 18 of May 6th, 2009.

- On May 5th, 2009, Sodawerk Stassfurt GmbH & Co. KG, a subsidiary of CIECH SA, concluded with RWE Gasspeicher GmbH, a subsidiary of RWE AG, an agreement concerning the sale of a mining title to a part of an excavation area owned by Stassfurter Salzzettel I and adjacent real property as well as the preparation of four voids located in this area for gas storage. The contract will become effective after obtaining the consent of the local Mining Authority based on the German Federal Mine Act. The total contract value by 2019 will exceed EUR 60 million. The information was announced in Current Report no. 19 of May 6th, 2009. All conditions included in the aforesaid agreements were satisfied on September 29th, 2009. Therefore, the sale of a mining title to voids for the benefit of RWE was completed. The total cash volume with regard to the said agreements for 2009-2019 amounts to approx. EUR 60 million. The information was announced in Current Report no. 39 of September 29th, 2009.
- On May 19th, 2009, the anti-trust proceedings, initiated on December 31st, 2007 by the Polish Office of Competition and Consumer Protection against CIECH S.A. on the charge of abuse of a dominant position on the domestic market for table salt marketing, were discontinued.
- On June 9th, 2009, Przemysław Cieszyński resigned from the post of Member of the Supervisory Board of CIECH S.A. as of the date of the Annual General Meeting of CIECH S.A., convened on June 18th, 2009. On June 18th, 2009, Zbigniew Jagiełło was appointed Member of the Supervisory Board of CIECH S.A. The information was announced in Current Report no. 25 of June 10th, 2009 and Current Report no. 28 of June 18th, 2009.
- On August 5th, 2009, CIECH S.A. reached a settlement revoking the violation of the loan agreement for the purchase of 80% of shares in Z. Ch. "Organika-Sarzyna" S.A. from Nafta Polska S.A. through signing a restatement agreement with Bank POLSKA KASA OPIEKI S.A., Bank Handlowy w Warszawie S.A. and Bank Millennium S.A. The information concerning the conclusion of the loan agreement was announced in Current Report no. 81/2006 of December 13th, 2006. The agreement includes the following conditions:
 - establishment of additional loan collaterals in the form of a registered pledge and financial pledge on 7,405,255 shares of SODA MAŁY SA, a registered pledge and financial pledge on the new 16,160 shares of JANIKOSODA S.A. and an obligation to establish a registered pledge and financial pledge on 7,715,331 shares in Z. Ch. "Organika-Sarzyna" S.A. on December 31st, 2011 at latest,
 - dividend payout by CIECH S.A., made without the consent of the parties, shall constitute a violation of the loan agreement.The settlement is another stage of the process aimed at ensuring the Ciech Group's long-term financing. The information was announced in Current Report no. 30 of August 6th, 2009.
- On August 13th, 2009, CIECH S.A. and the following subsidiaries: "Agrochem" Sp. z o.o., having its registered office in Czuchów, "Agrochem" Sp. z o.o., having its registered office in Dobre Miasto, "Alwernia" SA, Cheman SA, POLFA Sp. z o.o., GZNF "FOSFOR" Sp. z o.o., Z.Ch. "Organika-Sarzyna" SA, Soda Deutschland Ciech GmbH, Soda Polska Ciech Sp. z o.o., Transclean Sp. z o.o., S.C. Uzinele Sodice Govora - Ciech Chemical Group SA, "Vitrosilicon" SA, ZACHEM SA, Chemia.com S.A. and Ciech Service Sp. z o.o. ("Companies") made a statement ("Statement") to the following banks offering financing to CIECH S.A. and the Companies (loans, and in the case of some banks, also derivatives): Bank BPH SA, Bank DNB Nord Polska SA, Bank Handlowy w Warszawie SA, Bank Millennium SA, Bank Ochrony Środowiska SA, Bank Polska Kasa Opieki SA, BNP Paribas SA, Branch in Poland, BRE Bank SA, Calyon SA, Branch in Poland, Fortis Bank Polska SA, HSBC Bank Polska SA, ING Bank Śląski SA, Kredyt Bank SA, Nordea Bank Polska SA, Powszechna Kasa Oszczędności Bank Polski S.A. and Citibank Europe Plc, Dublin - Romania Branch ("Banks"). Pursuant to the aforesaid statement, CIECH S.A. and the Companies are obliged not to do any of the following without the Banks' consent:
 - establish any collaterals other than the ones enlisted in the Statement on their assets,
 - acquire any other companies,
 - merge with any other companies,
 - dispose of any assets other than the ones enlisted in the Statement,
 - increase their debt through incurring new financial liabilities,
 - conclude forward contracts other than the ones enlisted in the Statement,
 - be in arrears with their liabilities towards the Banks.

Additionally, pursuant to the Statement, CIECH S.A. is obliged to:

- submit information on any events concerning CIECH S.A. and the Companies to the Banks;
- not to recommend any dividend payout for the benefit of the shareholders of CIECH S.A. by the Management Board;
- establish cooperation between CIECH S.A. and the Banks consisting, in particular, in taking joint actions aimed at refinancing material liabilities of CIECH S.A. and the Companies through granting a new loan for the repayment of existing liabilities towards the Banks.

In conjunction with the Statement, on August 14th, 2009, CIECH S.A. was informed about the signing by Bank BPH S.A., Bank DNB Nord Polska S.A., Bank Handlowy w Warszawie S.A., Bank Millennium S.A., Bank Ochrony Środowiska S.A., Bank Polska Kasa Opieki S.A., BRE Bank S.A., HSBC Bank Polska S.A., ING Bank Śląski S.A., Kredyt Bank S.A., Powszechna Kasa Oszczędności Bank Polski S.A. and Citibank Europe Plc, Dublin - Romania

Branch, of a status quo agreement ("Status Quo Agreement") pursuant to which the aforesaid banks mutually obliged to abandon the following actions during the term of the Status Quo Agreement: recovery of Ciech's and the Companies' financial debt towards the Banks, termination or cancellation of financing documents concluded with the Ciech Capital Group's entities. The Banks which granted such loans are also obliged to continue providing the Ciech Capital Group with working capital facilities, guarantee facilities and letters of credit. Moreover, on August 14th, 2009, CIECH S.A. was informed about the signing by: Calyon S.A., Branch in Poland and Nordea Bank Polska S.A. of separate statements to the rest of the Banks, whose content is generally in compliance with the Status Quo Agreement.

On August 14th, 2009, CIECH S.A. received from BNP Paribas SA, Branch in Poland, a statement addressed to CIECH S.A. Moreover, CIECH S.A. and "Vitrosilicon" S.A. received from Fortis Bank Polska S.A. a statement addressed to CIECH S.A. and "Vitrosilicon" S.A., whose content is analogous to the content of the Status Quo Agreement. In the aforesaid statements the Banks are additionally obliged to: (i) BNP Paribas SA, Branch in Poland: extend until October 30th, 2009 the line of credit (revolving loan) amounting to PLN 30,000 thousand under the Loan Agreement no. 16/2007 of June 27th, 2008 concluded with CIECH S.A.; (ii) Fortis Bank Polska SA: extend until October 30th, 2009 the line of credit (revolving loan, letters of credit, guarantees) amounting to PLN 50,000 thousand under the Multipurpose Line of Credit Agreement no. WAR/3010/06/346/CB of September 15th, 2006, with subsequent amendments, concluded with CIECH S.A., suspend principal payments and extend until October 30th, 2009 the fixed-term loans amounting to PLN 9,000 thousand and PLN 950 thousand and the overdraft facility amounting to PLN 12,000 thousand under the Non-revolving Loan Agreement no. WAR/4060/06/101/CB of June 23rd, 2006, with subsequent amendments, the Non-revolving Loan Agreement no. WAR/4060/07/287/CB of July 30th, 2007, with subsequent amendments, and the Multipurpose Line of Credit Agreement no. WAR/4050/05/331/CB of December 12th, 2005, with subsequent amendments, concluded with "Vitrosilicon" S.A. CIECH S.A. and "Vitrosilicon" S.A. signed their consent to extending the availability of the aforesaid loans on August 14th, 2009.

The statement is effective until one of the following dates, whichever is earlier: (i) October 31st, 2009; or (ii) the expiry date of the Status Quo Agreement, whereby the Status Quo Agreement shall be effective until October 30th, 2009 unless it is earlier terminated.

The aforesaid actions constitute the subsequent stage of a process aimed at ensuring the Ciech Group's long-term financing and maintaining the involvement of the Banks financing the Group. The statement does not change any of the loan agreements to which CIECH S.A. or any of the Companies is a party (except for the aforementioned agreements with BNP Paribas S.A., Branch in Poland, and Fortis Bank Polska S.A.), or impose any additional financial obligations on CIECH S.A. and the Companies.

The information was announced in Current Report no. 31 of August 14th, 2009.

On November 2nd, 2009, a group of 12 banks (Bank BPH S.A., Bank DNB Nord Polska S.A., Bank Handlowy w Warszawie S.A., Bank Millennium S.A., Bank Ochrony Środowiska S.A., Bank Polska Kasa Opieki SA, BRE Bank SA, HSBC Bank Polska SA, ING Bank Śląski SA, Kredyt Bank SA, Powszechna Kasa Oszczędności Bank Polski S.A. and Citibank Europe Plc. Dublin – Romania Branch – being parties to the Status Quo Agreement) concluded a settlement extending the said agreement until December 15th, 2009. Also the separate statements discussed in Current Report no. 31/2009, made by the banks: Calyon S.A. Branch in Poland, Nordea Bank Polska SA, BNP Paribas S.A. Branch in Poland and Fortis Bank Polska S.A., were extended.

Prior to signing the aforesaid documents, CIECH S.A. made a statement to the Banks on extending the Statement discussed in Current Report no. 31/2009 until one of the following dates, whichever is earlier: (i) December 16th, 2009, or (ii) the expiry date of the Status Quo Agreement.

On December 16th, 2009, a group of 12 banks (Bank BPH S.A., Bank DNB Nord Polska S.A., Bank Handlowy w Warszawie S.A., Bank Millennium S.A., Bank Ochrony Środowiska S.A., Bank Polska Kasa Opieki SA, BRE Bank SA, HSBC Bank Polska SA, ING Bank Śląski SA, Kredyt Bank SA, Powszechna Kasa Oszczędności Bank Polski S.A. and Citibank Europe Plc. Dublin – Romania Branch – being parties to the Status Quo Agreement) concluded a settlement extending the said agreement until January 15th, 2010. By this date, also the separate statements discussed in Current Report no. 31/2009, made by the banks: Calyon S.A. Branch in Poland, Nordea Bank Polska SA, BNP Paribas S.A. Branch in Poland and Fortis Bank Polska S.A., were extended. Prior to signing the aforesaid documents, CIECH S.A. made a statement to the Banks on extending the Statement discussed in Current Report no. 31/2009 until one of the following dates, whichever is earlier: (i) January 16th, 2010, or (ii) the expiry date of the Status Quo Agreement. The information was announced in Current Report no. 44 of December 16th, 2009.

On January 22nd, 2010, a group of 8 banks (Bank DNB Nord Polska S.A., Bank Handlowy w Warszawie S.A., Bank Millennium S.A., Bank Polska Kasa Opieki SA, BRE Bank SA, ING Bank Śląski SA, Powszechna Kasa Oszczędności Bank Polski S.A. and Citibank Europe Plc. Dublin – Romania Branch – being parties to the Status Quo Agreement) concluded a settlement extending the said agreement until February 28th, 2010. By this date, also the separate statements discussed in Current Report no. 31/2009, made by the banks: Calyon S.A. Branch in Poland, BNP Paribas S.A. Branch in Poland and Fortis Bank Polska S.A., were extended. The maturity date of the financing obtained by CIECH S.A. and Ciech Group companies from Bank Ochrony Środowiska S.A., HSBC Bank Polska S.A., Kredyt Bank S.A. and Bank BPH S.A. has been kept to at least February 28th, 2010.

On January 20th, 2010 CIECH S.A. submitted to 15 banks the Statement of analogous wording as the statement described in Current Report no. 31/2009 dated August 14th, 2009. The submitted Statement will be valid to: (i) March 1st, 2010, or (ii) expiry of the Status Quo Agreement, whichever is earlier.

Submission of the extended Statement and signing by the banks of the extended Status Quo Agreement will allow continuing and completing the works related to establishment of a new financing structure. The information was announced in the Current Report no. 3 of January 22nd, 2010.

- The company Soda Deutschland Ciech GmbH came to an agreement with Commerzbank as to the failure to retain financial ratios for the EUR 75 million loan, concluded on January 23rd, 2008. Pursuant to the agreement, Commerzbank is obliged to maintain its involvement in Soda Deutschland Ciech GmbH and not to terminate any loan arrangements in part or in whole. The agreement is valid until March 1st, 2010. On February 17th, 2010, all conditions precedent to the effectiveness of the amended loan agreement, according to which the financing conditions are not violated, were fulfilled. The amended lending conditions are a stage of adjusting the German company's liabilities to the changed market conditions. These actions are aimed at maintaining the bank's long-term involvement and ensuring a stable source of financing for the company.
- On September 14th, 2009, the Extraordinary General Meeting of Shareholders of CIECH S.A. dismissed Mr Krzysztof Mastalerz and Mrs Alicja Pimpicka from the Supervisory Board of CIECH S.A. and appointed Mrs Ewa Sibrecht-Ońska and Mr Sławomir Stelmasiak as Members of the Supervisory Board of CIECH S.A. The information was announced in Current Report no. 36 of September 15th, 2009.
- Mr Zbigniew Jagiełło resigned from the post of Member of the Supervisory Board of CIECH S.A. as of September 30th, 2009. The information was announced in Current Report no. 38 of September 18th, 2009.
- On October 16th, 2009, CIECH S.A. was delivered the decision of the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register, on entering to the register of companies on October 6th, 2009 the amendments to the Articles of Association adopted by the Extraordinary General Meeting of Shareholders of CIECH S.A. on September 14th, 2009. The information was announced in Current Report no. 41 of October 16th, 2009.
- On December 7th, 2009 the negotiation stage was completed and the contracts were signed for the consolidated purchase of electricity in the TPA system in 2010 by the Group Companies. The electricity supplier will be PGE ZEŁT Obrót Sp.z.o.o., with which the Ciech Group Companies: ZCh Zachem S.A., ZCh Organika-Sarzynna S.A., GZNF Fosfory Sp.z.o.o., ZCh Alwernia S.A., Vitrosilicon S.A. concluded contracts for 2010. The total electricity volume will exceed 450 thousand MWh, and its total value for the Ciech Group Companies will be about PLN 103,000 thousand net, which exceeds 10% of the Issuer's equity. The supplies will be supplemented by an in-house electricity generation by the CHP's owned by a Group company - Soda Polska Ciech – which will contribute about 450 thousand MWh. The negotiated conditions of energy purchase in the TPA system for 2010 will generate about PLN 10,000 thousand of savings in comparison to current purchase costs. The negotiated payment terms which are twice as long will also improve financial liquidity of the majority of the Group's companies. The optimization of the electricity purchase costs will contribute to improved financial ratios of the Ciech Chemical Group Companies. The information was announced in Current Report no. 43 of December 7th, 2009.
- On February 9th, 2010, the representatives of Ciech Chemical Group agreed the terms and conditions of supplies of amine (TDA) to the subsidiary ZACHEM S.A. in Bydgoszcz with the American Air Products Group. The amine will be used in the production of TDI. ZACHEM S.A. is the only TDI manufacturer in Poland. The annual value of TDI supplies provided by Air Products is estimated at approximately USD 80,000 thousand, and the total value of the contract will account for USD 500,000 thousand. Due to the new cooperation terms and conditions, supplies to ZACHEM S.A. will be provided in a continuous way ensuring the stability of deliveries of high quality materials to the Bydgoszcz company. Considering the reconstruction of the demand in the TDI market, the Company expects that the cooperation will contribute to the increase in the effectiveness of production of the main ZACHEM product, positively affecting the Group's results in the coming years. The contract, which will be effective from January 1st, 2012 to December 31st, 2018, will guarantee supplies of the raw material according to the Company's demand. The contract is a renegotiated version of the contract dated October 25th, 2007 (Current Report no. 67/2007) regarding the cooperation with Air Products Group involving TDA supplies. The information was announced in Current Report no. 4 of February 9th, 2010.

2. A description of achievements of the Ciech Group in the period between January 1st and December 31st, 2009 and a description of factors and events that have a significant impact on the financial result

2.1 Basic financial figures

In 2009 the Ciech Group generated net profit amounting to PLN -63,121 thousand, the balance sheet total amounted to PLN 4,071,672 thousand and net cash increased by PLN 7,805 thousand.

The table below presents selected financial data and basic financial ratios for 2009 and 2008.

Selected figures

PLN '000.	01.01.-31.12.2009	01.01.-31.12.2008	change 2009/2008
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<i>PLN '000.</i>	01.01.-31.12.2009	01.01.-31.12.2008	change 2009/2008
Net sales of products, goods and materials	3,685,846	3,787,072	(2.7%)
Cost of sales	3,060,806	3,002,998	1.9%
Gross profit from sales	625,040	784,074	(20.3%)
Selling costs	221,210	247,928	(10.8%)
General and administrative expenses	296,691	291,634	1.7%
Other operating income/costs	64,030	2,171	2,849.3%
Profit on operating activities	171,169	246,683	(30.6%)
Finance income/costs	(218,817)	(250,672)	12.7%
Share in net profit of subsidiaries valued under the equity method	3,316	(3,262)	-
Income tax	(18,789)	(24,331)	22.8%
Profit on sales attributable to discontinued operations	-	-	-
Net profit	(63,121)	(31,582)	(99.9%)
Net profit attributable to minority shareholders	(6,283)	10,357	-
Net profit attributable to controlling shareholders	(56,838)	(41,939)	(35.5%)
EBITDA	400,209	449,945	(11.1%)

<i>PLN '000.</i>	31.12.2009	31.12.2008	change 2009/ 2008
Assets	4,071,672	4,346,618	(6.3%)
Non-current assets	2,779,443	2,766,273	0.5%
Current assets, including:	1,292,229	1,580,345	(18.2%)
- inventory	318,914	437,106	(27.0%)
- current receivables	840,175	959,316	(12.4%)
- cash and cash equivalents	131,638	112,120	17.4%
- short-term investments	1,502	1,185	26.8%
- non-current assets held for sale	-	70,618	-
Total equity	883,437	898,792	(1.7%)
Equity attributable to controlling shareholders	845,154	849,380	(0.5%)
Minority interest	38,283	49,412	(22.5%)
Non-current liabilities	1,215,925	1,117,432	8.8%
Current liabilities	1,972,310	2,330,394	(15.4%)

<i>PLN '000.</i>	01.01.-31.12.2009	01.01.-31.12.2008	change 2009/2008
Net cash flows from operating activities	420,241	33,000	1,173.5%
Net cash flows from investment activities	(328,788)	(426,246)	22.9%
Net cash flows from financial activities	(83,648)	337,584	-
Total net cash flows	7,805	(55,662)	-

	31.12.2009	31.12.2008	change 2009/2008
Net earnings per share	(2.03)	(1.50)	(35.5%)
Net return	(1.7%)	(0.8%)	(0.9 pp)
EBIT %	4.6%	6.5%	(1.9 pp)
EBITDA %	10.9%	11.9%	(1.0 pp)
Current ratio	0.66	0.68	(3.0%)
Quick ratio	0.49	0.49	-
Debt ratio	78.3%	79.3%	(1.0 pp)
Equity to assets ratio	21.7%	20.7%	1.0 pp

Source: CIECH S.A.

Calculation principles:

net earnings per share – net earnings / weighted average number of ordinary shares in the given period (pursuant to the definition of IAS 33 "Earnings per share")

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

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

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

quick ratio – current assets less inventory at the end of a given period / current liabilities at the end of a given period,

total debt ratio – current and non-current liabilities at the end of a given period / total assets at the end of a given period,

equity to assets ratio – total equity at the end of a given period / total assets at the end of a given period.

2.2 Sales revenue

Consolidated net sales of Ciech Group in 2009 amounted to PLN 3,685,846 thousand. In comparison to 2008 net sales decreased by PLN 101,226 thousand, i.e. 2.7%. The main reason for the decrease was lower revenues from the sales of fertilisers (by PLN 186,699 thousand, i.e. 44.3%) which had a significant impact on the decrease in revenues generated by the agrochemical segment. This result was partially balanced by higher revenues generated by the soda segment, including the sales of dense soda ash, which increased in comparison to the previous year by 10%.

The activity of the Ciech Group concentrates on four main segments: soda, organic, agrochemical, silicates and glass. These segments generated in total 94% of the Group's sales revenue. The structure of revenues has not changed in comparison with the same period of the previous year. The greatest share in the revenues for Q4 2009 is attributed to the sales of soda segment products, similarly to the comparable period. Additionally, the dominant role of the soda segment, which generated more than 41% of sales revenue in 2009, increased.

Sales revenue by business segment

PLN '000.	Q1-Q4 2009	Q1-Q4 2008	Change	Change %	% share in total revenues Q1-Q4 2009	% share in total revenues Q1-Q4 2008
Soda segment, including:	1,517,378	1,357,250	160,128	11.8%	41.2%	35.8%
Dense soda ash	917,334	833,562	83,773	10.0%	24.9%	22.0%
Light soda ash	275,683	243,407	32,276	13.3%	7.5%	6.4%
Salt	131,109	110,967	20,142	18.2%	3.6%	2.9%
Baking soda	103,319	68,344	34,975	51.2%	2.8%	1.8%
Calcium chloride	31,259	18,224	13,035	71.5%	0.8%	0.5%
Organic segment, including:	1,154,226	1,118,337	35,889	3.2%	31.3%	29.5%
TDI	501,724	462,350	39,374	8.5%	13.6%	12.2%
Resins	248,879	243,637	5,242	2.2%	6.8%	6.4%
Plastics	237,434	220,011	17,423	7.9%	6.4%	5.8%
EPI	45,797	67,432	(21,645)	(32.1%)	1.2%	1.8%
Agrochemical segment, including:	567,482	792,175	(224,693)	(28.4%)	15.4%	20.9%
Fertilisers	235,144	421,842	(186,699)	(44.3%)	6.4%	11.1%
Plant protection chemicals	113,128	122,514	(9,387)	(7.7%)	3.1%	3.2%
Phosphoric acid	51,165	78,603	(27,437)	(34.9%)	1.4%	2.1%
Sodium tripolyphosphate	18,027	25,257	(7,229)	(28.6%)	0.5%	0.7%
Feed	13,200	24,815	(11,615)	(46.8%)	0.4%	0.7%
Grain	14,868	10,239	4,629	45.2%	0.4%	0.3%
Silicates and glass segment, including:	219,038	257,570	(38,532)	(15.0%)	5.9%	6.8%
Sulphur	14,550	55,933	(41,383)	(74.0%)	0.4%	1.5%
Glass blocks and packaging (lanterns and jars)	95,463	96,071	2,446	2.6%	2.6%	2.5%
Sodium glass	56,041	39,363	16,678	42.4%	1.5%	1.0%
Sodium water glass	17,897	17,189	708	4.1%	0.5%	0.5%
Other operations segment	227,722	261,740	(34,018)	(13.0%)	6.2%	6.9%
TOTAL	3,685,846	3,787,072	(101,226)	(2.7%)	100.0%	100.0%

2.3 Profit/Loss on Sales and Operating Profit/Loss

After Q4 2009, gross profit on sales amounted to PLN 625,040 thousand and in the same period of the previous year – PLN 784,074 thousand, whereas operating profit amounted to PLN 171,169 thousand and PLN 246,683 thousand respectively.

The positive contributors to the presented profit were as follows:

- persistent weakening of the Polish currency against EUR and USD in H1 2009 (in comparison with the same period of the previous year), favouring the improvement of export profitability of the Ciech Group (excluding currency hedging transactions), currently, the trend is changing; in H2 2009, the Polish zloty strengthened its position (against EUR and USD),
- increase in the value of domestic sales of construction and assembly production during 12 months of 2009; by 3.7% in total in comparison with the same period of the previous year (chemical industry generates many raw materials and semi-finished products used for this production),
- lower prices of all basic raw materials for the soda segment,
- optimised operating costs and continuing improvement of soda manufacturing parameters,
- sale of gas voids in SWS; demand for baking soda and calcium chloride,
- growth of market prices of organic products, such as TDI manufactured by the Ciech Group (following the period of major decreases reported in the previous quarters) and technological stoppages of competitors,

The presented results also take into account one-off events, i.e.:

- settlement of the purchase of 8% of shares in Soda Deutschland Ciech GmbH from Jochen Ohm,
- result from the difference in valuation of PUT options for the purchase of ZACHEM S.A. shares,
- sale of CO₂ by Soda Polska Ciech Sp. z o.o.,
- dissolution of provisions for settlement with AVAS by S.C. Uzinele Sodice Govora – Ciech Chemical Group S.A.
- dissolution of provisions for environmental protection connected with the changed estimates of previously incurred costs as well as with the changed concept of land recultivation
- hedge accounting corrections connected with revoking of 1st designation of 2008.

The negative contributors to the presented profit were as follows:

- decrease in the domestic sales of chemical products, excluding pharmaceuticals, during 12 months of 2009 in comparison with the same period of the previous year (by app. 3% as per fixed prices, according to the 2007 Polish Classification of Economic Activities), i.e. at the level adequate to the decrease for the entire Polish industry,
- decrease in demand for soda ash in Europe (by over 10 percent throughout the whole 2009) connected mainly with lower demand of the glass industry; in particular, in relation to the production of flat glass,
- drop, since Q3, in soda ash prices on European markets (stabilizing trend in Q4 2009 at levels over 10 percent lower than the record-breaking prices at the turn of 2008/2009),
- difficulties in selling epoxy resins on European markets – problems with obtaining recipients' acceptance as to the prices, at simultaneous inflow of cheap goods from Asian countries, excess of supply over demand, increased production capacity generated by competitors; on the domestic market – lower supply of construction works and thus lower demand for resins,
- on the market of polyester resins – drop in domestic and export sales connected with the crisis in the automotive, shipbuilding, railway and construction industries,
- continued increase in the prices of crude oil in Q4 2009, which led to an increase in the prices of raw materials for the organic industry,
- situation on the domestic market of compound fertilisers – considerable decrease in the domestic production of chemical fertilisers (by 24% in quantity within 2009 in comparison with the same period of the previous year), very low demand for fertilisers from agricultural producers, which results mainly from the high level of prices in relation to the customer purchasing power, moreover, the prices of compound fertilisers on global markets remain lower than the record-breaking prices in 2008.

The EBIT margin at the end of 2009 was 4.6% (6.5% the year before), while the EBITDA margin was 10.9% (11.9% the year before).

2.4 Net profit/loss

Consolidated net result for 4 quarters of 2009 amounted to PLN -63,121 thousand, whereby PLN -56,838 thousand is the controlling shareholders' net result. Net profitability reached -1.7%.

Apart from the lower operating result, the net result of 4 quarters 2009 was negatively affected by the measurement of financial instruments and costs of increased debt service. At the same time, the negative impact of high finance costs was partially balanced by positive currency differences.

Financial performance by type of business

PLN '000.	01.01.-31.12.2009	01.01.-31.12.2008	Change 2009/2008
1. Profit on operating activities	171,169	246,683	(30.6%)
2. Net finance income / costs	(218,817)	(250,672)	12.7%

PLN '000.	01.01.-31.12.2009	01.01.-31.12.2008	Change 2009/2008
3. Share in net profit of subsidiaries valued under the equity method	3,316	(3,262)	-
4. Income tax	(18,789)	(24,331)	22.8%
5. Profit on sales attributable to discontinued operations	-	-	-
6. Net profit (1+2+3-4+5)	(63,121)	(31,582)	(99.9%)
7. Profit attributable to minority shareholders	(6,283)	10,357	-
8. Profit attributable to controlling shareholders (6-7)	(56,838)	(41,939)	(35.5%)

Source: CIECH S.A.

2.5 Assets

At the end of December 2009 the non-current assets of the Group amounted to PLN 2,779,443 thousand. As compared to the status as at December 31st, 2008, the value of non-current assets increased by PLN 13,170 thousand. The highest increase was observed in the case of tangible non-current assets, which grew by PLN 31,886 thousand, as compared to 2008.

The increase in tangible non-current assets was mainly due to investment expenditure on production assets in order to keep up with the current pace of growth. This concerned mainly SODA MAŁY Group, ZACHEM Group and S.C. Uzinele Sodice Govora – Ciech Chemical Group S.A. The share of non-current assets in total assets amounted to 68.3% (almost 63.6% at the end of 2008).

The Group's current assets amounted to PLN 1,292,229 thousand as at December 31st, 2009. The following items dominated among the current assets: trade and other receivables – 64.0% of current assets, and inventory – 24.7%. In comparison with the balance as at the end of December 2008, the value of current assets decreased by PLN 288,116 thousand (the highest drop was recorded by inventory – by PLN 118,192 thousand, mainly in GZNF "FOSFOR" Sp. z o.o. and Z. Ch. "Organika-Sarzyna" S.A. and by trade and other receivables - by PLN 103,545 thousand).

2.6 Liabilities

The Ciech Group's liabilities (non-current and current) as at December 31st, 2009 amounted to PLN 3,188,235 thousand, which signifies a decrease in comparison with the balance as at the end of December 2008 by PLN 259,591 thousand (i.e. 7.5%).

In comparison with the balance as at December 31st, 2008, the value of liabilities pertaining to loans and borrowings (plus overdraft facility) decreased by PLN 49,683 thousand, whereby non-current liabilities increased by PLN 263,097 thousand and current liabilities decreased by PLN 312,780 thousand. This was mainly due to the reclassification of liabilities pertaining to loans and borrowings in Soda Deutschland Ciech Group in 2009, resulting from the violation of ratios included in loan agreements as at December 31st, 2008. As at the date of this report, all conditions were satisfied.

The decrease in other non-current liabilities in comparison with the balance as at the end of December 2008 is connected mainly with the settlement of purchase of shares in Soda Deutschland Ciech from J. Ohm.

The total debt ratio (current and non-current liabilities / total assets) was 78.3% as at December 31st, 2009 (79.3% at the end of December 2008). The consolidated net debt of the Group (covering non-current and current liabilities due to loans, borrowings and other debt instruments in total plus overdraft facility decreased by cash and cash equivalents) amounted to PLN 1,538,767 thousand as at December 31st, 2009 and decreased in comparison with the balance as at the end of December 2008 by PLN 69,201 thousand.

Liquidity ratios are maintained at the level of the previous year. The current ratio, calculated as the ratio of total current assets to total current liabilities, amounted to 0.66 as at December 31st, 2009 (0.68 at the end of 2008), while the quick ratio amounted to 0.49 (0.49 at the end of 2008).

2.7 Cash flows

Net cash flows in the four quarters of 2009 was PLN 7,805 thousand. As compared to the same period of the previous year the Group generated cash flows higher by PLN 63,467 thousand. Cash flows from operating activities amounted to PLN 420,241 thousand and were higher than the ones generated in the period between January and December 2008 by PLN 387,241 thousand.

A significant part of operating activities were inflows from construction contracts (voids) recorded by Soda Deutschland Ciech Group - PLN 147,255 thousand.

The surplus of investment expenditure over inflows amounted to PLN 328,788 thousand and was lower in relation to the analogical period in 2008 by PLN 97,458 thousand. The balance of cash flows from investment activities was influenced mainly by transactions of purchase and disposal of intangible assets and tangible non-current assets in SODA MAŁY Group, ZACHEM Group, S.C. Uzinele Sodice Govora – Ciech Chemical Group S.A. in conjunction with the conducted development. Additionally, the incurred investment expenditure results from the final settlement of the purchase of 8% of shares in Soda Deutschland Ciech GmbH from Jochen Ohm.

Net cash from financing activities was negative and amounted to PLN -83,648 thousand. As compared to four quarters of 2008 it was lower by PLN 421,232 thousand. The main reason for the decrease was outflows due to changes in loans and borrowings.

2.8 Information about the Ciech Group's financial standing

Profitability between Q1 and Q4 2009

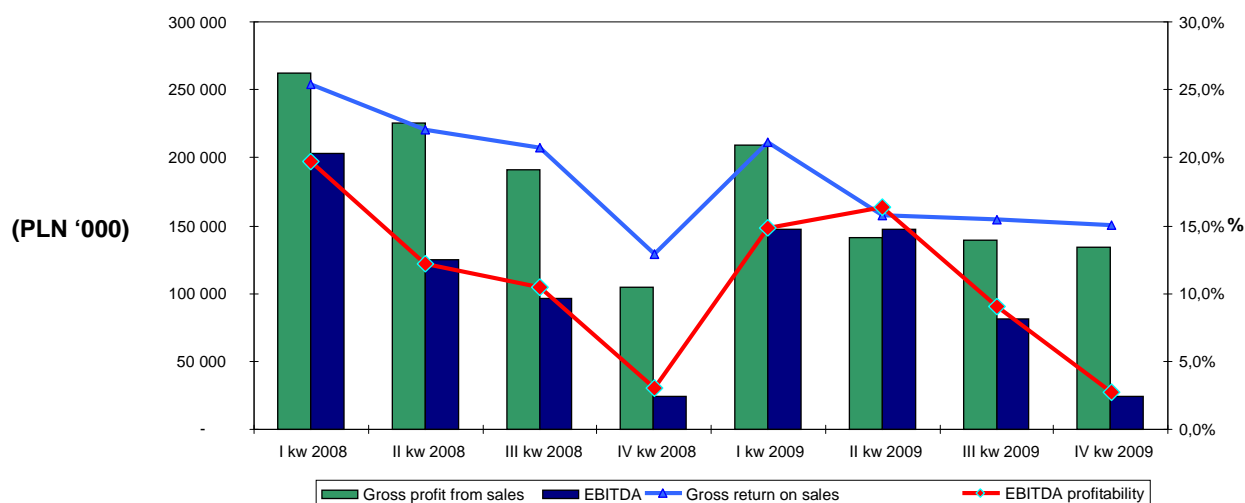
Return on sales after Q4 2009 deteriorated in comparison with the same period of the previous year. Operating profit margin was negatively influenced by lower revenues from sales and lower margins in the organic and agrochemical segments, partially caused by the base effect – the first half of 2008 was the period of record profitability in this segment. In Q4 2008, a strong economic downturn could be observed in the aforesaid segments; improvement began to be visible on the markets of organic products at the end of H1 2009 and H2 2009.

The table below presents return ratios:

Return ratios of the Ciech Group

Item	Jan. – Dec., 2009	Jan. – Dec., 2008
Gross return on sales	17.0%	20.7%
Return on sales	2.9%	6.5%
Operating profit margin	4.6%	6.5%
EBITDA profitability	10.9%	11.9%
Net return on sales (ROS)	(1.7%)	(0.8%)
Return on assets (ROA)	(1.6%)	(0.7%)
Return on equity (ROE)	(7.1%)	(3.5%)

Return ratios of the Ciech Group



Source: CIECH S.A.

Liquidity of the Group and working capital

After Q4 2009, liquidity ratios remained at the level of the end of 2008 (current ratio decreased slightly by 3%, while the quick ratio didn't change). On August 5th, 2009, CIECH S.A. concluded a restatement (waiver) agreement, revoking the violation of the loan agreement for the purchase of 80% of shares in Z. Ch. "Organika-Sarzyna" S.A. from Nafta Polska S.A. On August 19th, Soda Deutschland Ciech and Commerzbank signed a parallel agreement, resulting in the cancellation of violations of selected financial ratios included in loan agreements. Another violation of the conditions of the loan agreement for the purchase of shares in Z. Ch. "Organika-Sarzyna" S.A. was described in point III.20.

As at the date of compiling the financial statements, none of the agreements had been terminated. On August 13th, 2009, the banks financing the Ciech Group concluded a status quo agreement, guaranteeing that the binding agreements cannot be cancelled or terminated. The agreement was extended three times and will be binding by the end of 2010.

Liquidity ratios of Ciech Group

Item	31.12.2009	31.12.2008
Current ratio	0.66	0.68
Quick ratio	0.49	0.49

Calculation principles:

current ratio – current assets / current liabilities at the end of a given period; measure of company's capability to cover its current liabilities with current assets.

quick ratio – current assets less inventory / current liabilities at the end of a given period; measure of a company's capability to collect in a short period of time cash for the coverage of materially due liabilities.

In contrast to the same period of 2008 and the entire previous financial year, between Q1 and Q4 2009, the Ciech Group generated positive free cash flows, i.e. it was able to finance its investment activities with cash flows created within its operating activities. This was caused mainly by the release of cash from the working capital and the sale of voids in Q3 2009. For comparison, in 2008, an increase in the working capital led to the use of cash amounting to PLN 156,692 thousand, while in the same period of 2009 a change in the working capital generated operating cash flows amounting to PLN 189,170 thousand. Even despite the low level of adjusted financial surplus, this contributed to the generation of positive free cash flows of PLN 91,453 thousand.

Ability to generate cash flows

Item	31.12.2009	31.12.2008
1. Financial surplus (net profit + amortization)	165,919	171,680
2. Other net profit adjustments	65,152	18,012
3. Adjusted financial surplus (1+2)	231,071	189,692
4. Change in working capital	189,170	(156,692)
5. Cash flows from operating activities	420,241	33,000
6. Cash flows from investment activities	(328,788)	(426,246)
7. Free cash flows (5+6)	91,453	(393,246)

The working capital, defined as the difference between current assets and current liabilities, as at the end of December 2009 was negative and increased by PLN 69,968 thousand in comparison with the end of 2008. Net cash (i.e. cash decreased by short-term loans and other financial liabilities) increased by PLN 357,137 thousand. This was caused by a decrease in the working capital and current financial liabilities as well as by the generation of positive cash flows from operating activities. The Ciech Group is expecting net cash to improve significantly as a result of debt restructuring and maturity structure arrangement.

Working capital of the Ciech Group

Item	31.12.2009	31.12.2008
1. Current assets, including:	1,292,229	1,580,345
Inventory	318,914	437,106
Trade receivables	606,310	614,445
2. Cash and other short-term investments	133,140	113,305
3. Adjusted current assets (1-2)	1,159,089	1,467,040
4. Current liabilities, including:	1,972,310	2,330,394
Trade liabilities	460,859	427,246
5. Short-term loans and other financial liabilities	1,150,307	1,487,609
6. Adjusted current liabilities (4-5)	822,003	842,785
7. Working capital (1-4)	(680,081)	(750,049)
8. Demand for current assets (3-6)	337,086	624,255
9. Net cash (7-8)	(1,017,167)	(1,374,304)

Indebtedness

The acquisitions conducted in 2006 and 2007 that led to an increase in the assets of the Ciech Group were financed through an investment loan and bond issue. Additionally, the investments made in 2008 were financed with a short-term loan. These actions contributed to an increase in the debt ratio and in the long-term debt ratio.

The Ciech Group's relative debt slightly decreased in comparison with the end of 2008. The debt ratio decreased from 79.3% to 78.3%. The term structure of financing was also subject to positive changes (as at the end of Q4 2009, non-current liabilities constituted 29.9% of total assets, which signifies an increase by 4.2 pp in comparison with the

previous business year). The Ciech Group is expecting further improvement of the debt structure in favour of long-term loans upon the completion of the process of refinancing.

Debt ratios of Ciech Group

Item	31.12.2009	31.12.2008
Debt ratio	78.3%	79.3%
Long-term debt ratio	29.9%	25.7%
Debt to equity ratio	360.9%	383.6%
Equity to assets ratio	21.7%	20.7%
Net debt / EBITDA	4.29	4.19

Calculation principles:

debt ratio – current and non-current liabilities / total assets; measure of the share of external funds in financing a company's activity.

long-term debt ratio – non-current liabilities / total assets; measure of the share of non-current liabilities in financing a company's activity.

debt to equity ratio – total liabilities / equity.

equity to assets ratio – equity / total assets; measure of the share of equity in financing a company's activity.

Net debt - liabilities from loans, bonds, securities and lease less cash and its equivalents.

- Information about the ratios included in loan agreements

Information has been presented in point III.20 of this Report.

Significant events influencing the Ciech Group's financial standing

- Debt refinancing - status

The company continues to take actions aimed at stabilizing sources of financing. The expansion of the Status Quo Agreement should enable the completion of works regarding Ciech's and the Group's key companies' debt refinancing. In Q1 2010, a completion of the process is expected. Simultaneously, works on restructuring the debt of the German companies are being conducted. These should be also completed by the end of Q1 2010. Debt consolidation will have a positive impact on the Group's liquidity and will change the debt structure, decreasing the participation of short-term financing. Greater encumbrance of net profit with interest is expected due to the current level of margins; however, the new structure of liabilities will significantly facilitate liquidity management.

- Standstill agreement – update

A significant event that will facilitate the refinancing project was the signing of the so-called status quo (standstill) agreement by the banks currently financing the Ciech Group. On August 13th, 2009, the Management Board of CIECH S.A. and the subsidiaries obliged to maintain the limits as to establishing collaterals, acquiring other companies, disposing of assets and increasing the Group's debt.

On August 14th, 2009, the banks signed a status quo agreement concerning the Group's financing and obliged to keep in force the existing agreements and level of financing. The banks will forbear from the recovery of the Ciech Group's debt and are obliged not to terminate or cancel the concluded agreements. Simultaneously, the banks will continue to provide the Ciech Group with the existing working capital facilities, guarantee facilities and letters of credit. The agreement was binding until October 30th and was extended until December 15th, 2009. Then the agreement was extended twice and is binding until the end of February 2010. The information on the standstill agreement was announced in Current Reports no. 31/2009, 42/2009, 44/2009 and 3/2010.

- Signing of restatement (waiver) agreements

On August 5th, 2009, the Company reached a settlement revoking the violation of the loan agreement for the purchase of 80% of shares in Zakłady Chemiczne Organika-Sarzyna S.A. from Nafta Polska S.A. through signing a restatement agreement with Bank POLSKA KASA OPIEKI S.A., Bank Handlowy w Warszawie S.A. and Bank Millenium S.A. (the information was announced in Current Report no. 30/2009). CIECH S.A. was obliged to establish additional loan collaterals and agreed to treat dividend payout without the consent of the parties as an instance of loan agreement violation. On August 19th, 2009, a settlement revoking the violation of a loan agreement was reached by Soda Deutschland Ciech and Commerzbank. As a result of these settlements, the aforesaid loans do not have to be presented under current liabilities. Another violation of the conditions of the loan agreement for the purchase of shares in Z. Ch. "Organika-Sarzyna" S.A. resulting in the requirement of recognising this loan as a short-term liability was described in point III.20.

- Inflows from the voids

In Q4 2009, Soda Deutschland Ciech GmbH (a subsidiary of CIECH S.A.) received EUR 5 million for the sales of voids to RWE. Total inflows from the sales amounted to EUR 34 million in 2009.

- Lower capital expenditures in H2 2009

The most important investment projects in the Ciech Group were completed by June 2009. As a result, free cash flows estimated by the Group for Q3 and Q4 were higher than the cash flows generated in H1. In Q4 2009, the Group generated PLN 73,299 thousand of free cash flows.

- EU subsidies

By the end of 2009, the amount of EU funds approved for co-financing activities realised within the Ciech Chemical Group amounted to PLN 112 million. Agreements have been concluded with regard to the projects to be realised within the Soda Division (Soda Polska Ciech Sp. z o.o.). Moreover, the initiatives of ZCh Organika-Sarzyna S.A. (Construction of an Innovative System for MCPA and MCPP-P Production – PLN 40 million) and of ZACHEM S.A. (Implementation of an Innovative Technology of Producing Epichlorohydrine out of Glycerine and Construction of a Manufacturing System – over PLN 27 million) have been approved for co-financing. Subsequent applications, exceeding PLN 82 million, are being drafted.

2.9 Investment tasks carried out

The total investment expenditure of Ciech Group in 2009 amounted to PLN 262,753 thousand. The most significant investment tasks are related to soda and organic segment companies.

The main investment tasks carried out in the presented period are as follows:

- SODA MAŁY Group - investments related to the modernisation of the power plant (steam boilers and turbo generators) and soda plants, where lime-kilns and carbonating columns are being modernised.
- S.C. Uzinele Sodice Govora – Ciech Chemical Group S.A. – development investments connected with the construction of a steam calcinator no. 3,
- ZACHEM Group – development investments related to the extension of the TDI complex to reach 75 thousand tons/year,
- FOSFORY Group – investment: “Modernisation of the Drying Centre on the X Section”,
- “Alwernia” S.A. - development investment “Fertiliser Manufacturing System - Second Dryer”,
- VITROSILICON Spółka Akcyjna – investment: “Modernisation of Vitreous Sodium Silicate Furnace in the Żary Plant” - completed.

2.10 Financial figures by business segment

BUSINESS SEGMENTS

01.01.-31.12.2009

PLN '000	Soda	Agrochemical	Organic	Silicates and Glass	Other operations segment	Eliminations (consolidation adjustments)	TOTAL
Revenues from third parties	1,517,378	567,482	1,154,226	219,038	227,722	-	3,685,846
Revenues from inter-segment transactions	57,258	10,575	32,805	2,687	1,733	(105,058)	-
Total revenues	1,574,636	578,057	1,187,031	221,725	229,455	(105,058)	3,685,846
Cost of sales	(1,219,431)	(513,179)	(1,076,369)	(163,023)	(186,922)	98,118	(3,060,806)
Gross profit/loss on sales	355,205	64,878	110,662	58,702	42,533	(6,940)	625,040
Other operating income	129,230	11,276	36,581	4,560	3,140	2,460	187,247
Selling costs	(100,500)	(37,803)	(42,149)	(27,190)	(21,385)	7,817	(221,210)
General and administrative expenses	(108,466)	(43,419)	(101,659)	(24,874)	(19,252)	979	(296,691)
Other operating costs	(47,242)	(27,128)	(38,473)	(2,148)	(8,227)	1	(123,217)
Operating profit/loss	228,227	(32,196)	(35,038)	9,050	(3,191)	4,317	171,169
Finance income, including:	56,903	7,421	4,368	6,014	5,945	(11,337)	69,314
Interest	4,762	2,152	2,459	358	598	(3,622)	6,707
F/x differences	-	3,507	-	-	-	(3,507)	-
Measurement of financial instruments	42,037	-	-	5,589	-	(3,851)	43,775
Other financial revenues	10,104	1,762	1,909	67	5,347	(357)	18,832
Finance costs, including:	(198,384)	(12,913)	(75,467)	(9,839)	(2,864)	11,336	(288,131)
Interest	(82,716)	(10,117)	(35,413)	(6,217)	(633)	3,622	(131,474)
F/x differences	(84,473)	-	(32,995)	(2,604)	(1,190)	3,507	(117,755)
Measurement of financial instruments	-	(1,223)	(2,377)	-	(251)	3,851	-
Other financial expenses	(31,195)	(1,573)	(4,682)	(1,018)	(790)	356	(38,902)
Share in profit of affiliates	3,316	-	-	-	-	-	3,316
Profit/loss before taxes	90,062	(37,688)	(106,137)	5,225	(110)	4,316	(44,332)
Tax	(30,996)	(5,812)	21,122	(1,910)	(859)	(334)	(18,789)
Net profit/loss	59,066	(43,500)	(85,015)	3,315	(969)	3,982	(63,121)
Profit on discontinued operations	-	-	-	-	-	-	-
Net profit/loss for the financial year	59,066	(43,500)	(85,015)	3,315	(969)	3,982	(63,121)
Amortization/depreciation	123,234	28,112	54,259	18,081	5,354	-	229,040
EBITDA	351,461	(4,084)	19,221	27,131	2,163	4,317	400,209

01.01.-31.12.2008

PLN '000	Soda	Agrochemical	Organic	Silicates And Glass	Other operations segment	Eliminations (consolidation adjustments)	TOTAL
Revenues from third parties	1,357,250	792,175	1,118,337	257,570	261,740	-	3,787,072
Revenues from inter-segment transactions	71,574	8,152	26,513	3,025	1,881	(111,145)	-
Total revenues	1,428,824	800,327	1,144,850	260,595	263,621	(111,145)	3,787,072
Cost of sales	(1,158,816)	(576,696)	(985,063)	(169,595)	(220,885)	108,057	(3,002,998)
Gross profit/loss on sales	270,008	223,631	159,787	91,000	42,736	(3,088)	784,074
Other operating income	70,035	4,975	19,050	1,182	33,633	705	129,580
Selling costs	(88,164)	(47,389)	(38,883)	(50,564)	(25,858)	2,930	(247,928)
General and administrative expenses	(97,839)	(42,800)	(110,245)	(23,747)	(17,829)	826	(291,634)
Other operating costs	(39,679)	(41,378)	(33,730)	(1,809)	(11,502)	689	(127,409)
Operating profit/loss	114,361	97,039	(4,021)	16,062	21,180	2,062	246,683
Finance income, including:	72,438	2,727	16,809	8,508	18,796	(13,331)	105,947
Interest	2,636	961	2,704	406	670	(636)	6,741
F/x differences	68,135	-	8,680	7,523	17,622	(9,687)	92,273
Measurement of financial instruments	-	1,408	-	254	-	(1,662)	-
Other financial revenues	1,667	358	5,425	325	504	(1,346)	6,933
Finance costs, including:	(218,465)	(24,151)	(117,349)	(7,695)	(2,253)	13,294	(356,619)
Interest	(66,271)	(12,313)	(19,755)	(7,125)	(1,368)	636	(106,196)
F/x differences	-	(9,687)	-	-	-	9,687	-
Measurement of financial instruments	(131,251)	-	(91,884)	-	-	1,662	(221,473)
Other financial expenses	(20,943)	(2,151)	(5,710)	(570)	(885)	1,309	(28,950)
Share in profit of affiliates	(3,262)	-	-	-	-	-	(3,262)
Profit/loss before taxes	(34,928)	75,615	(104,561)	16,875	37,723	2,025	(7,251)
Tax	(14,722)	(13,743)	12,001	(2,278)	(5,641)	52	(24,331)
Net profit/loss	(49,650)	61,872	(92,560)	14,597	32,082	2,077	(31,582)
Profit on discontinued operations	-	-	-	-	-	-	-
Net profit/loss for the financial year	(49,650)	61,872	(92,560)	14,597	32,082	2,077	(31,582)
Amortization/depreciation	105,488	28,774	51,613	14,911	2,476	-	203,262
EBITDA	219,849	125,813	47,592	30,973	23,656	2,062	449,945

31.12.2009 <i>PLN '000</i>	Soda	Organic	Agrochemical	Silicates and Glass	Other operations segment	Eliminations (consolidation adjustments)	TOTAL
Segment assets	1,760,282	540,912	1,177,704	173,756	164,330	213,129	4,030,113
Assets held for sale	-	-	-	-	-	-	-
Shares in affiliates	41,559	-	-	-	-	-	41,559
Unattributed assets	-	-	-	-	-	-	-
Total assets	1,801,841	540,912	1,177,704	173,756	164,330	213,129	4,071,672

31.12.2009 <i>PLN '000</i>	Soda	Organic	Agrochemical	Silicates and Glass	Other operations segment	Eliminations (consolidation adjustments)	TOTAL
Segment liabilities	1,885,068	341,387	846,038	107,331	86,956	(78,545)	3,188,235
Liabilities related to assets held for sale	-	-	-	-	-	-	-
Unattributed liabilities	-	-	-	-	-	-	-
Total liabilities	1,885,068	341,387	846,038	107,331	86,956	(78,545)	3,188,235

31.12.2008 <i>PLN '000</i>	Soda	Organic	Agrochemical	Silicates and Glass	Other operations segment	Eliminations (consolidation adjustments)	TOTAL
Segment assets	1,848,342	711,069	1,135,537	173,648	155,396	214,728	4,238,720
Assets held for sale	70,618	-	-	-	-	-	70,618
Shares in affiliates	37,280	-	-	-	-	-	37,280
Unattributed assets	-	-	-	-	-	-	-
Total assets	1,956,240	711,069	1,135,537	173,648	155,396	214,728	4,346,618

31.12.2008 <i>PLN '000</i>	Soda	Organic	Agrochemical	Silicates and Glass	Other operations segment	Eliminations (consolidation adjustments)	TOTAL
Segment liabilities	2,124,112	400,209	813,609	113,830	96,996	(102,130)	3,447,826
Liabilities related to assets held for sale	-	-	-	-	-	-	-
Unattributed liabilities	-	-	-	-	-	-	-
Total liabilities	2,124,112	401,409	813,609	113,830	96,996	(102,130)	3,447,826

31.12.2009 <i>PLN '000</i>	Soda	Agrochemical	Organic	Silicates and Glass	Other operations segment	Eliminations (consolidation adjustments)	TOTAL
Recognised impairment losses	7,993	18,322	9,360	2,364	3,911	33	41,983
Reversed impairment losses	1,908	4,289	7,783	794	701	37	15,512

31.12.2008 <i>PLN '000</i>	Soda	Agrochemical	Organic	Silicates and Glass	Other operations segment	Eliminations (consolidation adjustments)	TOTAL
Recognised impairment losses	4,345	26,547	8,057	514	6,425	-	45,888
Reversed impairment losses	688	1,684	5,893	402	2,116	(4)	10,779

GEOGRAPHICAL SEGMENTS

31.12.2009 <i>PLN '000</i>	Poland	European Union	Other European countries	Africa	Asia	Other regions	TOTAL
Total assets	2,666,775	1,289,534	45,452	7,329	61,853	729	4,071,672
Net sales of products, goods and materials	1,734,226	1,477,986	96,932	63,357	245,479	67,866	3,685,846

31.12.2008 <i>PLN '000</i>	Poland	European Union	Other European countries	Africa	Asia	Other regions	TOTAL
Total assets	2,760,673	1,497,047	24,621	5,381	54,821	4,075	4,346,618
Net sales of products, goods and materials	1,956,271	1,349,827	121,999	96,616	193,716	68,643	3,787,072

2.11 Derivative transactions

The total value of unsettled transactions as at December 31st, 2009 is PLN -149,429.7 thousand. This amount includes:

- measurement of interest rate hedges:	(PLN 9,027.9 thousand)
- measurement of currency hedges:	(PLN 140,401.8 thousand)
including:	
liabilities towards Citi Bank Handlowy SA	(PLN 70,296 thousand)
liabilities towards ING Bank Śląski SA	(PLN 70,105 thousand)

The table below presents selected information on unsettled derivative transactions on the FX market:

Conclusion Date	Nominal value of "call" options sold	Nominal value of "put" options purchased	Maturity	Settlement rate
05-08-2008;	EUR 17,641 thousand	EUR 17,641 thousand	18.01.2010	3.2400
14-08-2009;	EUR 1,154 thousand/week	EUR 1,154 thousand/week	from 18.01.2010 to 29.03.2010	
02-11-2009;	EUR 1,026 thousand/week	EUR 1,026 thousand/week	from 01.04.2010 to 28.06.2010	
16-12-2009	EUR 1,467 thousand/week	EUR 1,467 thousand/week	from 01.07.2010 to 02.08.2010	
06-08-2008;	EUR 10,662 thousand	EUR 10,662 thousand	15.01.2010	3.2870
18-02-2009;	EUR 5,815 thousand	EUR 5,815 thousand	15.01.2010	3.3297
21-05-2009;	EUR 4,846 thousand	EUR 4,846 thousand	15.01.2010	3.3529
13-08-2009	EUR 969 thousand/week	EUR 969 thousand/week	from 21.01.2010 to 19.05.2011	3.3731
05-11-2009				
15-12-2009				
12-08-2008;	EUR 8,821 thousand	EUR 8,821 thousand	18.01.2010	3.3300
14-08-2009;	EUR 577 thousand/week	EUR 577 thousand/week	from 21.01.2010 to 25.03.2010	
02-11-2009;	EUR 513 thousand/week	EUR 513 thousand/week	from 01.04.2010 to 24.06.2010	
16-12-2009	EUR 694 thousand/week	EUR 694 thousand/week	from 01.07.2010 to 05.08.2010	
Total:				
05-08-2008 – 16-12-2009	EUR 166.169 thousand	EUR 166.169 thousand	15.01.2010 – 19.05.2011	3.2400 – 3.3731
<i>Including active transactions:</i>				
05-08-2008 – 16-12-2009	EUR 139.708 thousand	EUR 139.708 thousand	15.01.2010 – 19.05.2011	3.2400 – 3.3731
<i>Including closed transactions maturing within the term of realisation of standstill agreement:</i>				
05-08-2008 – 16-12-2009	EUR 26.461 thousand	EUR 26.461 thousand	18.01.2010	3.2400-3.3300

From the half of August, 2009, no payments from the option transactions have been made due to the binding settlement agreement with banks (standstill).

The Ciech Group has a surplus of currency inflows over expenditures in EURO. An increase in the EUR/PLN rate will lead to an increase in the value of inflows in PLN and will balance losses on hedging transactions in the future.

The table below presents the estimated currency exposure of the Ciech Group in EURO as at December 31st, 2009 due to financial instruments and future net operating income.

Exposure to currency risk in EURO	('000 EUR)	Impact on P&L account	Impact on equity	Impact from 1.01.2010 to 31.05.2011
Assets				
Borrowings granted sensitive to FX rate changes	85,723	x		
Trade and other receivables	44,026	x		
Bank deposits	14,000	x		
Liabilities				
Trade and other liabilities	-22,450	x		
Loans and borrowings	-24,767	x		
Derivatives				
Option structures (delta equivalent)	-139,247	x	x	
Future net sales planned				
Forecasted future net result* in EUR – CIECH by May 2011	204,000			X
Forecasted future net result* in EUR – other companies of the CIECH Group by May 2011	51,000			X
Total result	212,285			

* net result = operating income in EUR – operating costs in EUR

The next table contains an analysis of the sensitivity of individual balance-sheet items to FX rate changes as at 31.12.2009

Analysis of sensitivity to FX rate changes	('000 PLN)*	Impact on P&L account	Impact on equity	Impact from 1.01.2010 to 31.05.2011
F/x balance-sheet items (excluding borrowings)	108	108		
Borrowings granted sensitive to FX rate changes	857	857		
Forecasted future net result in EUR	2,550			2,550
Change in option portfolio value				
- based on the delta factor	-1,392	-220	-1,172	
Total impact	N/A	-745	-1,172	2,550

* for FX rate increase of EUR/PLN rate by 1 grosz (1/100 PLN)

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

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

Seasonality resulting from periodic demand and supply fluctuations has a certain impact on the general sales trends in Ciech Group. Products visibly influenced by seasonality are agro-chemical products:

- chemical fertilizers,
- raw materials for the production of fertilisers,
- plant protection chemicals.

Fertilizers are sold mainly at the turn of Q1 and Q2 and in Q3 of a year. This is due to intensive field fertilisation in spring and autumn. Similarly, most plant protection chemicals are used in the first half of a year, i.e. the period of intensive plant growth, when approx. 90% of the total sale of these products is realized.

Furthermore, in the soda segment a seasonal relationship between the volume of some products sold and progress of winter can be observed. A mild winter is reflected in a decrease in the sale of calcium chloride and other products (anti-ice, salt and chloride mix, waste salt), while the influence on the sale of salt is indirect.

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

4. Fulfilment of profit forecasts previously published for a given year in light of the results disclosed in the quarterly report against the forecasted results.

In 2009, the Ciech Group has not published any forecasts for 2009.

5. Factors that influence the Ciech Group's results, with particular focus on the next quarter

5.1 External factors

Situation in industries being the Ciech Group's recipients in Poland

Poland is the biggest selling market for the Ciech Group. The largest domestic recipients of the Ciech Group's products include: the chemical industry, plastics industry, glass industry and agriculture. Development of these economic sectors depends on the economic situation in Poland. Industrial production in fixed price terms within 12 months of 2009 decreased by 3.2% according to the 2007 Polish Classification of Economic Activities in comparison with 2008 (in the analogous period of 2008 it increased by 2.5% according to the 2004 Polish Classification of Economic Activities). Respectively, the dynamics of the chemical industry amounted to: in the production of chemicals and chemical products (excluding pharmacy) - minus 5.0% and in the production of rubber products and plastics minus 1.9%. In the same period, pharmaceutical production grew by 7.2%. The year 2009 was characterized by a slowdown in the economic development of Poland to 1.7% GDP (5% in 2008, according to the Central Statistical Office). A visible decrease could be observed in the sales rate of the chemical industry (by approx. 3%), which usually develops similarly to the entire economy. A slight economic boost and GDP growth at the level of 2% or slightly higher is expected in 2010.

Economic situation in Europe and the world

The activity of the Ciech Group is based to a great extent on the sales of chemical products on foreign markets. The level and profitability of sales depends on the global economic situation in Europe and the world. A global economic slump usually affects the demand for raw materials on international markets, thus reducing the export turnover of the Group.

According to the forecasts of CEFIC – European Chemical Industry Council (published in November last year), in 2009, the global GDP will decrease by 2.5% with the prospect of its growth in 2010 by 2.2%. Corresponding GDP rate for the European Union (27) will be: minus 4.2% in 2009 and plus 0.6% in 2010. The latest forecasts of other international institutions indicate that even greater growth may be expected on a global scale.

CEFIC's expectations as to the chemical sector in the EU anticipate a decrease in the chemical output, excluding the pharmaceutical industry, by 12.4% in 2009 (4.5% in 2008). In 2010, the reinstatement of positive rates at the level of 4.7% is expected for this branch of industry. This growth is forecasted in all chemical sectors identified by CEFIC. A similar rate is expected for the global chemical industry in 2010 (+4.6% according to American Chemistry Council).

Financial situation of agriculture

A part of the Ciech Group's revenues covering mineral fertilizers and plant protection chemicals is realized within the framework of sales to the agricultural sector. In the opinion of CIECH S.A., in the long-term, the volume of demand for mineral fertilisers in Poland and Central and Eastern Europe should continue to grow. The material factors favouring an increase in the consumption of agrochemicals in Poland and thus the demand for products manufactured by the Ciech Group are processes improving the financial situation and profitability of agricultural production, including: production quoting and direct subsidies. It should translate into a growth of the Ciech Group's revenues. On the other hand, the lack of a significant improvement in the purchasing capacity of the agricultural sector may equal stagnation in the demand for fertilizers and plant protection chemicals and as a result stagnation in the Ciech Group's revenues related to agrochemical products.

According to the data of the Institute of Agricultural and Food Economics (IERiGŻ), the market conditions in 2009 improved in comparison with the previous year. Those circumstances, however, haven't yet translated into an improvement of profitability for the farmers, visibly deteriorated in 2008. After some improvement during the spring, H2 2009 brought the re-deterioration of these conditions. The synthetic index of economic situation in agriculture (SWKR) in December 2009 was slightly higher than the year before (an increase from 98.8 to 100.4). Over the next quarters, no fast improvement of agriculture conditions in Poland is expected.

Economic situation on the market of raw materials

The import of chemical raw materials to Poland constitutes a significant part of turnover within the framework of the Ciech Group's activity. The raw material markets are characterized by a cyclical nature connected with the fluctuations of the global economy. The growing prices of raw materials cause a decrease in margins of trade intermediaries and a decrease of demand generated by recipients. On the other hand, falling prices are usually a symptom of decreasing demand and the beginnings of an economic downturn. The maintenance of a stable pace of economic growth and stable prices of chemical raw materials will have a positive effect on the commercial activity of CIECH S.A. in terms of the import of raw materials. Considerable fluctuations of demand and prices caused either by a fast economic growth or economic stagnation will have a negative influence on the activity related to trading in chemical raw materials by CIECH S.A.

REACH implementation

In accordance with the REACH regulation, the Ciech Group's Companies, that produce substances in quantity of over 1,000 tons per year, will complete full registration of these substances, which will enable the continuation of the distribution of their own products. Companies realize preparatory tasks connected with this project, participate in forums for the exchange of information about substances, set up by entities that register the same substance, and in

consortia established for the purposes of common submission of registration data. CIECH S.A. keeps track of the progress of those actions.

Emission trading system

In 2009, the Ciech Group's Companies held a sufficient number of allowances to cover actual emission of carbon dioxide. A part of those allowances was sold; the rest was kept to be used within the upcoming years of 2nd settlement period.

PL/EURO exchange rate

The Ciech Group's export sales are settled mostly in EURO. A strong Euro means higher profitability for exports, both for the Ciech Group and other chemical industry players in Poland. Furthermore, it increases volumes of turnover achieved by Ciech for other manufacturers. As a result, the PLN/EUR exchange rate influences profitability of sales revenue in the Ciech Group. If the Polish zloty becomes stronger against the EUR, the profitability of exports will probably decline, and the Ciech Group's export volumes will decrease.

5.2 Internal factors

Maintenance of cost and quality competitiveness

The competitiveness of the Ciech Group concentrates on basic market factors, i.e. costs, quality, marketing, market position. The most important are:

- cost competitiveness based on the effects of the large scale of manufacturing, specialisation, standardisation and effects of experience,
- quality leadership and quality control systems,
- competition based on the enterprise's market force (market leader),
- cost leadership and differentiation.

Competitiveness of companies is to a great extent connected with innovations. Therefore, the basis for competition is innovative product and process technologies. Within the framework of the adopted investment strategy, Ciech Group's companies implement a number of innovative process and product solutions.

Liabilities connected with the purchase of ZACHEM S.A., Z.Ch. "Organika-Sarzyna" S.A., S.C. Uzinele Sodice Govora - Ciech Chemical Group S.A. and Soda Deutschland Ciech.

Pursuant to the purchase agreements regarding ZACHEM S.A., Z.Ch. "Organika-Sarzyna" S.A., S.C. Uzinele Sodice Govora - Ciech Chemical Group S.A., CIECH S.A. is charged with obligations connected mainly with the implementation of investment packages, employee guarantees and minority interest buyout options.

The sales agreement concerning ZACHEM S.A.'s shares contains "a restricting condition". The ratio of constant capital to non-current assets is calculated on the basis of the individual financial statements of ZACHEM S.A. prepared according to PAS, and, pursuant to the agreement, it is to grow as follows: in 2007 by 20 pp in relation to the ratio calculated as at the date of sales, i.e. December 20th, 2006; in every subsequent year until 2010 by another 10 pp (total growth in the years 2007-2010 by 50 pp). Ciech shall pay NAFTA POLSKA S.A. a penalty amounting to PLN 150 thousand for every full percentage point below the required ratio. Every full percentage point in excess of 10 pp deviation from the required ratio shall be followed by a penalty of PLN 500 thousand.

Annex No 1, concluded on December 23rd, 2009 stipulates that fulfilment date of the "restricting condition" which was set in the previous Agreement at December 31st, 2009 (+40 pp), shall be December 31st, 2010, save that if CIECH S.A. fails to meet the new date, Nafta Polska S.A. shall be entitled to receive a contractual penalty due to non-compliance by CIECH S.A. with the "restricting condition" at the end of 2010, as well as a contractual penalty to which it would be entitled due to non-compliance by CIECH S.A. with the condition at the end of 2009. Additionally it was established, that the fulfilment date of the "restricting condition" which was set in the previous Agreement at December 31st, 2010, shall be December 31st, 2011.

If the "restricting condition" is fulfilled by the December 31st, 2010, as stipulated by the provisions of the original Agreement (i.e. +50 pp), the "restricting condition" will not be examined anymore and no contractual penalty for nonfulfillment of the restricting condition in 2009 will be charged. The Management Board of CIECH S.A. is obliged to provide ZACHEM S.A. with financial aid ensuring the satisfaction of the restricting condition on condition that CIECH S.A.'s debt is effectively restructured.

Moreover, Soda Deutschland Ciech Group has shown in its balance sheet the obligation to repurchase Elektrociepłownia. Elektrociepłownia was sold on September 1st, 1999 by KWG GmbH (a subsidiary of Soda Deutschland Ciech) for the benefit of VASA Kraftwerke-Pool for EUR 115.8 million. KWG's contractual obligation is to repurchase the power plant by December 31st, 2014. KWG also retains the option to acquire the power plant.

This option may be exercised on January 1st of every year of the term, i.e. until December 31st, 2014. As at December 31st, 2009, the respective obligation amounts to PLN 144,563 thousand.

Detailed information on the obligations assumed by CIECH S.A. has been presented in the Consolidated Annual Report of the Ciech Group for 2008.

Investment projects and undertakings connected with obtaining co-financing from available aid funds.

One of the important factors which may have an impact on the financial results of the Group in this and future years is the completion of the following investment projects:

- utilisation of the TDI production capacity (increased to 75 tt/y) - achieving full production capacity of the extended TDI plant - Q3 2009,
- full utilisation of the polyurethane foam installation capacity, extended to the level of 25 tt/y and also utilisation of opportunities resulting from extension of the assortment - investment completed in Q1, 2009.
- reaching production capacity of 1,200 tons/day (400 tt/y) through the completion of investment projects including: construction of new steam calcinator to replace gas calcinator at S.C. Uzinle Sodice Govora, with efficiency of 600 tons/day, construction of new absorption column with efficiency of 900 tons/day - Q3-Q4, 2009.
- using the opportunity to increase epoxy resin production capacity by 1,000 tons/year through investment in the development of liquid resin warehouse facility - completed in Q4, 2009.

Four agreements for co-financing of Ciech Group's projects subsidized with EU funds were signed by the end of Q4, 2009. Three of them include undertakings connected with the modernisation of Soda Polska Ciech heat and power plants including the reduction of their environmental impact. The fourth undertaking is a training project "Academy of corporate mentoring". An additional two projects were accepted for subsidising - currently at the stage of signing contracts for co-financing. The total amount of funds obtained exceeds PLN 110,000 thousand.

Undertakings related to optimisation of operating costs

On December 1st, 2009 the negotiation stage was completed and the contracts were signed for consolidated purchase of electricity in the TPA system in 2010 by the Group Companies. PGE ZEŁT Obrót Sp. z o.o. was chosen to be the electricity supplier according to the liberalisation of electricity market.

The total electricity volume will exceed 450 thousand MWh, and its total value for the Ciech Group Companies will be about PLN 103,000 thousand net (excluding VAT). The supplies will be supplemented by an in-house electricity generation by the CHP's owned by a Group company – Soda Polska Ciech – which will contribute about 450 thousand MWh.

The negotiated conditions of energy purchase in the TPA system for 2010 will generate about PLN 10,000 thousand of savings in comparison to current purchase costs. The optimization of the electricity purchase costs will contribute to improved financial ratios of the Ciech Chemical Group Companies.

Additionally, in 2009 Grupa Ciech carried out the project for the optimisation of traffic maintenance and repair costs. An analysis was made in order to determine optimal levels of traffic maintenance expenditures, including:

- establishing internal benchmarks of the most frequently requested services and comparing their parameters
- assessment of the organisational structure of the traffic maintenance and repair staff
- assessment of the traffic maintenance and repair planning method
- assessment of the repair contractor selection method

As a result the optimal model of the maintenance and repair staff and organisational assumptions for the development of a consolidated operating maintenance and repair system for Polish companies of the Group was established and the assumptions for the supervision and settlement of contractors were determined. Planned results of implementing the project include:

- implementation of the new, transparent contractor selection system, promoting the competition and enabling the centralisation of ordering these services,
- expected annual savings of PLN 29 mln.

6. Consolidated entities

Organisational description of the Ciech Group

The controlling entity in the Ciech Capital Group is CIECH Spółka Akcyjna, currently having its registered office in Warsaw, ul. Puławska 182, registered under the number 0000011687 in the District Court for the Capital City of Warsaw in 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 December 31st, 2009, it comprised 61 business entities, including:

- the parent company CIECH S.A.,
- 40 subsidiaries, including:
 - 24 domestic subsidiaries,
 - 16 foreign subsidiaries,
- 17 domestic affiliates,
- 2 foreign affiliates,
- 1 foreign jointly-controlled entity.

The Ciech Group is composed of direct subsidiaries and affiliates, for which CIECH S.A. is the controlling entity, as well as indirect subsidiaries and affiliates, whose controlling entities are direct subsidiaries of CIECH S.A.

The Ciech Group conducts manufacturing activity connected with the sale of own products as well as commercial activity connected with the trade of goods. Commercial activities are carried out mostly by CIECH S.A. and by its domestic and foreign commercial companies, being CIECH S.A.'s subsidiaries. Manufacturing activities are carried out by CIECH S.A.'s subsidiaries, being manufacturers. The controlling entity has no branches.

When preparing the consolidated financial statements for Q4 2009, the following companies underwent consolidation:

List of consolidated entities measured under the equity method in Q4 2009 and in the comparable period.

Company/Group	Consolidation method as at 31.12.2009 and CIECH S.A.'s control.	Consolidation method as at 31.12.2008 and CIECH S.A.'s control.	Subject of activity
1) CIECH S.A.	Controlling entity	Controlling entity	According to the Articles of Association, the core business of the controlling entity includes: commercial activity including trade activity, investment activity, manufacturing activity, service activity and financial operations with particular focus on foreign and domestic trade in chemicals and activity connected therewith. 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 goods, – wholesale of chemical products, – wholesale of perfumes and cosmetics, – retail sale of medical and orthopaedic goods.
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"> – implementing disinvestment projects concerning unnecessary fixed assets (real property) – and financial assets (stocks and shares in 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 raw materials for cosmetic and pharmaceutical products, – 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 controlling entity (CIECH S.A.'s subsidiary)	Fully consolidated lower-tier Group Lower-tier controlling entity (CIECH S.A.'s subsidiary)	<ul style="list-style-type: none"> – manufacture of other inorganic basic chemicals, – wholesale of chemical products, – production and distribution of electricity, – goods shipment
4.1.) Soda Polska CIECH Sp. z o.o.	Indirect subsidiary of CIECH S.A.; lower-tier full consolidation	Indirect subsidiary of CIECH S.A.; lower-tier full consolidation	
4.1.1) 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.	
4.2) Polskie Towarzystwo Ubezpieczeń Spółka Akcyjna	Indirect affiliate of CIECH S.A. measurement under the equity method at lower tier	Indirect affiliate of CIECH S.A. measurement under the equity method at lower tier	
JANIKOSODA Group			
5) JANIKOSODA S.A.	Fully consolidated lower-tier Group Lower-tier controlling entity (CIECH S.A.'s subsidiary)	Fully consolidated lower-tier Group Lower-tier controlling entity (CIECH S.A.'s subsidiary)	<ul style="list-style-type: none"> – production of salt, – manufacture of industrial gases, – manufacture of other inorganic basic chemicals, – manufacture of other chemical products n.e.c.
5.1) Polskie Towarzystwo Ubezpieczeń	Indirect affiliate of CIECH S.A.	Indirect affiliate of CIECH S.A.	

Company/Group	Consolidation method as at 31.12.2009 and CIECH S.A.'s control.	Consolidation method as at 31.12.2008 and CIECH S.A.'s control.	Subject of activity
Spółka Akcyjna	measurement under the equity method at lower tier.	measurement under the equity method at lower tier	
FOSFORY Group	Fully consolidated lower-tier Group	Fully consolidated lower-tier Group	<ul style="list-style-type: none"> – manufacture of chemical fertilisers and nitrogen compounds, – manufacture of other inorganic chemicals, – manufacture of other organic chemicals, – manufacture of refined petroleum products, – manufacture of plastics, – wholesale of grain, seeds and animal feed, – transshipment services based on own transshipment and storage base
6.) GZNF "FOSFORY" Sp. z o.o.	Lower-tier controlling entity (CIECH S.A.'s subsidiary)	Lower-tier controlling entity (CIECH S.A.'s subsidiary)	
6.1) "AGROCHEM" Spółka z ograniczoną odpowiedzialnością – in Dobre Miasto	Indirect subsidiary of CIECH S.A.; lower-tier full consolidation.	Indirect subsidiary of CIECH S.A.; lower-tier full consolidation.	
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.	
7) "Alwernia" S.A.	Fully consolidated subsidiary of CIECH S.A.	Fully consolidated subsidiary of CIECH S.A.	<ul style="list-style-type: none"> – manufacture of other inorganic basic chemicals, – manufacture of dyes and pigments, – manufacture of other organic basic chemicals, – manufacture of chemical fertilisers and nitrogen compounds, – manufacture 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 sale of a variety of goods in the Far East markets
9) DALTRADE PLC.	Fully consolidated subsidiary of CIECH S.A.	Fully consolidated subsidiary of CIECH S.A.	– distribution and wholesale of chemicals in the UK market.
10) VITROSILICON Spółka Akcyjna	Fully consolidated subsidiary of CIECH S.A.	Fully consolidated subsidiary of CIECH S.A.	<ul style="list-style-type: none"> – manufacture of other inorganic basic chemicals, – manufacture of household and technical glassware, – manufacture of plastic packing goods, – manufacture of other plastic products
11) Przedsiębiorstwo Transportowo-Uługowe TRANSCLEAN Sp. z o.o.	Fully consolidated subsidiary of CIECH S.A.	Fully consolidated subsidiary of CIECH S.A.	<ul style="list-style-type: none"> – international transport of liquid chemicals, – tank truck and rail tank car wash
12) Zakłady Chemiczne "Organika-Sarżyna" S.A.	Fully consolidated subsidiary of CIECH S.A.	Fully consolidated subsidiary of CIECH S.A.	<ul style="list-style-type: none"> – manufacture of plastics, – manufacture of pesticides and other chemical products
ZACHEM Group	Fully consolidated lower-tier Group	Fully consolidated lower-tier Group	<ul style="list-style-type: none"> – manufacture of organic and other non-organic chemicals, – manufacture and sales of plastics, – manufacture of plastic plates, sheets, tubes and profiles, – manufacture of dyes and pigments, – services of installation, repairs and maintenance of general-purpose machinery n.e.c.
13) ZACHEM S.A.	Fully consolidated subsidiary of CIECH S.A.	Fully consolidated subsidiary of CIECH S.A.	
13.1) ZACHEM UCR Spółka z ograniczoną odpowiedzialnością	Indirect subsidiary of CIECH S.A.; lower-tier full consolidation.	Indirect subsidiary of CIECH S.A.; lower-tier full consolidation.	
13.2) BORUTA - ZACHEM Kolor Spółka z ograniczoną odpowiedzialnością	Indirect subsidiary of CIECH S.A.; lower-tier full consolidation.	Indirect subsidiary of CIECH S.A.; lower-tier full consolidation.	
(Company established as a result of a			

Company/Group	Consolidation method as at 31.12.2009 and CIECH S.A.'s control.	Consolidation method as at 31.12.2008 and CIECH S.A.'s control.	Subject of activity
merger of companies: BORUTA - KOLOR Sp. z o.o.(acquired company) i ZACHEM Barwniki Sp. z o.o. (acquiring company, consolidated since December, 2006)			
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.	– manufacture of other inorganic basic chemicals, – wholesale of chemical products
Soda Deutschland Ciech Group	Fully consolidated lower-tier Group	Fully consolidated lower-tier Group	– manufacture of other inorganic basic chemicals, – wholesale of chemical products,
15.) Soda Deutschland Ciech GmbH	Subsidiary of CIECH S.A.; lower-tier full consolidation	Subsidiary of CIECH S.A.; lower-tier full consolidation	– production and distribution of electricity
15.1.) Sodawerk Holding Stassfurt GmbH	Indirect subsidiary of CIECH S.A.; lower-tier full consolidation	Indirect subsidiary of CIECH S.A.; lower-tier full consolidation	
15.1.1.) Sodawerk Stassfurt Verwaltungs GmbH	Indirect subsidiary of CIECH S.A.; lower-tier full consolidation	Indirect subsidiary of CIECH S.A.; lower-tier full consolidation	
15.1.2) Sodawerk Stassfurt GmbH&Co.KG	Indirect subsidiary of CIECH S.A.; lower-tier full consolidation	Indirect subsidiary of CIECH S.A.; lower-tier full consolidation	
15.1.3) KWG GmbH	Indirect subsidiary of CIECH S.A.; lower-tier full consolidation	Indirect subsidiary of CIECH S.A.; lower-tier full consolidation	

7. Effects of changes in the organisational structure of the Ciech Group's business units in Q4 2009, including business mergers, acquisitions or disposals of the group's entities, long-term investments, demergers, restructuring and discontinuation of activity.

No changes regarding the companies in which CIECH S.A. holds direct shares/stocks occurred in the structure of the Ciech Group in Q3 2009; however, the following changes occurred:

CIECH FINANCE Sp. z o.o.

- On October 19th, 2009, the Extraordinary General Meeting of Shareholders adopted a resolution on an increase in the share capital by PLN 250 thousand through the establishment of 500 new shares of a nominal value of PLN 500 each. The above shares were acquired by the previous sole shareholder, CIECH S.A., in exchange for cash. CIECH S.A.'s share remains the same. On January 8th, 2010, the increase in share capital was registered by the District Court.

Soda Deutschland Ciech Group

- On November 13th, 2009, the increase in share capital of Soda Deutschland Ciech GmbH to the amount of EUR 15,025 thousand through the establishment of a new (fourth) share of a nominal value of EUR 15,000 thousand was registered by the German Registry Court. This share was acquired by the sole shareholder of SCD - CIECH S.A. The increase in the share capital was made through the adoption of a resolution of the Extraordinary General Meeting of Shareholders of Soda Deutschland Ciech GmbH of November 4th, 2009.

The following changes regarding the companies in which CIECH S.A. holds indirect shares/stocks occurred in Q4 2009:

ZACHEM Barwniki Sp. z o.o. and BORUTA-KOLOR Sp. z o.o. (companies forming the Zachem Group)

- On September 23rd, 2009, Extraordinary General Shareholders' Meetings took place in the companies: ZACHEM Barwniki Sp. z o.o. and BORUTA-KOLOR Sp. z o.o. Resolutions were passed on merging ZACHEM Barwniki Sp. z o.o., the acquiring company, and BORUTA-KOLOR Sp. z o.o., the acquired company. The share capital of ZACHEM Barwniki Sp. z o.o. was increased to PLN 20,105 thousand, through the establishment of 15,677 new shares with the value of PLN 1 thousand each. Another Extraordinary General Shareholders' Meeting on November 11th, 2009 passed a resolution on acknowledgment of amendments to the Articles of Association, including a change of the company's business name, which from the date of registering at the NCR shall be: Boruta Zachem-Kolor Sp. z o.o. On December 1st, 2009, the increase in share capital and amendments to the Articles of Association, including change of the company's business name to Zachem Boruta-Kolor Sp. z o.o., were registered by the District Court. As a result of the merger of the companies, Zachem Boruta-Kolor Sp. z o.o. undertakes all rights and obligations of BORUTA-KOLOR Sp. z o.o. as of the merger date. ZACHEM S.A. became the owner of the new shares without any obligation to acquire or pay for the new shares of ZACHEM Barwniki Sp. z o.o. From December 1st, 2009, the ZACHEM S.A.'s share in the share capital of Zachem Barwniki-Kolor Sp. z o.o. is 95.52%. Additionally, at the date of the merger of the companies, BORUTA-KOLOR Sp. z o.o. held 800 shares in ZACHEM Barwniki Sp. z o.o. Those shares were acquired from BORUTA-KOLOR Sp. z o.o. by ZACHEM Barwniki Sp. z o.o. to be redeemed. As at December 31st, 2009, Zachem Boruta-Kolor Sp. z o.o. (former ZACHEM Barwniki Sp. z o.o.) holds 800 own shares.

BORUTA-KOLOR Sp. z o.o.

- A motion for removing BORUTA-KOLOR Sp. z o.o. from the registry of companies was submitted. As at December 31st, 2009, the company has not yet been removed from the National Court Register.

Zakład Gospodarki Popiołami Sp. z o.o. (company forming Soda Mątwy Group)

- The change of the business name of Hatra, Cement i Beton Sp. z o.o. to Zakład Gospodarki Popiołami Sp. z o.o. was registered by the District Court at October 16th, 2009. On November 12th, 2009, the Extraordinary General Meeting of Shareholders of Zakład Gospodarki Popiołami Sp. z o.o. adopted a resolution on the increase in the share capital by PLN 11,190 thousand through the establishment of 11,190 new shares with a nominal value of PLN 1 thousand each. Soda Polska Ciech Sp. z o.o. acquired 3,277 shares and the remaining 7,913 shares were acquired by the Shareholder - Lafarge Cement S.A. The increase in share capital was registered on December 16th, 2009. Soda Polska CIECH Sp. z o.o.'s share changed from 29.17% to 29.28%.

8. Changes in the shares of CIECH S.A. held by the Members of the Management Board and Supervisory Board

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

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

Other persons holding managerial and supervisory positions do not hold any shares in CIECH S.A. nor shares or stocks in associated entities.

9. 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 of July 29th, 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading and Public Companies - Journal of Laws. No. 184, item. 1539), the following entities hold at least 5% of the total number of votes at the general meetings of the company:

Shareholder	As at 13.11.2009	Shares acquired	Shares sold	As at 08.02.2010	% share in the share capital	% number of votes at GSM
State Treasury	10,270,800	-	-	10,270,800	36.68%	36.68%
Pioneer Pekao Investment Management S.A. (PPIM):	5,255,045	-	-	5,255,045	18.77%	18.77%
including the Pioneer investment funds managed by PPIM	5,184,274	-	-	5,184,274	18.52%	18.52%
including Pioneer Zrównoważony Fundusz Inwestycyjny Otwarty	1,402,040	-	-	1,402,040	5.01%	5.01%
including Pioneer Akcji Polskich Fundusz Inwestycyjny Otwarty	1,507,398	-	-	1,507,398	5.38%	5.38%
Otwarty Fundusz Emerytalny (Open Pension Fund) PZU "Złota Jesień"	1,712,732	-	-	1,712,732	6.12%	6.12%

10. Provisions and write-downs on assets from 01.10.2009 to 31.12.2009

The Ciech Group's consolidated financial statements for Q4 2009 disclosed the following changes (creation, use and release) of provisions and write-downs on assets.

Provision increase from 01.10. to 31.12.2009	<i>(PLN '000)</i>
Income tax provision	5,147
Provision for retirement gratuities, annual leave, bonuses, compensation payments, etc.	11,245
Provision for expected losses	-
Provision for environmental protection	16,088
Restructuring provision	643
Provision for liabilities (costs)	-
Total	33,123
Provision decrease (use and release) from 01.10. to 31.12.2009	<i>(PLN '000)</i>
Income tax provision	17,285
Provision for retirement gratuities, annual leave, bonuses, compensation payments, etc.	3,490
Provision for expected losses	-
Provision for environmental protection	11,176
Restructuring provision	209
Provision for liabilities (costs)	5,530
Total	37,690
Write-downs on assets (increase) from 01.10. to 31.12.2009	<i>(PLN '000)</i>
Write-downs on intangible assets	-
Write-downs on tangible assets	8,109
Write-downs on non-current receivables	-
Write-downs on current receivables	2,273
Write-downs on inventory	5,646
Write-downs on non-current financial assets	-
Write-downs on current financial assets	-

Write-downs on assets (increase)	
from 01.10. to 31.12.2009	<i>(PLN '000)</i>
Total	16,028

Write-downs on assets (decrease) (use and release)	
from 01.10. to 31.12.2009	<i>(PLN '000)</i>
Write-downs on intangible assets	173
Write-downs on tangible assets	580
Write-downs on non-current receivables	238
Write-downs on current receivables	21,611
Write-downs on inventory	356
Write-downs on non-current financial assets	188
Write-downs on current financial assets	-
Total	23,146

Deferred tax assets	
from 01.10. to 31.12.2009	<i>(PLN '000)</i>
Increase	12,274
Decrease	5,610

11. Notes to the Statement of Comprehensive Income of the Ciech Group

Tax effect of every component of other comprehensive income of the CIECH Group

PLN '000	01.01.-31.12.2009			01.01.-31.12.2008		
	Before tax	Tax	Net after tax	Before tax	Tax	Net after tax
Currency translation differences (foreign companies)	(11,370)	-	(11,370)	(33,534)	-	(33,534)
Revaluation of available-for-sale financial assets	23,341	(3,894)	19,447	(50,268)	6,380	(43,888)
Cash flow hedging	68,756	(12,688)	56,068	(47,948)	7,182	(40,766)
Net currency translation differences (investments in foreign companies)	(10,206)	-	(10,206)	-	-	-
Other components of other comprehensive income	(509)	-	(509)	198	-	198
Other net comprehensive income	70,012	(16,582)	53,430	(131,552)	13,562	(117,990)

Income tax and reclassification adjustments in other comprehensive income

Other gross comprehensive income (PLN '000)	change in the period	01.01-31.12.2009	change in the period	01.01-31.12.2008
Currency translation differences (foreign companies)		(11,370)		(33,534)
- measurement for the current period	(11,370)		(33,534)	
Revaluation of available-for-sale financial assets		23,341		(50,268)
- measurement at fair value in the period	(23,341)		(50,268)	
Net currency translation differences (investments in foreign companies)		(10,206)		-
- measurement at fair value in the period	(10,206)		-	
Cash flow hedging		68,756		(47,948)
- measurement at fair value in the period	67,964		(48,971)	
- reclassification adjustment of profit/loss presented in the profit and loss account	792		1,023	
Other	(509)	(509)	198	198
Income tax attributable to other components of comprehensive income		(16,582)		13,562
- for the current period	(17,203)		13,756	
- reclassification adjustment to the profit and loss account	621		(194)	
Other net comprehensive income		53,430		(117,990)

12. Purchase and disposal of tangible fixed assets

From January 1st, to December 31st, 2009 the Ciech Group carried out the following transactions of purchase and disposal of property, plant and equipment:

(PLN '000)	a) Fixed assets, including:					b) Fixed assets under construction	c) Advances on fixed assets under construction (net)	Total tangible fixed assets
	<i>land, buildings, premises and civil engineering structures</i>	<i>plant and equipment</i>	<i>means of transport</i>	<i>other fixed assets</i>				
PURCHASE	180,452	33,931	134,089	6,507	5,925	173,806	525	354,783
CIECH S.A.	1,239	11	1,193	5	30	745	0	1,984
SODA MAŁWY Group	55,596	7,830	45,966	1,687	113	72,539	523	128,658
FOSFORY Group	18,865	5,968	12,133	634	130	0	0	0
Alwernia S.A.	5,831	2,225	3,500	24	82	0	0	18,865
Cheman S.A.	99	5	67		27	95	0	5,831
VITROSILICON Spółka Akcyjna	13,087	1,743	9,010	285	2,049	0	0	194
Polfa Sp. z o.o	174	0	50	112	12	0	0	13,087
POLSIN PRIVATE LIMITED	165	0	0	165	0	0	0	174
Z.Ch. "Organika-Sarzyna" S.A.	15,185	4,419	10,221	71	474	0	0	15,185
ZACHEM Group	6,812	0	5,351	176	1,285	42,464	0	49,276
S.C. Uzinele Sodice Govora – Ciech								
Chemical Group S.A.	53,703	6,161	43,306	2,902	1,334	40,954	0	94,658
PTU Transclean Sp. z o.o.	1,146	216	573	355	2	736	2	1,884
Ciech Finance Sp. z o.o.	41	0	20	0	21	0	0	41
Soda Deutschland Ciech Group	8,508	5,353	2,699	90	366	16,273	0	24,781
SALES	11,590	7,236	690	3,268	396	33	0	11,623
CIECH S.A.	983	0	156	806	21	0	0	983
SODA MAŁWY Group	10	10	0	0	0	0	0	10
FOSFORY Group	5,654	4,914	30	665	45	0	0	5,654
Alwernia S.A.	64	0	63	0	1	0	0	64
Cheman S.A.	379	0	118	246	15	0	0	379
VITROSILICON Spółka Akcyjna	924	604	31		289	0	0	924
Polfa Sp. z o.o	15	0	0	15	0	0	0	15
POLSIN PRIVATE LIMITED	228	0	0	228	0	0	0	228
Z.Ch. „Organika-Sarzyna” S.A.	129	58	67	4	0	0	0	129
ZACHEM Group	1,142	787	213	142	0	0	0	1,142
PTU Transclean Sp. z o.o.	1,092	0	0	1,092	0	0	0	1,092
Soda Deutschland Ciech Group	970	863	12	70	25	33	-	1,002

The tangible fixed assets purchased were financed mainly with own resources, investment loans and to a small extent with finance lease.

13. Information about changes in contingent liabilities or contingent assets that have occurred since the end of the last financial year.

PLN '000	31.12.2009	31.12.2008
1. Contingent receivables	-	-
- guarantees and sureties received	-	-
- other off-balance sheet receivables	-	-
2. Contingent liabilities	56,140	40,595
- guarantees and sureties granted	40,105	39,738
- other off-balance sheet liabilities	16,035	857
3. Other	18,417	253
- other	18,417	253
Total off-balance sheet items	74,557	40,848

As at December 31st, 2009, contingent receivables did not occur in the Ciech Group.

The amount of contingent liabilities as at December 31st, 2009 was PLN 56,140 thousand, which signifies an increase of PLN 15,545 thousand in relation to the balance as at December 31st, 2008. This is caused by the increase in guarantees and sureties granted by PLN 367 thousand and in other off-balance sheet liabilities by PLN 15,178 thousand.

The change in other off-balance sheet liabilities in comparison with the balance as at December 31st, 2008 is connected with an increase in the value of discounted promissory notes by PLN 80 thousand in the company "Alwernia" S.A. and the completion of proceedings regarding compensation for the harmful activity of the phosphogypsum yard pending against GZNF "FOSFOR" Sp. z o.o. Additionally, a potential provision for recultivation of ponds, which will be created in case it is required by the waste management regulations, was reported for the Soda Deutschland Ciech Group.

The increase under the "other" item by PLN 18,164 thousand results from:

- contingent liability of PLN 1,600 thousand due to non-execution of trade contract,
- contingent liability of PLN 15,000 thousand due to not achieving the ratio required by the agreement for the purchase of ZACHEM S.A.'s shares,
- contingent liability of PLN 1,619 thousand due to non-compliance by Ciech S.A. with information requirements required by the agreement with AVAS for the purchase of S.C. Uzinele Sodce Govora- Ciech Chemical Group S.A.

14. Procedures pending before courts, in arbitration proceedings or public administration bodies as at December 31st, 2009.

14.1 CIECH S.A.

Liabilities of CIECH S.A. (domestic and foreign) claimed in court or arbitration proceedings as at December 31st, 2009.

Action by Enapharm

In June 2004, the Liquidator for Enapharm in Algeria filed a claim, which now amounts to USD 222 thousand. (equivalent of PLN 633 thousand), as damages concerning deliveries of expired medications by CIECH S.A. between 1985 and 1991.

According to the claimant, CIECH S.A. did not replace the expired medications which the customer had not sold, in violation of the contract between the parties. CIECH S.A. claims that it was exempt from the replacement provision in light of the claimant failing to make the payments due from its sales of medications on the Algerian market; what is more, CIECH S.A. raised an objection that 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 1,060 thousand).

The opinion was reviewed by CIECH S.A. for credibility and compliance with the purchase-sales contract. CIECH S.A. questioned the findings of the expert's report on formal and material grounds, claiming that the value of medications as promptly reported by Enapharm in line with the contractual provisions, accounts only for approx.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 laws applicable to civil proceedings. At the same time, the court ordered a new expert opinion to be prepared and appointed a new expert, recommending that a representative of the defendant attends the next examination. So far the Liquidator for Enapharm has not requested the expert to set the date for examination of the medicines. The case is pending before the Algerian Court. CIECH S.A. is represented by a local attorney, supervised by a reputable Paris law office. The case is pending.

A provision of PLN 633 thousand was created in CIECH S.A. for the above liabilities.

CIECH S.A. claims (domestic and foreign)**Claims submitted to court or arbitration proceedings**

CIECH S.A. is currently conducting six cases against its trade and other debtors under the Polish civil law for a total of PLN 335 thousand. The Company wrote-down the above-mentioned amount in full.

Claims for bankruptcy proceedings

A total of PLN 8,882 thousand is being claimed in twenty eight domestic bankruptcy proceedings.

For foreign bankruptcy proceedings, CIECH S.A. allocated claims in the amount of USD 315 thousand (equivalent of PLN 898 thousand) and EUR 508 thousand (in total equivalent of PLN 2,087 thousand), whereof the largest portion includes the following bankruptcy proceedings:

- Chemapol – Prague (PLN 1,025 thousand),
- Euroftal N.V. Belgium (PLN 858 thousand).

The forecasts as for the bankruptcy proceedings are unfavourable due to the fact that the claims of CIECH S.A. are not preferential.

The Company has created a write-down for all pending proceedings.

Claims due to enforcement and conciliatory proceedings

CIECH S.A. is claiming PLN 9,460 thousand from domestic debtors in seventeen enforcement proceedings. Forecasts on those proceedings vary depending on the debtors' assets. In foreign executory proceedings there is one case worth EUR 27 thousand (equivalent of PLN 111 thousand).

The Company has created a 100% write-down for the aforesaid receivables.

The following rates of the National Bank of Poland as at December 31st, 2009 were adopted for the conversion of debts in foreign currencies.

USD = PLN 2.8503

EUR = PLN 4.1082

Other cases with CIECH S.A.'s participation.**Cases concerning the charge for the perpetual usufruct of plot of land no. 41, precinct 7-02-09, located in Warsaw at ul. Powązkowska 46/50.**

1. Case concerning the update of charge for the perpetual usufruct of the plot of land no. 41, precinct 7-02-09, located in Warsaw at ul. Powązkowska for 2009 and the subsequent years.

The case is currently pending before the Local Government Appeals Court in Warsaw.

By virtue of a letter of December 22nd, 2008, the President of the Capital City of Warsaw cancelled the former annual charge paid by CIECH S.A. for the perpetual usufruct of land located in Warsaw at ul. Powązkowska 46/50, being the property of the State Treasury, marked as plot no. 41, precinct 7-02-09, and determined a new charge as of January 1st, 2009 amounting to PLN 590 thousand. In conjunction with the aforesaid new charge, on January 28th, 2009, CIECH S.A. lodged a motion to the Local Government Appeals Court in Warsaw for declaring the updated annual charge for the perpetual usufruct of land invalid.

According to the information at hand, the Local Government Appeals Court is not taking any action in order to resolve this case. In the course of the above proceedings, CIECH S.A. requested an analysis of the appraisal study, it being the basis for the increase of the charge for the perpetual usufruct of the plot.

A provision of PLN 394 thousand has been created in CIECH S.A. for the above case.

2. Case concerning the update of charge for the perpetual usufruct of the plot of land no. 41, precinct 7-02-09, located in Warsaw at ul. Powązkowska for 2004 and the subsequent years.

The case is currently pending before the Regional Court in Warsaw, 25th Civil Division.

By virtue of a letter of December 17th, 2003, delivered to CIECH S.A. on January 6th, 2004, the President of the Capital City of Warsaw cancelled, as of December 31st, 2003, the previous charge for the perpetual usufruct of land located in Warsaw at ul. Powązkowska 46/50, being the property of the State Treasury, marked as plot no. 41, precinct 7-02-09. The new charge as of January 1st, 2004 amounted to PLN 500 thousand (previously PLN 25,834.35). As a result of an appeal lodged by CIECH S.A., the Local Government Appeals Court in Warsaw, pursuant to the decision of January 9th, 2009, declared that CIECH S.A., being a perpetual lessee of plot no. 41, is obliged to pay an annual charge amounting to PLN 409 thousand starting from January 1st, 2005. On January 29th, 2009, CIECH S.A. appealed against the aforesaid decision via the Local Government Appeals Court in Warsaw to the District Court in Warsaw, 25th Civil Division.

According to the information at hand, the first hearing on the above case was conducted on the January 13th, 2010. Due to the absence of the State Treasury's attorney, the case was adjourned without scheduling another hearing.

A provision of PLN 1,687 thousand has been created in CIECH S.A. for the above case.

14.2 Subsidiaries

Soda Polska CIECH Sp. z o.o.

No claims were advanced against Soda Polska CIECH Sp. z o.o which might significantly affect its activity. The total amount of claims advanced against Soda Polska CIECH Sp. z o.o does not exceed PLN 1,100 thousand.

An employee's case is currently pending against Soda Polska, regarding the payment of the difference in long-term bonus.

Soda Polska CIECH Sp. z o.o. is claiming a total of PLN 26,771 thousand in court actions, enforcement and bankruptcy proceedings from several dozens of debtors, whereby the claims in bankruptcy proceedings amount to PLN 870 thousand. The amount of PLN 25,901 thousand is being claimed in enforcement proceedings whereby the greatest portion of PLN 25,514 thousand form claims against the company PHU "STARTER" B. Lepiarz. Soda Polska acquired the receivables from JANIKOSODY S.A. and SODA MAŁTY S.A. However, the disclosure proceedings before the District Court in Częstochowa did not disclose any assets. The enforcement officer informed about the ineffectiveness of enforcement due to considerable debt and inability to satisfy the creditor's demands. No significant claims (liabilities) were advanced against the Soda Małty Group's companies, which might affect their activity.

The SODA MAŁTY Group created a write-down of PLN 1,100 thousand for all pending proceedings.

"VITROSILICON" Spółka Akcyjna

No claims (liabilities) have been filed against the company which might affect its commercial activity. The company is claiming a total of PLN 652 thousand from trade debtors, including the largest claim pursued through enforcement proceedings for PLN 467 thousand and through bankruptcy proceedings for PLN 151 thousand.

"VITROSILICON" Spółka Akcyjna created a write-down for all pending proceedings.

"ALWERNIA" S.A.

No claims (liabilities) have been lodged against Alwernia S.A. which might significantly affect its business activity. "Alwernia" S.A. is claiming trade receivables and damages to a total amount of PLN 398 thousand through court actions and enforcement proceedings. The total of PLN 1,009 thousand is claimed in bankruptcy proceedings.

One compensation case against the company due to occupational illness is pending - the claim amounts to PLN 43 thousand.

"Alwernia" S.A. has created a write-down for all pending proceedings.

CHEMAN S.A.

No claims (liabilities) have been lodged against Cheman S.A. which might significantly affect its business activity.

Cheman S.A. filed court cases against several dozens of trade debtors for a total of PLN 4,903 thousand, including PLN 2,436 thousand claimed in court and enforcement proceedings and PLN 1,346 thousand in bankruptcy and composition proceedings.

Cheman S.A. has created a write-down for all pending proceedings.

FOSFORO Group

No claims (liabilities) have been lodged against the companies of the FOSFORO Group which might significantly affect its business activity. The FOSFORO Group is claiming a total of PLN 6,009 thousand in court actions, enforcement and bankruptcy proceedings from several dozens of debtors, whereby the largest claim of PLN 3,282 thousand is in bankruptcy and composition proceedings.

The FOSFORO Group has created a write-down for all of the above receivables.

POLFA Sp. z o.o.

No claims (liabilities) have been lodged against the company POLFA Sp. z o. o. which might affect its business activity. The company is claiming a total of USD 1,478 thousand (equivalent of PLN 4,212 thousand) from trade debtors for unpaid deliveries of goods. The claims asserted in bankruptcy proceedings amount to EUR 246 thousand (equivalent of PLN 1,012 thousand) and claims in composition proceedings amount to EUR 293 thousand (equivalent of PLN 1,203 thousand).

The company has created a write-down for all pending proceedings.

ZAKŁADY CHEMICZNE "ORGANIKA-SARZYNA" Spółka Akcyjna

No material claims (liabilities) have been lodged against Z.Ch. Organika – Sarzyna S.A. which might affect its business activity.

The total amount of claims lodged against the Company by its creditors is PLN 8 thousand.

Z.Ch. "Organika-Sarzyna" S.A. is claiming PLN 2,736 thousand from a dozen or so domestic companies in court actions, bankruptcy, enforcement and composition proceedings. The largest amount of PLN 1,835 thousand is claimed in bankruptcy and composition proceedings. The amount claimed in enforcement proceedings is PLN 901 thousand.

The company has created a write-down for all pending proceedings.

ZACHEM Group

No claims (liabilities) have been lodged against the ZACHEM Group which might affect its business activity. Currently, the largest claim filed against ZACHEM S.A. is the one of the City Hall of Bydgoszcz to hand over the real estate at ul. Toruńska. The value of the subject of controversy is PLN 1,064 thousand.

The ZACHEM Group's claims pending in business lawsuits, bankruptcy, enforcement, administrative and other proceedings total PLN 14,301 thousand, the largest claim being PLN 11,393 thousand in bankruptcy proceedings. The amount claimed in enforcement proceedings is PLN 1,180 thousand. The Group has created a write-down for all pending proceedings.

Soda Deutschland Ciech Group

No claims (liabilities) have been lodged against the Soda Deutschland Group which might affect its business activity. One claim was filed against the Company by VASA Kraftwerke-Pool GmbH&Co. for the payment of EUR 5,228 thousand (equivalent of PLN 21,477 thousand) due to unpaid electricity bills from 2008.

Moreover, an employee claim is pending, lodged by a former Member of the Management Board of Sadochem for unlawful termination of employment contract. The claimant demands compensation of EUR 1,400 thousand (equivalent of PLN 5,751 thousand).

A provision of EUR 600 thousand was created for the above liabilities.

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

No claims have been lodged against S.C. Uzinele Sodice Govora – Ciech Chemical Group S.A. which might affect its business activity. The value of settlements filed against the Company amounts at present to RON 937 thousand (equivalent of PLN 908 thousand). On the other hand, S.C. Uzinele Sodice Govora - Ciech Chemical Group S.A. is claiming a total of RON 152 thousand (equivalent of PLN 147 thousand) from various debtors in 19 business lawsuits.

S.C. Uzinele Sodica Govora – Ciech Chemical Group S.A. created a write-down for the above liabilities.

RON 1 = PLN 0.9698

15. Information about transaction or transactions with affiliated entities concluded by CIECH S.A. or its subsidiaries that separately or jointly are significant and were concluded on conditions other than market conditions.

In 2009 no transactions with affiliated entities were concluded in the Ciech Group on conditions other than market conditions.

16. Information about loan and borrowing sureties or guarantees granted by CIECH S.A. or its subsidiaries.

Sureties and guarantees granted

Beneficiary's name	Amount of loans covered by surety in whole or in specific part currency in '000. PLN '000.	Surety period	Financial terms, including surety fee due to the company	Principal	Nature of relations between CIECH S.A. and the borrower
CIECH S.A.					
KREDYT BANK S.A. Sieradz Branch	3,000	until February 28th, 2010	Payment to CIECH S.A. equal to 1% of the surety value + PLN 3.5 thousand + PLN 2.5 thousand + PLN 62.5 thousand	Chemana S.A.	Subsidiary
KREDYT BANK S.A. Sieradz Branch	4,000	until February 28th, 2010	Payment to CIECH S.A. equal to 1% of the surety value + PLN 3.5 thousand + PLN 2.5 thousand + PLN 40 thousand	Chemana S.A.	Subsidiary
PKN ORLEN SA	1,200	no fixed term	Payment to CIECH S.A. equal to 1% of the surety value	Chemana S.A.	Subsidiary
BANK PKO S.A. First Branch in Warsaw	2,000	until February 28th, 2010	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 extension	Chemana S.A.	Subsidiary

Beneficiary's name	Amount of loans covered by surety in whole or in specific part		Surety period	Financial terms, including surety fee due to the company	Principal	Nature of relations between CIECH S.A. and the borrower
	currency in '000.	PLN '000.				
Citibank HANDLOWY	EUR 12,000	49,298	until July 15th, 2010	Contract of surety with Bank Handlowy Warszawa	S.C. Uzinele Sodice Govora – Ciech Chemical Group S.A.	Subsidiary
BANK PKO S.A.		40,000	until April 30th, 2013	Surety for loan	ZACHEM S.A.	Subsidiary
Total CIECH S.A.		99,498				
JANIKOSODA S. A.						
BOŚ Poznań	EUR 192	790	For the term of the loan agreement.	No fee	"VITROSILICON" Spółka Akcyjna	Subsidiary
Total JANIKOSODA S.A.		790				
ZACHEM S.A.						
Bank PEKAO S.A.		18,160	until August 31st, 2014	None	Spółka Wodna Kapuściska	None
Nordea Bank		18,160	until August 31st, 2014	None	Spółka Wodna Kapuściska	None
Total ZACHEM S.A.		36,320				
Total amount of loans covered by surety		136,608				

Beneficiary's name	Total amount of loans covered by surety in whole or in specific part		Surety period	Financial terms, including surety fee due to the company	Principal	Nature of relations between CIECH S.A. and the borrower
	currency in '000.	PLN '000.				
ZACHEM S.A.						
Wojewódzki Fundusz Ochrony Zdrowia i Gospodarki Wodnej Toruń (Voivodship Fund of Healthcare and Water Management in Toruń)		3,632	until December 31st, 2011		Spółka Wodna Kapuściska	None
Total ZACHEM S.A.		3,632				
Total amount of loans covered by surety		3,632				

Beneficiary's name	Total amount of guarantees granted, backed in whole or in specific part		Guarantee period	Financial terms, including guarantee fee due to the company	Principal	Nature of relations between CIECH S.A. and the beneficiary
	currency in '000.	PLN '000.				
CIECH S.A.						
Citibank Romania S.A.	EUR 3,000	12,325	until March 30th, 2010	Payment to CIECH S.A. equal to 0.5% of the surety value.	S.C. Uzinele Sodice Govora – Ciech Chemical Group S.A. - Romania	Subsidiary
Air Products, LLC and Air Products Chemicals Europe B.V.	USD 38,500	109,737	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	EUR 25,000	102,705	January 31st, 2013	To the loan agreement of January 23rd, 2008 for EUR 75 million	Soda Deutschland Ciech GmbH	Subsidiary
PCC ROKITA S.A.		4,500	March 30th, 2010	Guarantee of payment for liquid chlorine for the production of EPI – 0.5% commission	ZACHEM S.A.	Subsidiary
ING Lease Romania IFN S.A.	2,237	9,189	April 30th, 2013	Payment collateral to lease agreements	S.C. Uzinele Sodice Govora – Ciech Chemical Group S.A. - Romania	Subsidiary
Total CIECH S.A.		238,456				
POLFA Sp. z o.o.						
Warsaw West Gate Sp. z o.o.	EUR 30	123	June 30th, 2010			
Pharmacie Centrale de Tunisie	EUR 3.4	14	no fixed term			
Total POLFA Sp. z o.o.		137				
Total amount of guarantees granted		238,593				

17. Information about the issue, redemption and repayment of debt securities and equity securities in the Ciech Group

In Q4 2009, the Ciech Group did not issue any securities.

18. Information about dividends paid (or declared), in total and per share, broken down into ordinary shares and preference shares.

The Annual General Meeting of CIECH S.A. by virtue of the resolution of June 18th, 2009 decided not to pay any dividend from the profit of CIECH S.A. for 2008 and allocate the entire profit for the Company's supplementary capital.

By virtue of a resolution of June 26th, 2008, the Annual General Meeting of CIECH S.A. decided to distribute net profit of CIECH S.A. for 2007 amounting to PLN 58,100,898.57 as follows:

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

Only ordinary shares form the structure of the share capital of CIECH S.A.

19. Discontinued operations and assets held for sale.

In Q4 2009, discontinued operations did not occur in the Ciech Group.

As at December 31st, 2009, the Ciech Group did not have non-current assets held for sale.

20. Information about overdue debts or other violations of debt-related agreements

No conditions of repaying capital or interest due to financial liabilities were violated in the period covered by this statement and until the day of its publication. No loan agreement was called in.

However, the results obtained by the Ciech Group and some of its subsidiaries have led to a violation of conditions of loan agreements, which include provisions concerning the required level of relevant financial ratios.

According to the requirements of IAS 1, any violation of conditions of loan agreements which may potentially limit unconditional loan availability in the following year makes it necessary to classify such liabilities as current ones.

Non-current liabilities

Ciech S.A.

The following provisions of consortium loan agreement concluded with Bank Pekao S.A., Millenium Bank S.A. and Bank Handlowy w Warszawie S.A. for the purchase of shares of Z.Ch. Organika-Sarzyna S.A. (total current and non-current debt of PLN 160,258 thousand) were violated:

- prohibition of granting new sureties (as a result of the conversion of bank guarantee of EUR 25,000 thousand, issued by BRE Bank S.A. into the corporate guarantee of EUR 25,000 thousand issued by Ciech S.A.),
- requirement to establish the collateral for 16,160 shares in JANIKOSODA S. A.

According to the IAS 1, in the presented financial statements for Q4 2009 the amount of PLN 126,327 thousand of non-current liabilities due to loans and borrowings was reclassified from non-current liabilities to current liabilities.

Current liabilities

FOSFORY Group

The condition of maintaining the required level of sales profit margin, profit margin and current liquidity ratio was violated in the agreement concluded with BRE Bank S.A. for a total of PLN 18,500 thousand.

"Alwernia" S.A.

The condition of the required level of divided payout from the profit for 2008 was violated in the agreement concluded with Bank BPH S.A. for a total of PLN 10,000 thousand.

21. Information about non-consolidated subsidiaries and associates

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

Non-consolidated entities	Share (direct and indirect) of CIECH S.A. in the company	Net sales and financial operations	Net profit / loss	Balance sheet total of the entity/Group**	CIECH S.A.'s revenue (%)	CIECH S.A.'s balance-sheet total (%)	CIECH S.A.'s control
1) Chemia.com S.A.	100.00%	14,050	61	3,383	0.69%	0.16%	Subsidiary
2) Polcommerce Handel und Vertretungsgesellschaft m .b. H.	100.00%	45,311	4	4,855	2.23%	0.23%	Subsidiary
3) CIECH SERVICE Sp. z o.o.	100.00%	11,103	455	2,627	0.55%	0.13%	Subsidiary
4) Nordiska Unipol Aktienbolag	97.78%	29,567	(339)	5,842	1.45%	0.28%	Subsidiary
5) POLFA Group							
5.1.) POLFA Hungaria Ltd, Hungary	100.00%	2,386	106	292	0.12%	0.01%	Indirect subsidiary
6) ALWERNIA Group							
6.1.) "ALWERNIA-FOSFORANY" Spółka z ograniczoną odpowiedzialnością	73.75%	-	-	50	0.00%	0.00%	Indirect subsidiary
6.2.) SOC-AL. Spółka z ograniczoną odpowiedzialnością	69.88%	2,118	11	2,657	0.10%	0.13%	Indirect subsidiary
7) ORGANIKA - SARZYNA Group							
7.1.) Z.D. „ORGANIKA” Sp. z o.o.	51.00%	3,715	13	2,397	0.18%	0.12%	Indirect subsidiary
8) Soda Deutschland Ciech Group							
8.1.Sodachem GmbH	100.00%	8,230	-	4,844	0.40%	0.23%	Indirect subsidiary
Total value		Non-consolidated entities		Ciech Group (without eliminations)		% share	
Balance sheet totals		26,947		6,877,084		0.39%	
Net sales and financial operations		116,480		5,838,373		1.99%	

While applying the principle of materiality (as per IFRS), the Management Board of CIECH S.A. decided to exclude the following associates from the consolidated statement.

Entities not measured under the equity method	Direct share of CIECH S.A. in the company	Share (direct and indirect) of CIECH S.A. in the company.	Total number of votes at the General Meeting	Acquisition value (PLN '000)	Write-downs on acquisition value (PLN '000)	Equity as at 31.12.2009 attributable to the Ciech Group (PLN '000)	Net sales of goods and products and net revenues from financial operations of a given entity (PLN '000)	Balance sheet total of the entity (PLN '000)	Net profit / (loss) (PLN '000)
CIECH S.A.									
Suomen Unipol Oy	15.00%	24.78%	24.78%	132	-	990	40,433	9,888	69
Polskie Konsorcjum Chemiczne Sp. z o.o.	50.00%	50.00%	50.00%	52	-	4	2	20	(86)
ORGANIKA –SARZYNA Group									
Zakłady Chemiczne “Silikony Polskie” Spółka z ograniczoną odpowiedzialnością	-	30.00%	27.26%	5,209	-	5,813	14,585	21,865	356
“Komunalna Biologiczna Oczyszczalnia Ścieków – Spółka z ograniczoną odpowiedzialnością”	-	56.62%	1.45%	8,358	-	7,831	2,199	14,172	(444)
“Bud-Org” Sp. z o.o.	-	24.85%	22.59%	43	-	302	3,854	2,029	16
“Gumokor-Organika” Sp. z o.o.	-	24.81%	22.54%	16	-	74	586	393	(167)
“ORGANIKA-PROJEKT” Sp. z o.o.	-	24.49%	22.26%	18	18	16	615	266	(109)
“DREWREM-ORGANIKA” Sp. z o.o.	-	24.14%	21.94%	8	8	(45)	624	110	(125)
„EL- CHEM” Sp. z o.o.	-	24.73%	22.47%	92	-	486	4,614	3,195	(136)
“WOD-REM” Sp. z o.o.	-	24.94%	22.66%	146	-	365	6,434	2,774	69
“NS Automatyka” Sp. z o.o.	-	22.44%	20.39%	115	-	485	4,302	3,739	33
ZACHEM Group									
“BUDPUR” Spółka z ograniczoną odpowiedzialnością	-	23.86%	20.84%	63	-	168	2,817	1,013	70
Przedsiębiorstwo Transportowo Spedycyjne “TRANSCHEM” Spółka z ograniczoną odpowiedzialnością	-	27.81%	24.29%	89	54	(148)	3,757	764	55
Zakład Remontowo- Produkcyjny “Metalpur” Spółka z ograniczoną odpowiedzialnością	-	24.52%	19.62%	26	-	180	3,030	1,137	(88)
Natural Chemical Products Sp. z o.o.	-	44.03%	38.46%	214	-	2,183	24,525	13,356	113
Soda Deutschland Ciech Group									
Kaverngesellschaft Stassfurt GmbH	-	50.00%	50.00%	644	-	2,233	10,947	9,864	4,176
SODA MĄTWY Group									
Zakład Gospodarowania Popiołami Sp. z o.o. (formerly: Hatra, Cement i Beton Sp. z o.o.)	-	29.28%	29.24%	3,347	-	3,219	798	39,801	(436)
Total value	-	-	-	18,572	80	24,155	124,122	124,386	3,366

Additionally, CIECH S.A. holds stock/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 shown in the table above because no data is available.
- ZAO - Polfa Ciech, Russia - in bankruptcy, 65.00 % shares/votes held directly by Ciech S.A.
- Polsin-Karbid Sp. z o.o. - in bankruptcy, 22.76% shares/votes held by CIECH S.A., shares/votes (direct and indirect) through CIECH S.A. and POLSIN PRIVATE LIMITED.
- K.Foster&Son Ltd. - loss of control, 46.51%, indirect shares/votes of CIECH S.A. through DALTRADE PLC.
- Polfa Nigeria – loss of control, no contact with the company, 20% shares held directly by CIECH S.A.
- Zach-Ciech Sp. z o.o.- 35.65% shares/votes held directly by CIECH S.A., on January 24th, 2006 the District Court in Katowice declared the Company's bankruptcy.
- Zakład Gastronomiczno-Hotelowy "MIREX" Sp. z o.o. – in liquidation, 27%, indirect shares/votes of CIECH S.A. through ZACHEM S.A.
- Also Polsin Overseas Shipping Ltd. is an affiliate of CIECH S.A. The company submitted no financial data for Q4 2009.
- Also Huta Szkła Wymiarki S.A. is an affiliate of CIECH S.A. The company submitted no financial data for Q4 2009.
- Ciech America Latina LTDA – entity suspended its activity as of June 30th, 2009.
- CHEMIEPETROL Außenhandelsgesellschaft mit beschränkter Haftung – in liquidation
- KPG Kavern-Projekt-Beteiligungsgesellschaft mbH.– in liquidation

22. Reconciliation of equity presented in the statement for 2008 with the currently presented financials as comparable data

Correction No 1 - hedge accounting

In 2008, the CIECH S.A. concluded derivative transactions, covering option structures, consisting of the put options acquired and call options issued, in order to hedge future incomes denominated on indexed in EUR.

Taking into account the hedging nature of those instruments, the Management Board of CIECH S.A. decided to nominate a portion of derivative transactions as hedging instruments in the meaning of hedge accounting. Therefore, the Company fragmented them into component instruments, and distinguished among them a portion of derivative transactions constituting an option structure (placing put options acquired and call options issued at equal values and identical exchange rate at particular execution dates), which, as a synthetic forward contract, was subject to hedge accounting principles. The transactions which were not included in the option structure, constituting a hedging instrument, are treated as derivative instruments of a commercial character.

According to IAS 39, despite their hedging character in terms of economy, the synthetic forward contracts, resulting from the disintegration, could be assigned as a hedge of the Capital Group's future sales revenue if they had been concluded as identical in relation to parameters but as separate with respect to law provisions. The Auditor's opinion regarding the financial statements for 2008 included the Auditor's objection regarding this matter. As a result, the Management Board of CIECH S.A. re-analysed the concluded transaction against their compliance with IFRS and decided to resign from using hedge accounting in relation to the above derivative transactions and, as a consequence, to make a correction in the 2008 financial statements according to IFRS 8. In 2009, CIECH SA restructured the option structures concluded in 2008, which enabled assigning those instruments to the hedge accounting principles in accordance with the provisions of IAS 39. The impact of the resignation from applying hedge accounting principles in relation to option structures from 2008 on previously presented consolidated financial statements is shown below:

in PLN mln (quarterly)	2008	Q1 09	Q2 09	Q3 09
Reported data				
Sales revenue	3,781	971	878	876
EBITDA	460	127	123	61
EBITDA margin	12.2%	13.0%	14.0%	6.9%
Net profit/loss	55	33	2	(63)
Data after correction	2008 *	Q1 09	Q2 09	Q3 09*
Sales revenue	3,787	992	902	898
EBITDA	465	147	147	82
EBITDA margin	12.3%	14.9%	16.3%	9.1%
Net profit/loss	(16)	(13)	32	(35)

* the above data does not include write-off of Sarzyn goodwill and changes in settlement of hedge accounting loans.

Correction No 2 - Write-down of negative goodwill

In accordance with the provisions of IFRS 8, Z.Ch. "Organika-Sarzyna" S.A. has separated two operating segments - agrochemical and organic (up to this moment it had three segments - agrochemical, organic and other activities). The goodwill of this company reported by CIECH S.A. was, up to this date, tested against its impairment at the level of the entire company, and not divided into particular segments.

Change of the operating segments, due to the implementation of IFRS 8 is understood as a change of accounting principles. As all changes resulting from the implementation of IFRS 8 are reported retrospectively, also the change in determining new segments and, as a consequence, new CGU's was reported in comparable data.

As a result of testing against the impairment losses at the level of particular segments, the financial result of 2008 include the goodwill of organic segment amounting to PLN 15,496 thousand, which was arisen from the purchase of Z.Ch. „Organika-Sarzyna” S.A.

Results of the correction of amounts recognised in the financial statements as at December 31st, 2008 are shown below:

<i>PLN '000</i>	31.12.2008 presented in the Ciech Group's Annual Report for 2008	Correction No. 1 hedge accounting	Correction No. 2 Write-down of the negative goodwill of Z.Ch. Organika Sarzyna S.A.	31.12.2008 presented in the extended consolidated quarterly report for Q4 2009 (as comparable data)
Equity				
Share capital	164,115	-	-	164,115
Own shares	-	-	-	-
Share premium	151,328	-	-	151,328
Equity components related to assets held for sale	-	-	-	-
Cash flow hedge	(111,700)	70,934	-	(40,766)
Financial asset revaluation reserve	(22,887)	-	-	(22,887)
Tangible fixed asset revaluation reserve	-	-	-	-
Other reserve capitals	78,521	-	-	78,521
Net currency translation differences (investments in foreign companies)	-	-	-	-
Currency translation differences (subsidiaries)	(50,961)	-	-	(50,961)
Retained profits	656,460	(70,934)	(15,496)	570,030
Equity attributable to controlling shareholders	864,876	-	-	849,380
Minority interest	49,412	-	-	49,412
Total equity	914,288	-	(15,496)	898,792
Net profit, including:	54,845	(70,934)	(15,496)	(31,582)
<i>Net profit attributable to controlling shareholders</i>	<i>44,488</i>	<i>(70,934)</i>	<i>(15,496)</i>	<i>(41,939)</i>
<i>Net profit attributable to minority shareholders</i>	<i>10,357</i>			<i>10,357</i>

IV. Condensed Individual Financial Statements of CIECH S.A. for Q4 2009 prepared in accordance with the International Financial Reporting Standards

1. Individual Profit and Loss Account of CIECH S.A.

PLN '000	01.01.-31.12.2009*	01.01.-31.12.2008*	01.10.-31.12.2009*	01.10.-31.12.2008*
	Continuing operations	Continuing operations	Continuing operations	Continuing operations
Net sales of products, goods and materials	1,901,226	2,054,150	496,286	385,175
Cost of sales	(1,565,962)	(1,729,379)	(420,945)	(310,784)
Gross profit/loss on sales	335,264	324,771	75,341	74,391
Other operating revenues	5,979	37,517	533	28,633
Selling costs	(100,388)	(121,114)	(25,068)	(22,398)
General and administrative expenses	(74,696)	(72,506)	(17,257)	(16,006)
Other operating expenses	(54,567)	(20,168)	(47,780)	(3,533)
Operating profit/loss	111,592	148,500	(14,231)	61,087
Finance income	101,380	170,924	38,763	129,896
Finance costs	(318,165)	(384,563)	(79,753)	(293,247)
Net finance income/costs	(216,785)	(213,639)	(40,990)	(163,351)
Profit/loss before taxes	(105,193)	(65,139)	(55,221)	(102,264)
Income tax	(14,295)	9,200	(7,922)	16,370
Net profit/loss	(119,488)	(55,939)	(53,143)	(85,894)
Net profit/loss for the financial year	(119,488)	(55,939)	(53,143)	(85,894)
Earnings per share (in PLN):				
Basic	(4.27)	(2.00)	(2.26)	(3.07)
Diluted	(4.27)	(2.00)	(2.26)	(3.07)

* No discontinued operations occurred in the company in the presented and comparable period

2. Individual Statement of Comprehensive Income of CIECH S.A.

PLN '000	01.01.-31.12.2009*	01.01.-31.12.2008*
	Continuing operations	Continuing operations
Net profit/loss for the financial year	(119,488)	(55,939)
Other gross comprehensive income	66,066	(33,534)
Available-for-sale financial assets (measurement recognised under revaluation reserve)	20,494	(33,534)
Hedge accounting (measurement recognised under cash flow hedge)	45,572	-
Income tax attributable to other components of comprehensive income	(12,553)	6,381
Other net comprehensive income	53,513	(27,203)
COMPREHENSIVE INCOME	(65,975)	(83,142)

* No discontinued operations occurred in the company in the presented and comparable period

3. Statement of Financial Position of CIECH S.A.

PLN '000	31.12.2009	31.12.2008
ASSETS		
Non-current assets		
Tangible non-current assets	10,957	13,259
Right of perpetual usufruct	-	-
Intangible assets	8,750	8,648
Investment real property	15,336	15,855
Non-current receivables	39,741	46,270
Investments in affiliates and jointly-controlled entities measured under the equity method	-	-
Other long-term investments	1,376,318	1,367,024
Deferred tax assets	19,520	40,478
Total non-current assets	1,470,622	1,491,534
Current assets		
Inventory	26,313	17,365
Short-term investments	86,889	64,781
Income tax receivables	2,063	12,364
Trade and other receivables	355,452	405,681
Cash and cash equivalents	46,445	32,085
Non-current assets held for sale	-	-
Total current assets	517,162	532,276
Total Assets	1,987,784	2,023,810
EQUITY AND LIABILITIES		
Equity		
Share capital	164,115	164,115
Share premium	151,328	151,328
Equity components related to assets held for sale	-	-
Revaluation reserve	(9,559)	(26,159)
Other reserve capitals	76,199	76,199
Cash flow hedge	36,913	-
Retained profits	104,379	223,867
Total equity	523,375	589,350
Liabilities		
Loans, borrowings and other debt instruments	299,869	299,802
Employee benefits	1,776	1,644
Provisions (other long-term)	-	-
Other non-current liabilities	57,404	136,699
Deferred tax provision	-	-
Total non-current liabilities	359,049	438,145
Overdraft facility	-	-
Loans, borrowings and other debt instruments	604,311	560,498
Trade and other liabilities	494,943	428,047
Income tax liabilities	761	-
Provisions (short-term provisions for employee benefits and other provisions)	5,345	7,770
Liabilities related to non-current assets held for sale	-	-
Total current liabilities	1,105,360	996,315
Total liabilities	1,464,409	1,434,460
Total Equity and Liabilities	1,987,784	2,023,810

4. Statement of Cash Flows of CIECH S.A.

PLN '000

	01.01-31.12.2009	01.01-31.12.2008
Cash flows from operating activities		
Net profit (loss) for the period	(119,488)	(55,939)
Amortization/depreciation	6,226	5,837
Recognition / reversal of write-downs	105,782	72,829
Foreign exchange profit / loss	18,601	(91,665)
Profit / loss on investment activities	255	(29,544)
Profit / loss on disposal of fixed assets	(148)	(33)
Interest and profit sharing	(16,764)	(1,934)
Input income tax	13,259	(9,200)
Operating profit / loss before changes in working capital and provisions	8,759	(109,649)
Change in receivables	61,975	(51,076)
Change in inventory	(8,948)	(1,280)
Change in current liabilities	83,090	(46,755)
Change in provisions and employee benefits	(12,587)	(8,404)
Net cash generated from operating activities	132,289	(217,164)
Interest paid	(31,344)	(36,666)
Income tax paid	6,901	(46,208)
Cash flows from options	(98,730)	3,518
Measurement of derivatives	(43,775)	228,169
other adjustments (reporting adjustment due to the realisation of options)	98,730	(3,518)
Net cash from operating activities	64,071	(71,869)
Cash flows from investment activities		
Inflows (in "+")		
Disposal of intangible and tangible fixed assets	266	35,447
Disposal of a subsidiary	-	17,821
Disposal of investments	246	1,758
Dividends received	9,210	8,314
Interest received	36,691	4,470
Other inflows	44,053	8,333
Outflows (in "-")		
Acquisition of intangible and tangible fixed assets	(4,192)	(11,651)
Acquisition of a subsidiary (after deduction of acquired cash)	(138,869)	(32,999)
Purchase of other investments	-	(49,920)
Other expenditure	(54,181)	(55,474)
Net cash from investment activities	(106,776)	(73,901)
Cash flows from financial activities		
Inflows (in "+")		
Loans and borrowings taken	233,768	234,764
Outflows (in "-")		
Purchase of own shares	-	-
Dividends paid and other payments to controlling shareholders	-	(57,960)
Dividends paid to minority shareholders	-	-
Repayment of loans and borrowings	(176,528)	(34,441)
Net cash from financial activities	57,240	142,363
Total net cash flows	14,535	(3,407)
Cash as at the beginning of period	32,085	33,274
Impact of foreign exchange differences	(175)	2,218
Cash as at the end of period	46,445	32,085

5. Statement of Changes in Equity of CIECH S.A.

<i>PLN '000</i>	Share capital	Own shares	Share premium	Equity components related to assets held for sale	Revaluation reserve	Cash flow hedge	Other reserve capitals	Retained profits	Total equity
Equity as at (beginning of period) 01/01/2009									
Previously reported	164,115	-	151,328	-	(26,159)	(70,934)	76,199	294,801	589,350
Changes in accounting principles	-	-	-	-	-	-	-	-	-
Corrections of errors from previous periods	-	-	-	-	-	70,934	-	(70,934)	-
Equity (restated) as at: 01/01/2009	164,115	-	151,328	-	(26,159)	-	76,199	223,867	589,350
Share issue	-	-	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	-	-	-
Comprehensive income in 2009	-	-	-	-	16,600	36,913	-	(119,488)	(65,975)
Equity as at (end of period) 31/12/2009	164,115	-	151,328	-	(9,559)	36,913	76,199	104,379	523,375

<i>PLN '000</i>	Share capital	Own shares	Share premium	Equity components related to assets held for sale	Revaluation reserve	Cash flow hedge	Other reserve capitals	Retained profits	Total equity
Equity as at (beginning of period) 01/01/2008									
Previously reported	164,115	-	151,328	-	1,044	-	76,199	337,766	730,452
Changes in accounting principles	-	-	-	-	-	-	-	-	-
Corrections of errors from previous periods	-	-	-	-	-	-	-	-	-
Equity (restated) as at: 01/01/2008	164,115	-	151,328	-	1,044	-	76,199	337,766	730,452
Share issue	-	-	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	-	(57,960)	(57,960)
Comprehensive income in 2008	-	-	-	-	(27,203)	-	-	(55,939)	(83,142)
Equity as at (end of period) 31/12/2008	164,115	-	151,328	-	(26,159)	-	76,199	223,867	589,350

6. Explanatory notes to the financial statements prepared for Q4 2009 ending on December 31st, 31.

6.1. Basis and accounting principles (policy)

On January 31st, 2007, the Extraordinary General Meeting of Shareholders of CIECH SA adopted resolution no. 4 on the preparation of individual financial statements according to IFRS/IAS. In connection with the above resolution, since 2007, the reports of CIECH S.A. have been prepared in accordance with IFRS/IAS using the principles of valuation of assets and liabilities and measurement of the net financial result, as set out 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 comparable data, were included in the report of CIECH S.A. for 2008, publicly disclosed on April 30th, 2009.

In conjunction with the application by CIECH S.A. of revised IAS 1 "Presentation of Financial Statements" and new IFRS 8 "Operating Segments" starting from January 1st, 2009, there was a change in the presentation of financial statements and information about operating segments. The new division of activity into segments is grounded on the criterion of product and service diversification based on management information. The aforesaid changes have been applied by CIECH S.A. in the presentation of comparable data.

6.2. Earnings per share

Data concerning profit and shares, which is the basis for calculating basic and diluted earnings per share, have been presented below.

<i>PLN '000.</i>	31.12.2009	31.12.2008
Net profit (loss) on continuing operations attributed to the controlling shareholders	(119,488)	(55,939)
Net profit (loss) on discontinued operations attributed to the controlling shareholders	-	-
Net profit (loss) attributed to the controlling shareholders, applied to calculate basic earnings per share	(119,488)	(55,939)
Net profit (loss) attributed to the controlling shareholders, applied to calculate diluted earnings per share	(119,488)	(55,939)
<i>pcs.</i>	31.12.2009	31.12.2008
Weighted average number of issued ordinary shares, applied to calculate basic earnings per share	28,000,000	28,000,000
Weighted average number of issued ordinary shares, applied to calculate diluted earnings per share	28,000,000	28,000,000

6.3. Seasonality and cyclicity of operations

Information on seasonality and cyclicity of operations has been presented in part III, point 3 of the extended consolidated quarterly report of the Ciech Group for Q4 2009.

6.4. Changes in accounting estimates

No material changes occurred in accounting estimates disclosed in the previous financial years.

6.5. Information about the issue, redemption and repayment of debt securities and equity securities

Information about the issue, redemption and repayment of debt securities and equity securities has been presented in part III, point 17 of the extended consolidated quarterly report of the Ciech Group for Q4 2009.

6.6. Information about dividends paid

Information about dividends paid has been presented in part III, point 18 of the extended consolidated quarterly report of the Ciech Group for Q4 2009.

6.7. Financial figures by business segment

01.01.-31.12.2009

<i>PLN '000</i>	Soda	Organic	Agrochemical	Silicates And Glass	Other operations segment	TOTAL
Revenues from third parties	874,505	647,606	56,018	112,014	174	1,690,317
Revenues from inter-segment transactions	68,497	27,355	111,269	3,597	191	210,909
Total revenues	943,002	674,961	187,247	115,611	365	1,901,226
Cost of sales	(707,969)	(608,513)	(155,325)	(93,315)	(840)	(1,565,962)
Gross profit/loss on sales	235,033	66,448	11,962	22,296	-475	335,264
Other operating revenues	1,405	1,196	274	1,231	1,873	5,979
Selling costs	(61,652)	(22,851)	(1,318)	(14,567)	-	(100,388)
General and administrative expenses	(29,083)	(28,375)	(9,144)	(8,094)	-	(74,696)
Other operating expenses	(48,190)	(1,925)	(308)	(211)	(3,933)	(54,567)
Operating profit/loss	97,513	14,493	1,466	655	(2,535)	111,592
Finance income, including:	71,978	800	16,652	6,196	5,754	101,380
Interest	24,507	2,942	71	568	641	28,729
Measurement of financial instruments	42,037	(2,377)	(1,223)	5,590	(252)	43,775
Finance costs, including:	(252,957)	(62,069)	1,301	(4,269)	(171)	(318,165)
Interest	(36,908)	(24,690)	(1,440)	(1,326)	(13)	(64,377)
F/x differences	(104,783)	(35,028)	3,175	(2,665)	92	(139,209)
Profit/loss before taxes	(83,466)	(46,776)	19,419	2,582	3,048	(105,193)
Tax	(21,092)	15,425	(6,078)	(1,335)	(1,215)	(14,295)
Net profit/loss	(104,558)	(31,351)	13,341	1,247	1,833	(119,488)
Profit/loss on discontinued operations	-	-	-	-	-	-
Net profit/loss for the financial year	(104,558)	(31,351)	13,341	1,247	1,833	(119,488)
Amortization/depreciation	2,428	2,359	763	676	-	6,226
EBITDA	99,941	16,852	2,229	1,331	(2,535)	117,818

01.01.-31.12.2008

<i>PLN '000</i>	Soda	Organic	Agrochemical	Silicates And Glass	Other operations segment	TOTAL
Revenues from third parties	793,809	527,129	131,483	151,777	-	1,604,198
Revenues from inter-segment transactions	86,487	29,448	330,132	3,885	-	449,952
Total revenues	880,296	556,577	461,615	155,662	-	2,054,150
Cost of sales	(681,797)	(501,424)	(441,790)	(104,368)	-	(1,729,379)
Gross profit/loss on sales	198,499	55,153	19,825	51,294	-	324,771
Other operating revenues	2,746	1,958	1,557	464	30,792	37,517
Selling costs	(63,538)	(17,994)	(2,012)	(37,570)	-	(121,114)
General and administrative expenses	(29,073)	(28,143)	(7,862)	(7,427)	(1)	(72,506)
Other operating expenses	(7,588)	(3,533)	(1,153)	(1,010)	(6,884)	(20,168)
Operating profit/loss	101,046	7,441	10,355	5,751	23,907	148,500
Finance income, including:	114,263	17,093	13,022	8,275	18,271	170,924
Interest	27,269	3,908	667	738	805	33,387
F/x differences	77,687	3,537	-9,458	7,481	17,336	96,583
Finance costs, including:	(269,640)	(108,994)	(3,288)	(2,649)	8	(384,563)
Interest	(31,974)	(16,229)	(3,003)	(2,674)	3	(53,877)
Measurement of financial instruments	(136,862)	(91,884)	323	253	1	(228,169)
Profit/loss before taxes	(54,331)	(84,460)	20,089	11,377	42,186	(65,139)
Tax	3,217	13,775	(1,760)	(1,022)	(5,010)	9,200
Net profit/loss	(51,114)	(70,685)	18,329	10,355	37,176	(55,939)
Profit on discontinued operations	-	-	-	-	-	-
Net profit/loss for the financial year	(51,114)	(70,685)	18,329	10,355	37,176	(55,939)
Amortization/depreciation	2,276	2,212	716	633	-	5,837
EBITDA	103,322	9,653	11,071	6,384	23,907	154,337

31.12.2009

<i>PLN '000</i>	Soda	Organic	Agrochemical	Silicates and Glass	Other operations segment	TOTAL
Segment assets	1,141,864	493,291	258,612	39,021	54,996	1,987,784
Assets held for sale	-	-	-	-	-	-
Shares in affiliates	-	-	-	-	-	-
Unattributed assets	-	-	-	-	-	-
Total assets	1,141,864	493,291	258,612	39,021	54,996	1,987,784

31.12.2009	Soda	Organic	Agrochemical	Silicates and Glass	Other operations segment	TOTAL
Segment liabilities	851,644	466,183	119,365	26,648	569	1,464,409
Liabilities related to assets held for sale	-	-	-	-	-	-
Unattributed liabilities	-	-	-	-	-	-
Total liabilities	851,644	466,183	119,365	26,648	569	1,464,409

31.12.2008

<i>PLN '000</i>	Soda	Organic	Agrochemical	Silicates and Glass	Other operations segment	TOTAL
Segment assets	1,230,330	444,610	280,790	32,547	35,533	2,023,810
Assets held for sale	-	-	-	-	-	-
Shares in affiliates	-	-	-	-	-	-
Unattributed assets	-	-	-	-	-	-
Total assets	1,230,330	444,610	280,790	32,547	35,533	2,023,810

31.12.2008

<i>PLN '000</i>	Soda	Organic	Agrochemical	Silicates and Glass	Other operations segment	TOTAL
Segment liabilities	822,752	463,862	122,882	24,964	-	1,434,460
Liabilities related to assets held for sale	-	-	-	-	-	-
Unattributed liabilities	-	-	-	-	-	-
Total liabilities	822,752	463,862	122,882	24,964	-	1,434,460

31.12.2009

<i>PLN '000</i>	Soda	Organic	Agrochemical	Silicates and Glass	Other operations segment	Total
Recognised impairment losses	151,064	1,636	403	177	-	153,280
Reversed impairment losses	177	40	118	6	171	512

31.12.2008

<i>PLN '000</i>	Soda	Organic	Agrochemical	Silicates and Glass	Other operations segment	Total
Recognised impairment losses	91,404	31	48	3	3,192	94,678
Reversed impairment losses	103	93	18,872	8	1,852	20,928

Geographical segments
31.12.2009

<i>PLN '000</i>	Poland	Other European countries	European Union	Africa	Asia	Other regions	Total
Total assets	1,198,430	22,284	727,539	7,304	31,662	565	1,987,784
Sales revenue	869,989	49,218	679,315	60,121	184,439	58,144	1,901,226

31.12.2008

<i>PLN '000</i>	Poland	Other European countries	European Union	Africa	Asia	Other regions	Total
Total assets	1,180,637	18,114	809,101	4,821	7,351	3,786	2,023,810
Sales revenue	1,094,536	74,976	657,004	55,854	105,042	66,738	2,054,150

6.8. Information concerning material events that occurred after the end of Q4 2009 and have not been reflected in the presented periodical report

No material events which have not been reflected in the financial statements for the period from January 1st to December 31st, 2009 occurred after the end of Q4 2009.

6.9. Changes in the structure of the entity

No changes in the share/stock portfolio have been reported in Q4 2009.

6.10. Information about changes in contingent liabilities or contingent assets

OFF-BALANCE SHEET ITEMS <i>PLN '000</i>	31.12.2009	31.12.2008
1. Contingent receivables		-
2. Contingent liabilities	337,953	392,682
1.1. Towards affiliated entities	337,953	392,682
- guarantees and sureties granted	337,953	392,682
3. Other	27,619	21,460
- other trade sureties	9,400	21,460
- other	18,219	-
Total off-balance sheet items	365,572	414,142

As at December 31st, 2009, contingent receivables had not occurred in CIECH S.A.

The value of contingent liabilities and other off-balance sheet liabilities as at December 31st, 2009 amounted to PLN 365,572 thousand, which signifies a decrease in comparison with December 2008 by PLN 48,570 thousand.

The main reasons for this difference are as follows:

- granting of new guarantees for liabilities of the subsidiary GOVORA amounting to EUR 12,000 thousand and decreasing participation in the existing guarantees and sureties by EUR 23,860 thousand, and PLN 7,560 thousand.
- decreasing participation in the existing guarantees and sureties securing the liabilities of the subsidiary CHEMAN S.A. by PLN 4,400 thousand and decreasing by PLN 1,500 thousand.

The remaining difference results from the changes in exchange rates applied in the measurement of liabilities.

Other contingent liabilities of PLN 18,219 thousand include:

- contingent liability of PLN 1,600 thousand due to non-execution of trade contract,
- contingent liability of PLN 15,000 thousand due to not achieving the ratio required by the agreement for the purchase of ZACHEM S.A.'s shares,
- contingent liability of PLN 1,619 thousand due to non-compliance by Ciech S.A. with information requirements required by the agreement with AVAS for the purchase of S.C. Uzinele Sodce Govora- Ciech Chemical Group S.A.

6.11. Information on write-downs on assets and provisions in the reporting period, i.e. 01.10. – 31.12.2009

01.10.-31.12.2009	Balance as at the beginning of period	Increase	Decrease	Balance as at the end of period
<i>PLN '000</i>				
Tangible non-current assets	238	-	-	238
Investment real property	3,195	-	-	3,195
Long-term investments	104,883	-	18,883	86,000
Inventory	215	-	47	168
Receivables	43,851	45,079	19,012	69,918
Short-term investments	127,836	33,949	97	161,688

01.10.-31.12.2009	Balance as at the beginning of period	Increase	Decrease	Balance as at the end of period
<i>PLN '000</i>				
Income tax provision	23,170	-	1,781	21,389
Provision for retirement gratuities, annual leave, bonuses, compensation payments, etc.	8,774	-	978	7,796
Provision for expected losses	3,526	1,693	65	5,154
Provision for liabilities (costs)	1,363	494	-	1,857

01.10.-31.12.2009	Balance as at the beginning of period	Increase	Decrease	Balance as at the end of period
<i>PLN '000</i>				
Deferred tax assets	43,898	-	2,989	40,909

01.10.-31.12.2008	Balance as at the beginning of period	Increase	Decrease	Balance as at the end of period
<i>PLN '000</i>				
Tangible non-current assets	238	-	-	238
Investment real property	1,568	3,195	1,568	3,195
Long-term investments	63,232	18,644	-	81,876
Inventory	149	-	8	141
Receivables	43,954	197	-	44,151
Short-term investments	6,180	52,837	-	59,017

01.10.-31.12.2008	Balance as at the beginning of period	Increase	Decrease	Balance as at the end of period
<i>PLN '000</i>				
Income tax provision	6,245	16,714	-	22,959
Provision for retirement gratuities, annual leave, bonuses, compensation payments, etc.	20,787	1,623	9,233	13,177
Provision for expected losses	7,795	-	378	7,417
Provision for liabilities (costs)	1,940	-	247	1,693

01.10.-31.12.2008	Balance as at the beginning of period	Increase	Decrease	Balance as at the end of period
<i>PLN '000</i>				
Deferred tax assets	22,111	41,326	-	63,437

6.12. Notes to the Statement of Comprehensive Income of CIECH S.A.

Tax effect of every component of other comprehensive income of the CIECH Group

PLN '000	01.01.-31.12.2009			01.01.-31.12.2008		
	Before tax	Tax	Net after tax	Before tax	Tax	Net after tax
Revaluation of available-for-sale financial assets	20,494	(3,894)	16,600	(33,534)	6,381	(27,203)
Cash flow hedging	45,572	(8,659)	36,913			
Other net comprehensive income	66,066	(12,553)	53,513	(33,534)	6,381	(27,203)

PLN '000	change in the period	01.01.-31.12.2009	change in the period	01.01.-31.12.2008
Other gross comprehensive income				
Revaluation of available-for-sale financial assets	-	20,494	-	(33,534)
- measurement at fair value in the period	20,494	-	(33,534)	-
Cash flow hedging	-	45,572	-	-
- measurement at fair value in the period	83,311	-	-	-
- reclassification adjustment of profit/loss presented in the profit and loss account	(37,739)	-	-	-
Income tax attributable to other components of comprehensive income	-	(12,553)	-	6,381
- for the current period	(19,723)	-	-	-
- reclassification adjustment to the profit and loss account	7,170	-	-	-
Other net comprehensive income		53,513		(27,203)

6.13. Information about the reversal of all provisions for restructuring costs

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

6.14. Information about the purchase and disposal of tangible fixed assets and commitments to purchase tangible fixed assets.

01.01.-31.12.2009	Land, buildings, premises and civil engineering structures	Plant and equipment	Means of transport	Other non-current assets	Non-current assets under construction	Total
<i>PLN '000</i>						
Purchase	11	1,193	5	30	181	1,420
Disposal	-	1,345	1,162	67	-	2,574

CIECH S.A. acquired tangible fixed assets, which were financed in full from the company's own resources.

01.01.-31.12.2008	Land, buildings, premises and civil engineering structures	Plant and equipment	Means of transport	Other non-current assets	Non-current assets under construction	Total
<i>PLN '000</i>						
Purchase	3,516	3,861	204	1,810	-	9,391
Disposal	-	2,175	489	306	819	3,789
Transfer to investment real property	15,055	3,913	-	43	-	19,011

CIECH S.A. acquired tangible fixed assets, which were financed in full from the company's own resources.

6.15. Court cases

Liabilities of CIECH S.A. (domestic and foreign) claimed in court or arbitration proceedings as at December 31st, 2009.

Information has been presented in part III, point 14.1 of the extended consolidated quarterly report of the Ciech Group for Q4 2009.

6.16. Corrections of errors from previous periods

Hedge accounting

In 2008, the CIECH S.A. concluded derivative transactions, covering option structures, consisting of the put options acquired and call options issued, in order to hedge future incomes denominated on indexed in EUR.

Taking into account the hedging nature of those instruments, the Management Board of CIECH S.A. decided to nominate a portion of Derivative transactions as hedging instruments in the meaning of hedge accounting. Therefore, the Company fragmented them into component instruments, and distinguished among them a portion of derivative transactions constituting an option structure (placing put options acquired and call options issued at equal values and identical exchange rate at particular execution dates), which, as a synthetic forward contract, was subject to hedge accounting principles. The transactions which were not included in the option structure, constituting a hedging instrument, are treated as derivative instruments of commercial character.

According to IAS 39, despite their hedging character in terms of economy, the synthetic forward contracts, resulting from the disintegration, could be assigned as a hedge of the Capital Group's future sales revenue if they had been concluded as identical in relation to parameters but as separate with respect to law provisions. The Auditor's opinion regarding the financial statements for 2008 included the Auditor's objection regarding this matter. As a result, the Management Board of CIECH S.A. re-analysed the concluded transaction against their compliance with IFRS and decided to resign from using hedge accounting in relation to the above derivative transactions and, as a consequence, to make a correction in the 2008 financial statements according to IFRS 8. In 2009, CIECH SA restructured the option structures concluded in 2008, which enabled assigning those instruments to the hedge accounting principles in accordance with the provisions of IAS 39.

Results of the correction of amounts recognised in the financial statements as at December 31st, 2008 are shown below:

	2008	Q1 09	Q2 09	Q3 09
Reported data				
Sales revenue	2,048	424	419	496
EBITDA	149	28	22	14
EBITDA margin	7.3%	6.7%	5.4%	2.8%
Net profit/loss	15	39	(79)	(30)
Data after correction				
Sales revenue	2,054	445	443	517
EBITDA	154	49	46	35
EBITDA margin	7.5%	11.1%	10.5%	6.8%
Net profit/loss	(56)	(7)	(48)	(1)

PLN '000.	31.12.2008 previously reported	ceasing to apply hedge accounting in relation to options	31.12.2008 currently reported
Share capital	164,115	-	164,115
Own shares	-	-	-
Share premium	151,328	-	151,328
Equity components related to assets held for sale	-	-	-
Cash flow hedge	(70,934)	70,934	-
Financial asset revaluation reserve	(26,159)	-	(26,159)
Tangible fixed asset revaluation reserve	-	-	-
Other reserve capitals	76,199	-	76,199
Retained profits	294,801	(70,934)	223,867
Equity attributable to controlling shareholders	589,350	-	589,350
Minority interest	-	-	-
Total equity	589,350	-	589,350
Net profit/loss for the financial year	14,995	(70,934)	(55,939)

6.17. Information about unpaid loans or breach of loan agreement provisions

No conditions of repaying capital or interest due to financial liabilities were violated in the period covered by this statement and until the day of its publication. No loan agreement was called in.

However, the results obtained by the Ciech Group and some of its subsidiaries have led to a violation of conditions of loan agreements, which include provisions concerning the required level of relevant financial ratios.

According to the requirements of IAS 1, any violation of conditions of loan agreements which may potentially limit unconditional loan availability in the following year makes it necessary to classify such liabilities as current ones.

The following provisions of consortium loan agreement concluded with Bank Pekao S.A., Millennium Bank S.A. and Bank Handlowy in Warsaw S.A. for the purchase of shares of Z.Ch. Organika-Sarzyna S.A. (total current and non-current debt of PLN 160,258 thousand) were violated:

- prohibition of granting new sureties (as a result of the conversion of bank guarantee of EUR 25,000 thousand, issued by BRE Bank S.A. into the corporate guarantee of EUR 25,000 thousand issued by Ciech S.A.),
- requirement to establish the collateral for 16,160 shares in JANIKOSODA S. A.

According to the IAS 1, in the presented financial statements for Q4 2009 the amount of PLN 126,327 thousand of non-current liabilities due to loans and borrowings was reclassified from non-current liabilities to current liabilities.

6.18. Transactions with affiliates

Transactions with affiliates are concluded in line with typical market conditions.

PLN '000	Sales revenue 01.01.-31.12.2009	Purchase of goods and	Finance income 01.01.-	Receivables as at 31.12.2009	Liabilities as at 31.12.2009
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		services 01.01.- 31.12.2009	31.12.2009		
Consolidated entities	210,910	1,396,934	50,150	36,114	327,178
Non-consolidated entities	88,640	8,828	1,912	9,557	1,979

<i>PLN '000</i>	Sales revenue 01.01.-31.12.2008	Purchase of goods and services 01.01.- 31.12.2008	Finance income 01.01.- 31.12.2008	Receivables as at 31.12.2008	Liabilities as at 31.12.2008
Consolidated entities	449,944	1,259,291	45,004	70,831	231,982
Non-consolidated entities	64,091	8,713	249	11,718	2,023

6.19. Events occurring after the balance-sheet date

On January 20th, 2010 CIECH SA submitted to 15 banks the Statement of analogous wording as the statement described in Current Report no. 31/2009 dated August 14th, 2009. The submitted Statement will be valid to: (i) March 1st, 2010, or (ii) expiry of the Status Quo Agreement, whichever is earlier.

Extension of the Statement and of the Status Quo Agreement will allow continuing and completing the works related to establishment of a new financing structure. The information was announced in Current Report no. 3 of January 22nd, 2010.

V. Statement of the Management Board.

On February 25th, 2010, this extended consolidated quarterly report of the Ciech Capital Group for Q4 2009 was approved by the Management Board of CIECH S.A. at its registered office to be published on February 26th, 2010.

Warsaw, February 25th 2010.

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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