



**EXTENDED CONSOLIDATED
QUARTERLY REPORT
OF THE CIECH CHEMICAL GROUP
for Q1 2010**

TABLE OF CONTENTS

I. CONSOLIDATED FINANCIAL STATEMENT OF THE CIECH GROUP	4
1. Consolidated Profit and Loss Account of the Ciech Group.....	4
2. Consolidated Statement of Comprehensive Income of the Ciech Group	5
3. Consolidated Statement of Financial Position of the Ciech Group	6
4. Consolidated Statement of Cash Flows of the Ciech Group	8
5. Consolidated Statement of Changes in Equity of the Ciech Group	10
II. INFORMATION ABOUT THE PRESENTATION PRINCIPLES FOR THE EXTENDED CONSOLIDATED QUARTERLY REPORT OF THE CIECH GROUP	13
1. Basis for preparing the Extended Consolidated Quarterly Report of the Ciech Group.....	13
2. Statement of Conformity.....	13
3. Adopted accounting principles	13
4. Functional and presentation currency and conversion principles.....	14
III. NOTES TO THE EXTENDED CONSOLIDATED FINANCIAL STATEMENT OF THE CIECH GROUP	15
1. The most important events in the Ciech Group from January 1st, 2010 up to the preparation of this statement	15
2. Description of achievements of the Ciech Group in the period from January 1st to March 31st, 2010 plus a description of factors and events that have a significant impact on the financial result.....	19
2.1 Basic financial figures	19
2.2 Sales revenue	20
2.3 Sales profit and operating profit	21
2.4 Net profit	22
2.5 Assets	22
2.6 Liabilities	22
2.7 Cash flows	23
2.8 Information about the Ciech Group's financial standing.....	23
2.9 Investment tasks carried out	28
2.10 Financial figures by business segment	29
2.11 Derivative transactions.....	33
3. Seasonality and cyclicity of the operations of CIECH S.A. and the Ciech Group	35
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.	35
5. Factors that influence the Ciech Group's results, with particular focus on the next quarter	35
5.1 External factors	35
5.2 Internal factors	36
6. Consolidated entities.....	38
7. Effects of changes in the organisational structure of the Ciech Group's business units in Q1, 2010 including business mergers, acquisitions or disposals of the group's entities, long-term investments, de-mergers, restructuring and discontinuation of activity.....	42
8. Changes in the shares of CIECH S.A. held by the Members of the Management Board and Supervisory Board.....	42
9. CIECH S.A.'s shareholders holding at least 5% of shares/votes at the General Meeting of Shareholders ...	42
10. Provisions and write-downs on assets from 01.01.2010 to 31.03.2010.....	43
11. Notes to the Statement of Comprehensive Income of the Ciech Group	45
12. Purchase and disposal of tangible non-current assets.....	46
13. Information about changes in contingent liabilities or contingent assets that have occurred since the end of the last financial year.....	47
14. Procedures pending before courts, in arbitration proceedings or public administration bodies as at March 31st, 2010.	47
14.1 CIECH S.A.	47
14.2 Subsidiaries	49
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.	51
16. Information about loan and borrowing sureties or guarantees granted by CIECH S.A. or its subsidiaries.	51
17. Information about the issue, redemption and repayment of debt securities and equity securities in the Ciech Group	53
18. Information about dividends paid (or declared), in total and per share, broken down into ordinary shares and preference shares.	53
19. Discontinued operations and assets held for sale.	53
20. Information about overdue debts or other violations of debt-related agreements.....	53
21. Information about non-consolidated subsidiaries and associates	54
22. Reconciliation of equity presented in the statements for Q1 2009 with the currently presented financials as comparable data.	57
IV. CONDENSED INDIVIDUAL FINANCIAL STATEMENTS OF CIECH S.A. FOR Q1 2010 PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS.....	59

1. Individual Profit and Loss Account of CIECH S.A.	59
2. Individual Statement of Comprehensive Income of CIECH S.A.	60
3. Statement of Financial Position of CIECH S.A.	61
4. Statement of Cash Flows of CIECH S.A.	62
5. Statement of Changes in Equity of CIECH S.A.	63
6. Notes to the financial statements prepared for Q1 2010 ending on March 31st, 2010.	65
6.1. Basis and accounting principles (policy).	65
6.2. Earnings per share	65
6.3. Seasonality and cyclicity of operations.	65
6.4. Changes in accounting estimates	65
6.5. Information about the issue, redemption and repayment of debt securities and equity securities.	65
6.6. Information about dividends paid	65
6.7. Financial figures by business segment	66
6.8. Information concerning material events that occurred after the end of Q1 2010 and have not been reflected in the presented interim report.	70
6.9. Changes in the structure of the entity.	70
6.10. Information about changes in contingent liabilities or contingent assets	70
6.11. Information on write-downs on assets and provisions in the reporting period, i.e. 01.01. – 31.03.2010	71
6.12. Notes to the Statement of Comprehensive Income of CIECH S.A.	72
6.13. Information about the reversal of all provisions for restructuring costs	73
6.14. Information about the purchase and disposal of tangible non-current assets and commitments to purchase tangible non-current assets.	73
6.15. Court cases	73
6.16. Corrections of errors from previous periods.	73
6.17. Information about unpaid loans or breach of loan agreement provisions	74
6.18. Transactions with affiliates	74
6.19. Events occurring after the balance-sheet date	74
V. STATEMENT OF THE MANAGEMENT BOARD.	75

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

<i>PLN '000</i>	01.01.-31.03.2010* Continued operations	01.01.-31.03.2009* Continued operations
Net sales of products, goods and materials	962,004	991,759
Cost of sales	(824,091)	(782,064)
Gross profit/loss on sales	137,913	209,695
Other operating income	33,771	17,658
Selling costs	(58,744)	(55,384)
General and administrative expenses	(61,028)	(68,375)
Other operating costs	(10,254)	(18,105)
Operating profit/loss	41,658	85,489
Finance income	29,696	71,448
Finance costs	(65,627)	(160,109)
Net finance income/costs	(35,931)	(88,661)
Share in net profit of subsidiaries valued under the equity method	516	(1,467)
Profit/loss before taxes	6,243	(4,639)
Income tax	(9,391)	(7,954)
Net profit/loss	(3,148)	(12,593)
Profit/loss on sales related to discontinued operations	-	-
Net profit/loss for the financial year	(3,148)	(12,593)
including:		
Net profit/loss attributable to controlling shareholders	(2,783)	(13,864)
Net profit/loss attributable to minority shareholders	(365)	1,271
Earnings per share (in PLN):		
Basic	(0.10)	(0.50)
Diluted	(0.10)	(0.50)

* No discontinued operations occurred in the presented period.

2. Consolidated Statement of Comprehensive Income of the Ciech Group

<i>PLN '000</i>	01.01.-31.03.2010	01.01.-31.03.2009
	Continued operations	Continued operations
Net profit/loss for the financial year	(3,148)	(12,593)
Other gross comprehensive income		
Currency translation differences (foreign companies)	9,398	(19,452)
Cash flow hedging	20,105	(4,185)
Revaluation of tangible non-current assets	-	-
Revaluation of available-for-sale financial assets	7,440	12,170
Net currency translation differences (investments in foreign companies)	(17,220)	-
Other components of other comprehensive income	-	68
Income tax attributable to other components of comprehensive income	(3,673)	(704)
Other net comprehensive income	16,050	(12,103)
COMPREHENSIVE INCOME	12,902	(24,696)
Comprehensive income, including attributable to:	12,902	(24,696)
Controlling shareholders	13,079	(25,972)
Minority interest	(177)	1,276

3. Consolidated Statement of Financial Position of the Ciech Group

PLN '000

ASSETS	31.03.2010	31.12.2009	31.03.2009
Non-current assets			
Tangible non-current assets	2,201,961	2,272,055	2,348,014
Right of perpetual usufruct	136,466	137,302	138,428
Intangible assets, including:	155,602	164,862	204,397
- goodwill	50,061	52,343	58,999
Investment real property	8,532	8,935	22,151
Non-current receivables	39,015	23,586	3,962
Investments in affiliates and jointly-controlled entities measured under the equity method	34,615	34,436	35,769
Other long-term investments	102,660	96,159	107,816
Deferred tax assets	14,566	20,723	40,490
Total non-current assets	2,693,417	2,758,058	2,901,027
Current assets			
Inventory	330,083	314,228	418,297
Short-term investments	2,125	2,529	378
Income tax receivables	17,660	16,175	29,842
Trade and other receivables	846,776	801,000	1,022,659
Cash and cash equivalents	111,535	131,638	70,523
Non-current assets held for sale	500	500	79,570
Total current assets	1,308,679	1,266,070	1,621,269
Total assets	4,002,096	4,024,128	4,522,296
EQUITY AND LIABILITIES	31.03.2010	31.12.2009	31.03.2009
Share capital	164,115	164,115	164,115
Own shares	-	-	-
Share premium	151,328	151,328	151,328
Equity components related to assets held for sale	-	-	-
Cash flow hedge	33,525	15,688	(43,261)
Financial asset revaluation reserve	2,577	(3,458)	(13,109)
Tangible non-current asset revaluation reserve	-	-	-
Other reserve capitals	78,521	78,521	78,521
Net currency translation differences (investments in foreign companies)	(27,426)	(10,206)	-
Currency translation differences (subsidiaries)	(48,665)	(57,876)	(70,416)
Retained profits	482,056	484,840	554,733
Equity attributable to controlling shareholders	836,031	822,952	821,911
Minority interest	37,055	37,232	52,185
Total equity	873,086	860,184	874,096
Liabilities			
Loans, borrowings and other debt instruments	661,901	665,876	379,294
Other non-current liabilities	235,811	269,153	378,694
Employee benefits	64,577	64,254	61,323
Provisions (other long-term)	71,591	72,617	110,608
Deferred tax provision	109,462	107,761	140,278
Total non-current liabilities	1,143,342	1,179,661	1,070,197

EQUITY AND LIABILITIES	31.03.2010	31.12.2009	31.03.2009
Overdraft facility	78,593	78,640	78,011
Loans, borrowings and other debt instruments	921,647	921,242	1,366,248
Trade and other liabilities	934,747	919,198	1,020,383
Income tax liabilities	23,291	33,656	24,176
Provisions (short-term provisions for employee benefits and other provisions)	27,390	31,547	89,185
Liabilities related to non-current assets held for sale	-	-	-
Total current liabilities	1,985,668	1,984,283	2,578,003
Total liabilities	3,129,010	3,163,944	3,648,200
Total equity and liabilities	4,002,096	4,024,128	4,522,296

4. Consolidated Statement of Cash Flows of the Ciech Group

<i>PLN '000</i>	01.01-31.03.2010	01.01-31.03.2009
Cash flows from operating activities		
Net profit (loss) for the period	(3,148)	(12,593)
Adjustments		
Amortization/depreciation	58,931	62,150
Recognition / reversal of revaluation write-downs	43	-
Foreign exchange profit / loss	13,193	(59,356)
Investment real property revaluation	-	-
Profit / loss on investment activities	437	(7,048)
Profit / loss on disposal of non-current assets	(3,052)	1,654
Dividends and interest	34,006	24,232
Input income tax	9,391	7,954
Profit / loss on shares in companies valued under the equity method	(516)	1,467
Operating profit / loss before changes in working capital and provisions	109,285	18,460
Change in receivables	(60,874)	(75,403)
Change in inventory	(17,626)	23,303
Change in current liabilities	65,683	33,236
Change in provisions and employee benefits	(5,945)	9,211
Net cash generated from operating activities	90,523	8,807
Interest paid	(27,153)	(17,911)
Inflows from construction contracts (voids)	-	-
Income tax paid	(11,418)	(14,196)
Profit / loss on sales attributable to discontinued operations	-	-
Cash flows from options	-	(42,377)
Measurement of derivatives	(25,401)	101,504
Other adjustments (including adjustments of cash flows from options)	(379)	39,453
Net cash from operating activities	26,172	75,280
Cash flows from investment activities		
Inflows (in "+")	5,173	6,408
Disposal of a subsidiary	226	-
Disposal of intangible and tangible non-current assets	4,763	3,458
Disposal of financial assets	-	-
Disposal of investment real property	-	-
Dividends received	-	-
Interest received	184	2,900
Repayment of borrowings	-	-
Other inflows	-	50
Outflows (in "-")	(58,308)	(152,554)
Acquisition of a subsidiary (after deduction of acquired cash)	-	(64,418)
Acquisition of intangible and tangible non-current assets	(57,951)	(86,621)
Acquisition of financial assets	(189)	(189)
Acquisition of investment real property	-	-
Research and development	(166)	174
Equity increase and contributions	-	(1,000)
Loans granted	-	(500)
Other	(2)	-
Net cash from investment activities	(53,135)	(146,146)

<i>PLN '000</i>	01.01-31.03.2010	01.01-31.03.2009
Cash flows from financial activities		
Inflows (in "+")	35,038	109,770
Net inflows from issue of shares and other equity instruments, and equity contributions	-	-
Loans and borrowings taken	35,038	109,770
Subsidies received	-	-
Issue of debt securities	-	-
Other financial inflows	-	-
Outflows (in "-")	(24,645)	(94,990)
Purchase of own shares	-	-
Dividends paid and other payments to controlling shareholders	-	-
Dividends paid to minority shareholders	-	-
Repayment of loans and borrowings	(22,136)	(89,783)
Redemption of debt securities	-	-
Payment of financial lease liabilities	(2,509)	(5,134)
Other financial outflows	-	(73)
Net cash from financial activities	10,393	14,780
Total net cash flows	(16,570)	(56,086)
Cash as at the beginning of period	52,998	45,797
Impact of foreign exchange differences	(3,486)	2,801
Cash as at the end of period	32,942	(7,488)

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 01/01/2010													
Previously reported	164,115		151,328	-	15,688	(3,458)	78,521	(10,206)	(57,876)	484,840	822,952	37,232	860,184
Changes in accounting principles	-	-	-	-	-	-	-	-	-	-	-	-	-
Corrections of errors from previous periods	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity (restated) as at: 01/01/2010	164,115	-	151,328	-	15,688	(3,458)	78,521	(10,206)	(57,876)	484,840	822,952	37,232	860,184
Comprehensive income in 2010	-	-	-	-	17,837	6,035	-	(17,220)	9,211	(2,784)	13,079	(177)	12,902
Equity as at 31/03/2010	164,115	-	151,328	-	33,525	2,577	78,521	(27,426)	(48,665)	482,056	836,031	37,055	873,086

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 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	-	-	-	-	-	-	-	-	-	-	-	(6,466)	(6,466)
Adjustments related to negative minority interest	-	-	-	-	-	-	-	-	-	567	567	(567)	-
Change in the Group's composition	-	-	-	-	-	-	-	-	-	-	-	105	105
Comprehensive income in 2009	-	-	-	-	56,454	19,429	-	(10,206)	(6,915)	(85,757)	(26,995)	(5,252)	(32,247)
Equity as at 31/12/2009	164,115	-	151,328	-	15,688	(3,458)	78,521	(10,206)	(57,876)	484,840	822,952	37,232	860,184

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	Total equity attributable to controlling shareholders	Minority interest	Total equity
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
Coverage for US Govora's negative capitals	-	-	-	-	-	-	-	-	-	(1,497)	(1,497)	1,497	-
Comprehensive income for the period	-	-	-	-	(2,495)	9,778	-	-	(19,455)	(13,800)	(25,972)	1,276	(24,696)
Equity as at 31/03/2009:	164,115	-	151,328	-	(43,261)	(13,109)	78,521	-	(70,416)	554,733	821,911	52,185	874,096

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, 2010 to March 31st, 2010, including comparative information, was approved by the Management Board of CIECH S.A. on May 14th, 2010 to be published on May 17th, 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, 2010.

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 March 31st, 2010, 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

The accounting principles adopted by the Ciech Group were presented in the Consolidated Report of the Ciech Group for 2009 that was made available to the public on April 30th, 2010. 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, except for the changes presented below.

The Ciech Group has updated its principles concerning the consolidation of financial statements to comply with the amended International Financial Reporting Standards – IFRS 3 "Business Combinations" and IAS 27 "Consolidated and Separate Financial Statements". The above amendments did not have an impact on the consolidated financial statements, except for attributing losses of a given period to the non-controlling interests. Previously, if losses regarding shares of minorities exceeded the shares of minority in equity of the given subsidiary, these losses were attributed to the shareholders of the controlling entity. Starting from 2010, all losses regarding shares of minorities are attributed to non-controlling shares.

Moreover, the presentation of information on operating segments was amended and shall now include the new "Corporate Functions" segment. This segment consists of all CIECH S.A. operations relative to common functions, which were until now split as overhead between Divisions. The Management Board decided that changes in income and cost presentation do correspond not only to the actual management practices but also enable more transparent presentation, verification and evaluation of Group's operations and fulfilment of production and sales objectives for every Division (segment) separately as well as different objectives concerning for example cost reduction measures undertaken by holding structures performing common functions both for CIECH SA and the entire Capital Group.

Moreover, in connection with the credit agreement signed, "Corporate Functions" will include financing costs of the Group. The aforesaid changes have been also applied by the Ciech Group in the presentation of comparable data.

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 (March 31st, 2010), i.e. 3.8622. Individual items of the profit and loss account were translated into EURO according to the exchange rate calculated as the arithmetic mean of average EURO exchange rates determined by the National Bank of Poland as at the last day of every month, i.e. from January to March 2010 respectively: 4.0616; 3.9768; 3.8622. The exchange rate for the presented reporting period is 3.9669.

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

1. The most important events in the Ciech Group from January 1st, 2010 up to the preparation of these statements

Soda Division:

- On March 25th, 2010 an annex was executed to the long-term contract dated April 15th, 2008 between Soda Polska Ciech Sp. z o.o. seated in Inowrocław and Kompania Węglowa S.A. seated in Katowice, governing the supplies and prices of energy coal in 2010. The value of the contract in 2010 is estimated at nearly PLN 175,000 thousand net. The information was announced in Current Report no. 8 of March 25th, 2010.

Organic Division:

- 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 to 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'S 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, guarantees 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.

Silicates and Glass Division:

- On March 30th, 2010 the CIECH S.A. executed an annex to the long-term contract for the years 2002-2010 entered into on September 6th, 2002 between Ciech SA and a Moroccan recipient, Maroc Phosphore S.A., governing the terms and conditions of sulphur sales in 2010. The contract value for 2010 accounts for approximately USD 35,000 thousand (approximately PLN 100,000 thousand). The national supplier is KizChS Siarkopol S.A. The information was announced in Current Report no. 11 of April 2th, 2010.

Corporate Centre:

- On the January 5th, 2010, an Agreement was signed between CIECH S.A. and the State Treasury regarding changes in conditions of purchase of the Remaining Shares held by the State Treasury in the Companies ZCh Organika Sarzyna SA and ZCh ZACHEM SA, stipulated in the offer. Pursuant to the Agreement, the indexation period shall be extended by another 12 months, ending December 20th, 2010, while the index ratio was increased by 2 percentage points.
- On April 1st, 2010 CIECH S.A. received a letter from the District Court in Hamburg dated March 15th, 2010 stating that the subsidiary Chemiepetrol GmbH (in liquidation) seated in Hamburg, entered under number HRB 33084 in the Commercial Register B was deleted from the Commercial Register pursuant to the decision of the District Court in Hamburg dated March 15th, 2010. The information was announced in Current Report no. 9 of April 1st, 2010.
- On April 22nd, 2010 Ciech S.A. sold 2,560,000 shares series B in Zakłady Azotowe w Tarnowie-Mościcach S.A. in package deals. Inflow from the above deals was PLN 41,600 thousand. After the said deals Ciech S.A. does not hold any shares in ZAT.
- On May 13th, 2010 an Intention Letter was signed, between the CIECH S.A. and the Zakłady Azotowe in Tarnów-Mościce SA headquartered in Tarnów. The parties by signing the Intention Letter declare their willingness to cooperate and conduct talks in good faith in order to prepare an offer and implementation of project to purchase by Azoty Tarnów from the CIECH S.A. the shares in the company Gdańskie Zakłady Nawozów Fosforowych Fosfory Sp. z o.o. headquartered in Gdańsk. By signing the Intention Letter the CIECH SA expresses an interest in disposing of these assets to the Azoty Tarnów, one of the largest chemical companies in Poland, interested in extension of operations on the fertilizer market. The information was announced in Current Report no. 20 of May 14th, 2010.

Financing:

- 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. 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.

Extension of the Statement and of the Status Quo Agreement will allow to continue and complete the works related to establishment of a new financing structure. The information was announced in the current report no. 3 of January 22nd, 2010.

- On February 25th, 2010, the Management Board of Ciech S.A. learnt that all conditions precedent to the effectiveness of the contract amending the loan agreement dated January 23rd, 2008 between Soda Deutschland Ciech GmbH ("SDC"), Sodawerk Staßfurt GmbH & Co. KG (hereinafter: "SWS KG", "Company"), and Sodawerk Staßfurt Holding GmbH and COMMERZBANK Aktiengesellschaft were fulfilled. The amended agreement was entered into in December 10th, 2009 and will become effective on February 26th, 2010. The value of the current loan agreement accounts for EUR 63 million. In order to secure a part of the loan, CIECH S.A. issued a corporate guarantee up to EUR 25 million and signed the Sponsor's Letter of Undertaking containing CIECH's obligations to, among others, cover potential cash deficiencies at SWS KG and Sodawerk Staßfurt Holding GmbH throughout the effective period of the loan agreement, convert within 6 months as of the effective date of the Sponsor's Letter of Undertaking the amount of the subordinate loan accounting for EUR 70 million given to SDC by CIECH S.A. to capital (the obligation may be rescinded if CIECH S.A. proves negative tax-related consequences of the conversion for the SDC Group). The deadline for the final repayment of the loan was postponed from December 31st, 2012 to September 30th, 2014. SWS KG is Ciech's subsidiary controlled by Soda Deutschland Ciech GmbH, at which Ciech owns 100% of the capital. SWS KG produces light and heavy soda ash and baking soda.
- With reference to current reports no. 31/2009 dated August 14th, 2009, no. 42/2009 dated November 2nd, 2009 and no. 44/2009 dated December 16th, 2009, as well as no. 3/2010 dated January 22nd, 2010, the Management Board of Ciech S.A. hereby informs that on March 5th, 2010 it was informed that 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 S.A., BRE Bank S.A., ING Bank Śląski S.A., Powszechna Kasa Oszczędności Bank Polski S.A. and Citibank Europe plc. Dublin – Romania Branch) signed a prolongation of the Status Quo Agreement until March 15th, 2010. Until that date, also separate declarations referred to in Current Report no. 31/2009 submitted by: Calyon S.A. Branch in Poland, BNP Paribas S.A. Branch in Poland and Fortis Bank Polska S.A. were prolonged. The maturity period of the loan given to Ciech S.A. and companies of the Ciech Group by Bank Ochrony Środowiska S.A., HSBC Bank Polska S.A., Kredyt Bank S.A. and Bank BPH S.A. was maintained at least until March 15th, 2010. On March 4th, 2010, CIECH SA submitted a Statement to the 15 banks corresponding to the Statement specified in current report no. 31/2009 dated August 14th, 2009. The said Statement shall remain in force until the earlier of the following: (i) March 16th, 2010 or (ii) expiry of the Status Quo Agreement. The submission of the Statement and execution of the Status Quo Agreement by the banks let the company finalise the works related to the establishment of a new financing structure for the Group. Pursuant to the above, on March 16th, 2010, the Status Quo Agreement was extended until March 31st, 2010 and on the April 1st, 2010, the Agreement was extended until April 16th, 2010 and on the April 20th 2010 it was extended again until April 26th, 2009. The information was announced in current reports no. 6 dated March 5th, 2010, no. 7 dated March 16th, 2010, no. 10 dated April 1st, 2010 and no. 13 dated April 20th, 2010.
- On April 26th, 2010, a loan agreement was concluded by and between, i.a., Ciech S.A. acting in the capacity of a borrower and its subsidiaries acting in the capacity of guarantors (Agrochem sp. z o.o. with its registered office in Człuchów, Agrochem sp. z o.o. with its registered office in Dobre Miasto, JZS Janikosoda S.A., IZCh Soda Mątwy S.A., Soda Polska Ciech sp. z o.o., ZCh Alwernia S.A., Przedsiębiorstwo Chemiczne Cheman S.A., GZNF Fosfory sp. z o.o., ZCh Organika Sarzyna S.A., Polfa sp. z o.o., Ciech Service sp. z o.o., Vitrosilicon S.A., Transclean sp. z o.o. and ZCh Zachem S.A. – hereinafter referred to as the "Companies"), and a consortium of banks (Bank Polska Kasa Opieki S.A., Bank Handlowy w Warszawie S.A., BRE Bank S.A., Powszechna Kasa Oszczędności Bank Polski S.A., ING Bank Śląski S.A., Bank Millennium S.A. and DNB Nord Polska S.A. – hereinafter referred to as the „Organizing Banks"). The agreement anticipates the participation of S.C. US Govora – Ciech Chemical Group S.A. as a guarantor and borrower – hereinafter referred to as the "Company".

Pursuant to the agreement:

Loan tranches:

The total maximum amount of loans equals PLN 1,340,000,000;

The loans will be granted in four tranches:

- A tranche – granted in EUR and PLN, to be allocated for refinancing the existing liabilities of Ciech S.A. and the Companies pertaining to loan agreements concluded with the Organizing Banks (overdraft facility, working capital facility and investment loans),
- B tranche (being a multipurpose line of credit, granted in the form of a revolving loan or a guarantee and letters of credit) and a supplementary guarantee loan; (the sum of A tranche, B tranche and the supplementary guarantee loan equals the amount of the Organizing Banks' involvement pertaining to the refinanced loans and will not exceed PLN 1,100,000,000),
- C tranche – granted in PLN, to be allocated for the repayment of Ciech S.A.'s liabilities due to option transactions concluded with Bank Handlowy w Warszawie S.A. and ING Bank Śląski S.A. (the amount of C tranche depends on the measurement of options at the moment of earlier termination of option transactions; the value of refinanced options measured as at the December 31st, 2009 amounted to PLN 140,401,000),
- D tranche – granted in PLN, to be allocated for refinancing the existing liabilities of CIECH S.A. and the Companies pertaining to loan agreements concluded with banks other than the Organizing Banks (the D tranche will not exceed PLN 100,000,000).

Interest rate conditions:

Variable interest, established based on WIBOR/EURIBOR plus margin, whose level differs for specific tranches, changes over time and depends on the net debt ratio.

The major repayment conditions include:

- quarterly amortization of loans amounting to PLN 10,000,000 and more, starting from the date of granting the loans until March 1st, 2011,
- reduction of the loans by PLN 400,000,000 in total (taking into account the quarterly amortization and earlier repayments) until March 31st, 2011, provided that non-collection of resources amounting to at least PLN 400,000,000 on CIECH S.A.'s escrow account in Bank Handlowy w Warszawie S.A. by December 30th, 2010 is considered a violation of the agreement that may be revoked by the Organizing Banks by the majority of votes stipulated in the agreement,
- obligatory earlier loan repayment in such instances as:
 - change of control – occurs, i.a., when (i) the State Treasury is no longer the holder of at least 10,270,800 shares in Ciech S.A., (ii) any other person than the State Treasury becomes the major shareholder of Ciech S.A. and holds at least 50% of the issued share capital of Ciech S.A., or (iii) any other person than the State Treasury or a group of persons acting in concert obtains control over Ciech S.A., provided that the change of control performed with the consent of the majority of the Organizing Banks stipulated in the agreement or upon the satisfaction of additional conditions, for example, regarding the debt level, does not create the obligation of earlier loan repayment,
 - increase of the share capital – earlier loan repayment in the amount equal to the funds obtained in the public offering or through other increase of the share capital of Ciech S.A. or of the Significant Members of the Ciech Group specified in the agreement (i.e. guarantors, selected companies operating within the Ciech Group and the Ciech Group's companies consolidated under the full method with net assets exceeding PLN 25,000,000), provided that upon the repayment of PLN 400,000,000 this obligation depends on the net debt ratio and may concern 100%, 50% or 0% of the amount of funds obtained in the aforesaid manner,
 - surplus of cash flows – if any quarterly financial statements of CIECH S.A., starting from the financial statements for the period ending on March 31st, 2011, discloses a surplus of cash flows (i.e. a surplus of consolidated cash flows over cash flows connected with debt servicing) – earlier loan repayment in the amount equal to 75% of such a surplus of cash flows; the first such earlier repayment will occur on June 30th, 2011.
 - disposal of assets, sale of shares or stock by CIECH S.A. and the Significant Members of the CIECH Group – allocation of 100% of the total net inflows from disposals in a given quarter for earlier loan repayment (apart from the exceptions stipulated in the agreement),
 - receipt of considerable inflows from any insurance policy due to loss or damage of assets or the undertaking,
 - sale or sale-and-lease-back of assets of Ciech S.A. and the Significant Members of the Group; depending on the case it may concern 100% or 75% of funds obtained in the aforesaid manner;
 - legal inconsistencies attributable to the creditors.
- complete one-time repayment of unpaid loan amounts by December 31st, 2011 at the latest or on the day after 20 months from signing the agreement.

The loan collaterals include:

- mortgages established on the real property of the Companies and CIECH S.A.,
- a pledge established on the undertaking of the Companies and CIECH S.A.,
- assignment of rights under insurance policies issued with regard to the assets being the subject of collaterals,
- financial pledges established on the bank accounts of the Companies and Ciech S.A.,
- financial pledges established on the selected blocked bank accounts of the Significant Members of the Group (excluding the Soda Deutschland Ciech Group),
- a financial pledge and a registered pledge on the shares and stock of the Companies and stock of Soda Deutschland Ciech GmbH,
- sureties granted by the Companies and Ciech S.A.,
- declaration on submission to enforcement by the Companies and CIECH S.A.,
- conditional assignment of rights under significant commercial contracts of the Companies and CIECH S.A.,
- conditional transfer of ownership in order to secure all movables of the Company and CIECH S.A.,
- conditional assignment of rights under intragroup borrowings or credit instruments of other kind to be used for distribution of funds from loans to the Companies,
- proxies to the bank accounts of the Companies and CIECH S.A.,
- after the conclusion of loan agreements by S.C. US Govora – Ciech Chemical Group S.A., collaterals selected from the aforesaid ones, established in accordance with the conditions and deadlines stipulated in the agreement.

Significant provisions:

CIECH S.A. and the Companies obliged, i.a., to:

- maintain the financial ratios stipulated in the agreement, measured for the Ciech Group, excluding the Soda Deutschland CIECH Group, subject to quarterly testing:
 - debt to operating results ratio (total consolidated net debt/consolidated EBITDA),
 - balance sheet debt ratio (total consolidated net debt/consolidated net tangible assets),

- interest coverage ratio (consolidated EBITDA/consolidated net finance costs),
- guarantor coverage ratio (gross turnover and assets of loan guarantors/gross turnover and assets of the Ciech Group, excluding the Soda Deutschland CIECH Group),
- not to establish any collaterals, except for the ones stipulated in the agreement,
- not to dispose of their assets, except for the disposals stipulated in the agreement (including but not limited to the sales of specific assets held for sale and the disposals anticipated in the Group's business plan and restructuring plan),
- not to announce or perform any dividend payout, except for the companies in which CIECH S.A. has at least 75% direct or indirect control and ZCh Alwernia S.A.,
- not to incur any financial debts, except for the approved ones,
- limit capital expenditure to the level and scope stipulated in the agreement,
- establish registered pledges on particular movables of Ciech S.A. and the Companies, whose value exceeds PLN 5,000 thousand according to the deadlines and instances stipulated in the agreement,
- not to conclude any derivative transactions, except for the hedging transactions stipulated in the agreement, and
- appoint a restructuring counsellor and present the plan of restructuring the Ciech Group within 10 weeks from signing the loan agreement.

Conditions precedent:

The loans will be granted by the Organizing Banks, if the Loan Agent informs CIECH S.A. about the receipt of all documents and evidence enlisted in the appendix to the agreement (or cancels the obligation of their submission), all CIECH S.A.'s and the Companies' statements stipulated in the agreement are valid at this time and no violation of the provisions of the agreement occurs (or is in progress). Conditions precedent to obtaining the loans include the receipt of all corporate permits by CIECH S.A. and the Companies, the conclusion of the loan agreement by S.C. US Govora – Ciech Chemical Group S.A. and the conclusion (within 14 days from signing the loan agreement) of an agreement between the creditors. The following entities shall be a party to the said agreement: CIECH S.A., the Companies (except for S.C. US Govora – Ciech Chemical Group S.A., which will conclude this agreement later), the Organizing Banks, BNP Paribas S.A. – Branch in Poland, Fortis Bank Polska S.A. and Credit Agricole Corporate and Investment Bank S.A. – Branch in Poland. The loans will be made available not earlier than 2 months after signing the collateral documents and lodging motions for collateral registration in relevant registers and land and mortgage registers.

Criteria of a significant agreement:

The Agreement meets the criteria of a significant agreement, because the agreement subject value (senior and junior debts) exceeds 10% of the CIECH's equity. With reference to current reports no. 31/2009 dated August 14th, 2009, no. 42/2009 dated November 2nd, 14 and no. 44/2009 dated December 16th, 2009, as well as no. 3/2010 dated January 22nd, 2010, no. 06/2010 dated March 5th, 2010, no. 7/2010 dated March 16th, 2010, no. 10/2010 dated April 1st, 2010 and no. 13/2010 dated April 20th, 2010, the Management Board of Ciech S.A. hereby informs that on April 26th, 2010 it was informed that 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 S.A., BRE Bank S.A., ING Bank Śląski S.A., Powszechna Kasa Oszczędności Bank Polski S.A. and Citibank Europe plc. Dublin – Romania Branch) signed a prolongation of the Status Quo Agreement until April 30th, 2010. Until that date, also separate statements referred to in Current Report no. 31/2009 submitted by: Calyon S.A. Oddział w Polsce, BNP Paribas S.A. Branch in Poland and Fortis Bank Polska S.A. were prolonged.

The maturity period of the loan given to Ciech S.A. and companies of the Ciech Group by Bank Ochrony Środowiska S.A., HSBC Bank Polska S.A., Kredyt Bank S.A. and Bank BPH S.A. was maintained at least until April 30th, 2010. On April 26th, 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) May 4th 2010, or (ii) expiry of the Status Quo Agreement, whichever is earlier. All capitalised terms herein, unless defined otherwise, have the same meaning as defined in the Report no. 31/2009. The submission of the Statement and execution of the Status Quo Agreement by the banks let the company comply with formal requirements.

- On April 29th, 2010 all active option transactions concluded between the Issuer and Bank Handlowy w Warszawie SA ("Bank Handlowy") with maturity dates from April 29th, 2010 to August 5th, 2010 were terminated earlier. As at the termination date, the liabilities arising from the negative evaluation of the aforementioned security instruments accounted for approximately PLN 17 million. Furthermore, in the period from August 14th, 2009 to April 20th, 2010, i.e. during the effective period of the Status Quo Agreement referred to in report no. 31/2009, all option transactions executed during the effective period of the Status Quo Agreement were settled. On account of the provisions of the Status Quo Agreement, the amount due to Bank Handlowy arising from the said transactions was deferred. The liabilities resulting from the settlement of the aforementioned options account for approximately PLN 43.5 million. Currently, the Issuer is not a party to any active option transaction with Bank Handlowy. The refinancing of the liabilities arising from the said transactions is envisaged by the Contract on refinancing of the debt of the Ciech Group referred to in report 16/2010 dated April 26th, 2010.
- On May 6, 2010, CIECH S.A. was notified about the signing by a consortium of Organizer Banks (consisting of: Bank Polska Kasa Opieki S.A., Bank Handlowy w Warszawie S.A., BRE Bank S.A., Powszechna Kasa Oszczędności Bank Polski S.A., ING Bank Śląski S.A., Bank Millennium S.A. and DNB Nord Polska S.A.) and Citibank Europe plc. Dublin - Romania Branch - of prolongation of the Status Quo Agreement, referred to in its

current report No. 31/2009 as of August 14, 2009, up to May 17, 2010, allowing to complete the formalities associated with the signed Agreement on refinancing of debts, referred to in report No. 16/2010. Up to this day, separate statements referred to in Current Report No. 31/2009 as of August 14, 2009, have also been submitted by the following banks: Calyon S.A. Branch in Poland, BNP Paribas S.A. Branch in Poland and Fortis Bank Polska S.A. Maturity period of the financing granted to CIECH S.A. and other companies of Ciech Group by Bank Ochrony Środowiska S.A., HSBC Bank Polska S.A., Kredyt Bank S.A. and Bank BPH S.A. was maintained at least until May 17, 2010.

These actions enable to complete the formalities relating to the Contract on refinancing of debts of CIECH SA referred to in the report No. 16/2010 as of April 26, 2010.

2. Description of achievements of the Ciech Group in the period between January 1st and March 31st, 2010 and a description of factors and events that have a significant impact on the financial result

2.1 Basic financial figures

In Q1 2010, the Ciech Group generated net profit amounting to PLN -3,148 thousand, the balance sheet total amounted to PLN 4,002,096 thousand and net cash decreased by PLN 16,570 thousand.

The table below presents selected financial data and basic financial ratios for 2010 and 2009.

Selected figures

PLN '000	01.01.-31.03.2010	01.01.-31.03.2009	Change 2010/2009
Net sales of products, goods and materials	962,004	991,759	(3.0%)
Cost of sales	824,091	782,064	5.4%
Gross profit from sales	137,913	209,695	(34.2%)
Selling costs	58,744	55,384	6.1%
General and administrative expenses	61,028	68,375	(10.7%)
Other operating income/costs	23,517	(447)	-
Profit on operating activities	41,658	85,489	(51.3%)
Finance income/costs	(35,931)	(88,661)	59.5%
Share in net profit of subsidiaries valued under the equity method	516	(1,467)	-
Income tax	(9,391)	(7,954)	(18.1%)
Profit on sales attributable to discontinued operations	-	-	-
Net profit	(3,148)	(12,593)	75.0%
Net profit attributable to minority shareholders	(365)	1,271	-
Net profit attributable to controlling shareholders	(2,783)	(13,864)	79.9%
EBITDA	100,589	147,639	(31.9%)

PLN '000	31.03.2010	31.12.2009	Change 2010/2009
Assets	4,002,096	4,024,128	(0.5%)
Non-current assets	2,693,417	2,758,058	2.3%
Current assets, including:	1,308,679	1,266,070	3.4%
- inventory	330,083	314,228	5.0%
- current receivables	864,436	817,175	5.8%
- cash and cash equivalents	111,535	131,638	(15.3%)
- short-term investments	2,125	2,529	(6.0%)
- non-current assets held for sale	500	500	-
Total equity	873,086	860,184	1.5%
Equity attributable to controlling shareholders	836,031	822,952	1.6%
Minority interest	37,055	37,232	(0.6%)
Non-current liabilities	1,143,342	1,179,661	(3.1%)
Current liabilities	1,985,668	1,984,283	0.1%

PLN '000	01.01.-31.03.2010	01.01.-31.03.2009	Change 2010/2009
Net cash flows from operating activities	26,172	75,280	(65.2%)

PLN '000	01.01.-31.03.2010	01.01.-31.03.2009	Change 2010/2009	
Net cash flows from investment activities	(53,135)	(146,146)	63.6%	
Net cash flows from financial activities	10,393	14,780	(29.7%)	
Total net cash flows	(16,570)	(56,086)	(70.5%)	
including free cash flows	(26,963)	(70,866)	(62.0%)	

	31.03.2010	31.12.2009	31.03.2009	change Q2010/ Q2009
Net earnings per share	(0.10)	(3.05)	(0.50)	79.9%
Net return	(0.3%)	(2.5%)	(1.3%)	1 p.p
EBIT %	4.3%	3.7%	8.6%	(4.3 p.p)
EBITDA %	10.5%	9.9%	14.9%	(4.4 p.p)
Current ratio	0.66	0.64	0.63	1.5%
Quick ratio	0.49	0.48	0.47	2.8%
Debt ratio	78.2%	78.6%	80.7%	(2.5 p.p)
Equity to assets ratio	21.8%	21.4%	19.3%	2.5 p.p

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 Q1 2010 amounted to PLN 962,004 thousand. In comparison to 2009 net sales decreased by PLN 29,755 thousand, i.e. 3%. The main reason for the decrease were lower revenues from the sales of soda ash (light and dense jointly by PLN 71,057 thousand) which had a significant impact on the decrease in revenues generated by the soda segment. This was partially balanced by higher revenues of the organic and silicates and glass segments.

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 revenues. The structure of revenues has not changed in comparison with the same period of the previous year. The greatest share in the revenues for Q1 2010 is attributed to the sales of soda segment products, similarly to the comparable period. However an improvement can be noticed in the performance of the organic segment, which increased its share in the total revenues of the Ciech Group from 25.1% to 33.7%.

Sales revenues by business segment

PLN '000	Q1 2010	Q1 2009	Change	Change %	% share in total revenues Q1 2010	% share in total revenues Q1 2009
Soda segment, including:	339,916	424,804	(84,888)	(20.0%)	35.3%	42.8%
Dense soda ash	195,647	256,049	(60,402)	(23.6%)	20.3%	25.8%
Light soda ash	63,854	74,509	(10,655)	(14.3%)	6.6%	7.5%
Salt	36,798	31,237	5,561	17.8%	3.8%	3.1%
Baking soda	22,916	24,440	(1,523)	(6.2%)	2.4%	2.5%
Calcium chloride	8,440	6,207	2,233	36.0%	0.9%	0.6%
Organic segment, including:	324,458	249,267	75,191	30.2%	33.7%	25.1%
TDI	142,568	93,940	48,628	51.8%	14.8%	9.5%
Resins	66,712	53,812	12,900	24.0%	6.9%	5.4%

<i>PLN '000</i>	Q1 2010	Q1 2009	Change	Change %	% share in total revenues Q1 2010	% share in total revenues Q1 2009
Polyurethane foams	47,342	39,033	8,309	21.3%	4.9%	3.9%
Plastics	22,003	15,917	6,086	38.2%	2.3%	1.6%
EPI	13,134	10,012	3,122	31.2%	1.4%	1.0%
Agrochemical segment, including:	164,741	214,480	(49,739)	(23.2%)	17.1%	21.6%
Fertilizers	69,678	86,378	(16,700)	(19.3%)	7.2%	8.7%
Plant protection chemicals	54,911	62,013	(7,102)	(11.5%)	5.7%	6.3%
Phosphoric acid	604	16,534	(15,930)	(96.3%)	0.1%	1.7%
Sodium tripolyphosphate	674	5,801	(5,127)	(88.4%)	0.1%	0.6%
Feed	901	6,861	(5,960)	(86.9%)	0.1%	0.7%
Grain	1,756	4,487	(2,731)	(60.9%)	0.2%	0.5%
Silicates and glass segment, including:	77,371	42,010	35,361	84.2%	8.0%	4.2%
Sulphur	34,498	1,072	33,426	3118.1%	3.6%	0.1%
Glass blocks and packaging (lanterns and jars)	23,177	21,408	1,769	8.3%	2.4%	2.2%
Sodium glass	13,213	9,952	3,261	32.8%	1.4%	1.0%
Sodium water glass	4,775	4,087	688	16.8%	0.5%	0.4%
Other operations segment	55,518	61,198	(5,680)	(9.3%)	5.8%	6.2%
TOTAL	962,004	991,759	(29,755)	(3.0%)	100.0%	100.0%

2.3 Profit/Loss on sales and operating profit/loss

After Q1 2010, gross profit on sales amounted to PLN 137,913 thousand and in the same period of the previous year – PLN 209,695 thousand, whereas operating profit amounted to PLN 41,658 thousand and PLN 85,489 thousand respectively.

The positive contributors to the presented profit were as follows:

- improvement of TDI sales margins and volumes in comparison with the same period of the previous year,
- improvement of epoxy and polyester resins sale volumes in comparison with Q1 2009,
- substantial increase in sales in the domestic chemical market from January to March 2010 in comparison with the same period of the previous year (in fixed prices; chemicals and chemical products by 9.5% and rubber and plastics by 14.1%),
- a significant increase in the domestic production of chemical fertilizers (by 25% by quantity in the entire Q1 2010, as compared with the previous year),
- substantial increase in prices of chemical fertilizers (in particular, phosphate and compound fertilizers) on the global and European markets in comparison with the downturn in 2009,
- improvement of soda ash sale volumes in comparison with Q1 2009.

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

- Sale of surplus greenhouse gas emission allowances by Soda Polska Ciech Sp. z o.o. and VITROSILICON S.A.,
- sale of assets of ZACHEM S.A.
- operations connected with increasing and decreasing level of provisions.

The negative contributors to the presented profit were as follows:

- relatively slow restoration of demand for soda ash in Europe (in relation to 15%-20% decrease in 2009) connected mainly with the situation and demand from the glass industry,
- very low prices, for the last 4 years, of soda ash on European markets (over ten percent lower than in the Q4 2009 and about 30% lower in comparison to the all-time high prices in the first quarter of the last year),
- lower, comparing to the same period of the previous year, margins on sale of epoxy resins,
- continued increase in the prices of crude oil in Q1 2010, which led to an increase in, or the maintenance of the prices of raw materials for the organic industry, and meanwhile lack of perspectives of substantial increase in margins on sale of organic products of the Ciech Group,
- decrease in sales of plant protection chemicals due to the unfavourable weather conditions and difficult situation in the agriculture,

- a serious decrease in the value of domestic sales of construction and assembly production during 3 months of 2010; by 15.2% 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).

The EBIT margin at the end of Q1 2010 was 4.3% (8.6% the year before), while the EBITDA margin was 10.5% (14.9% the year before).

2.4 Net profit/loss

Consolidated net result for Q1 2010 amounted to PLN -3,148 thousand, whereby PLN -2,783 thousand is the controlling shareholders' net result. Net profitability reached -0.3%.

Apart from the lower operating result, the net result in Q1 2010 was negatively affected by costs of debt service and the negative result of currency translation.

Financial performance by type of business

PLN '000	01.01.-31.03.2010	01.01.-31.03.2009	Change 2010/2009
1. Profit on operating activities	41,658	85,489	(51.3%)
2. Net finance income / costs	(35,931)	(88,661)	59.5%
3. Share in net profit of subsidiaries valued under the equity method	516	(1,467)	-
4. Income tax	(9,391)	(7,954)	(18.1%)
5. Profit on sales attributable to discontinued operations	-	-	-
6. Net profit/loss (1+2+3-4+5)	(3,148)	(12,593)	75.0%
7. Profit/loss attributable to minority shareholders	(365)	1,271	-
8. Profit/loss attributable to controlling shareholders (6-7)	(2,783)	(13,864)	79.9%

Source: CIECH S.A.

2.5 Assets

At the end of March 2010 the non-current assets of the Group amounted to PLN 2,693,417 thousand. As compared to the status as at December 31st, 2009, the value of non-current assets increased by PLN 64,641 thousand. The highest decrease was observed in the case of tangible non-current assets, which decreased by PLN 70,094 thousand, as compared to the end of 2009. The decrease of the balance sheet value of tangible non-current assets was caused, i.a. by the weakening of EUR exchange rate as compared with the end of 2009 (the difference for Soda Deutschland Ciech Group amounts to approximately PLN 40 million).

The Group's current assets amounted to PLN 1,308,679 thousand as at March 31st, 2010. The following items dominated among the current assets: trade and other receivables – 64.7% of current assets, and inventory – 25.2%. In comparison with the balance as at the end of December 2009, the value of current assets increased by PLN 42,609 thousand (the highest growth was recorded by trade receivables – by PLN 53,101 thousand, mainly in GZNF "FOSFOR" Sp. z o.o. and Z. Ch. "Organika-Sarzyna" S.A. – by PLN 51,486 thousand in total).

2.6 Liabilities

The Ciech Group's liabilities (non-current and current) as at March 31st, 2010 amounted to PLN 3,129,010 thousand, which signifies a decrease in comparison with the balance as at the end of December 2009 by PLN 34,934 thousand (i.e. 1.1%).

In comparison with the balance as at December 31st, 2009, the value of liabilities pertaining to loans and borrowings (plus overdraft facility) decreased by PLN 3,617 thousand, which is connected with the decrease in the amount of long term loans.

The decrease in other non-current liabilities in comparison with the balance as at the end of December 2009 is connected mainly with the settlement of liabilities due to the assignment of claims and a decrease in liabilities from other financial instruments.

The total debt ratio (current and non-current liabilities / total assets) was 78.2% as at March 31st, 2010 (78.6% at the end of December 2009). The consolidated net debt of the Group, covering non-current and current liabilities due to loans, borrowings plus overdraft facility and other debt instruments (bonds + financial lease + options) decreased by cash and cash equivalents, amounted to PLN 1,691,519 thousand as at March 31st, 2010 and decreased in comparison with the balance as at the end of December 2009 by PLN 19,894 thousand.

Liquidity ratios are maintained at the level of the end of 2009. The current ratio, calculated as the ratio of total current assets to total current liabilities, amounted to 0.66 as at March 31st, 2010 (0.64 at the end of 2009), while the quick ratio amounted to 0.49 (0.48 at the end of 2009).

2.7 Cash flows

Net cash flows in the Q1 2010 were negative and amounted to PLN -16,570 thousand. Nevertheless, as compared to the same period of the previous year the Group generated cash flows higher by PLN 39,516 thousand. Cash flows from operating activities amounted to PLN 26,172 thousand and were lower than the ones generated in the period between January and March 2009 by PLN 49,108 thousand.

The surplus of investment expenditure over inflows amounted to PLN 53,135 thousand and was lower in relation to the analogical period in 2009 by PLN 93,011 thousand. The balance of cash flows from investment activities was influenced mainly by transactions of purchase of intangible assets and tangible non-current assets in SODA MAŹWY Group, ZACHEM Group, and in Z. Ch. „Organika- Sarzyna” S.A. in conjunction with the conducted development.

Net cash from financing activities was positive and amounted to PLN 10,393 thousand. As compared to Q1 2009 it was lower by PLN 4,387 thousand. The main reason for the decrease were outflows due to changes in loans and borrowings.

2.8 Information about the Ciech Group's financial standing

Profitability in Q1 2010

In Q1 2010, all profitability ratios reflecting the activity of the Ciech Group deteriorated in comparison with the same period of the previous year. The major negative factor influencing the return ratios was the maintenance of low levels of sales and margins in the agrochemical segment (mainly the sales of fertilizers) and difficulties appearing in the soda segment. In the entire 2010, the market of fertilizers was facing very low demand from agricultural producers and low prices on the global markets in comparison with the record-breaking ones in 2008.

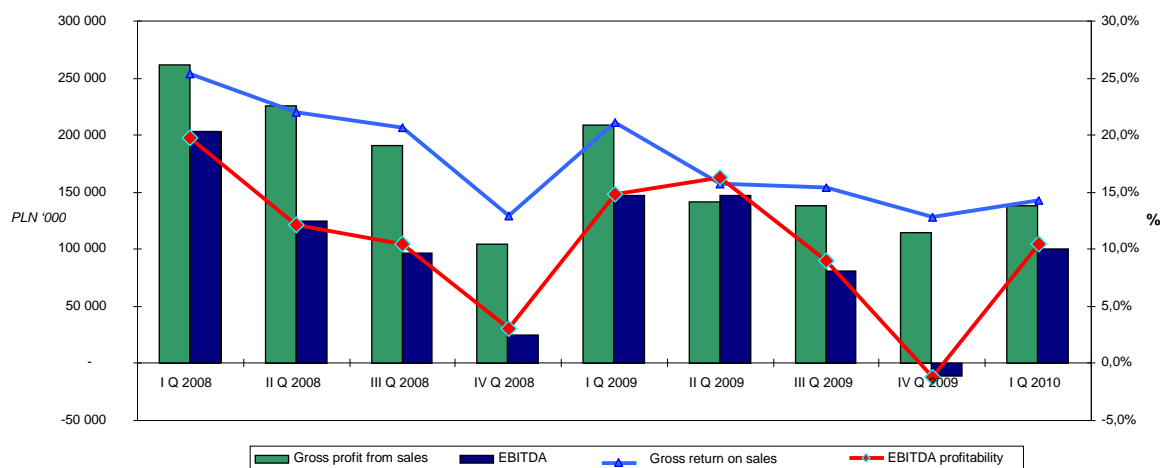
Apart from the factors having a negative impact on the operating activity of the Ciech Group, its net result and return ratios were negatively influenced by the realization of financial instruments and the costs of increased external debt servicing. Another factor having a negative impact on the net result, apart from high financial costs, was the negative balance of f/x differences.

The table below presents return ratios:

Return ratios of the Ciech Group

Item	01.01.-31.03.2010	01.01.-31.03.2009
Gross return on sales	14.3%	21.1%
Return on sales	1.9%	8.7%
Operating profit margin	4.3%	8.6%
EBITDA Profitability	10.5%	14.9%
Net return on sales (ROS)	(0.3%)	(1.3%)
Return on assets (ROA)	(0.1%)	(0.3%)
Return on equity (ROE)	(0.4%)	(1.4%)

Return ratios of the Ciech Group



Source: CIECH S.A.

Liquidity of the Group and working capital

In Q1 2010 liquidity ratios remained at the level similar to the one from the end of 2009 (both ratios improved by 3% in comparison with the end of 2009).

As at the date of compiling the financial statements, none of the agreements was terminated.

Liquidity ratios of the Ciech Group

Item	31.03.2010	31.12.2009	31.03.2009
Current ratio	0.66	0.64	0.63
Quick ratio	0.49	0.48	0.47

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 Q1 2010, as well as in the same period of 2009, the Ciech Group generated negative free cash flows, i.e. it was not able to finance its investment activities with cash flows created within its operating activities. In Q1 2010, an increase in the working capital led to the use of cash amounting to PLN 12,817 thousand, and PLN 18,864 thousand in the same period of 2009. Moreover, the level of adjusted financial surplus was insufficient to contribute to the generation of positive free cash flows.

Ability to generate cash flows

Item	31.03.2010	31.03.2009
Financial surplus (net profit + depreciation)	55,783	49,557
Other net profit adjustments	(16,794)	44,587
Adjusted financial surplus	38,989	94,144
Change in working capital	(12,817)	(18,864)
Cash flows from operating activities	26,172	75,280
Cash flows from investment activities	(53,135)	(146,146)
Free cash flows	(26,963)	(70,866)

The working capital, defined as the difference between current assets and current liabilities adjusted for appropriate balance sheet items, as at the end of March 2010 increased by PLN 31,448 thousand in comparison with the end of 2009. 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	31.03.2010	31.12.2009	31.03.2009
1. Current assets, including:	1,308,679	1,266,070	1,621,269
Inventory	330,083	314,228	418,297
Trade receivables	647,482	594,381	838,835
2. Cash and other short-term investments	113,660	134,167	70,901
3. Adjusted current assets (1-2)	1,195,019	1,131,903	1,550,368
4. Current liabilities, including:	1,985,668	1,984,283	2,578,003
Trade liabilities	517,555	451,333	522,223
5. Short-term loans and other financial liabilities	1,113,139	1,143,422	1,680,140
6. Adjusted current liabilities (4-5)	872,529	840,861	897,863
7. Working capital (3-6)	322,490	291,042	652,505

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 over the subsequent years.

The Ciech Group's relative debt slightly decreased in comparison with the end of 2009. The debt rate decreased from 78.6% to 78.2%. The term structure of financing (as at the end of 2010, non-current liabilities constitute 28.6% of total

assets) remained at the level of the end of 2009 and significantly improved in comparison with the same period of the previous year (an increase by 4.9 percentage points in comparison with the level of the end of March 2009). 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	31.03.2010	31.12.2009	31.03.2009
Debt ratio	78.2%	78.6%	80.7%
Long-term debt ratio	28.6%	29.3%	23.7%
Debt to equity ratio	358.4%	367.8%	417.4%
Equity to assets ratio	21.8%	21.4%	19.3%
Net debt / EBITDA	5.32	4.69	5.35

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 due to loans, borrowings plus overdrafts and other debt instruments (financial lease + option liabilities) less cash and cash equivalents.

- Information on the ratios included in loan agreements

There were no violations of conditions concerning the repayment of the principal or interest due to financial liabilities shown in the financial statements of the Ciech Group in the period covered in these statements or in the period to their publication. No loan agreement was called in.

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

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.

Significant events influencing the Ciech Group's financial standing

- Debt refinancing

By the date of the publication of the statements the loan agreement described hereinbelow was concluded, which was an important stage of the Group's refinancing process (excluding the German Company). In the course of negotiations between the banks and CIECH SA, short-term standstill agreements were in force. Also the works on restructuring the debt of the German companies were completed. The works consisted in:

- i. postponing the loan repayment deadline (from December 31st, 2012 until September 30th, 2014) and changing the repayment profile (reducing the minimum annual repayment volume),
- ii. reducing the loan amount from EUR 75 million to EUR 62 million,
- iii. cancelling any and all violations of financial ratios and establishing a new level and modified definitions of financial ratios.

Debt consolidation should have a positive impact on the Group's liquidity; it will also change the debt structure, decreasing the share 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.

- Loan agreement

On April 26th, 2010, a loan agreement was concluded by and between, i.a., Ciech S.A. acting in the capacity of a borrower and its subsidiaries acting in the capacity of guarantors (Agrochem sp. z o.o. with its registered office in Człuchów, Agrochem sp. z o.o. with its registered office in Dobre Miasto, JZS Janikosoda S.A., IZCh Soda Mątwy S.A., Soda Polska Ciech sp. z o.o., ZCh Alwernia S.A., Przedsiębiorstwo Chemiczne Cheman S.A., GZNF Fosfory sp. z o.o., ZCh Organika Sarzyna S.A., Polfa sp. z o.o., Ciech Service sp. z o.o., Vitrosilicon S.A., Transclean sp. z o.o. and ZCh Zachem S.A. – hereinafter referred to as the "Companies"), and a consortium of banks (Bank Polska Kasa Opieki S.A., Bank Handlowy w Warszawie S.A., BRE Bank S.A., Powszechna Kasa Oszczędności Bank Polski S.A., ING Bank Śląski S.A., Bank Millennium S.A. and DNB Nord Polska S.A. – hereinafter referred to as the „Organizing Banks”). The agreement anticipates the participation of S.C. US Govora – Ciech Chemical Group S.A. as a guarantor and borrower – hereinafter referred to as the “Company”.

Pursuant to the agreement:

Loan tranches:

The total maximum amount of loans equals PLN 1,340,000,000.

The loans will be granted in four tranches:

- A tranche – granted in EUR and PLN, to be allocated for refinancing the existing liabilities of Ciech S.A. and the Companies pertaining to loan agreements concluded with the Organizing Banks (overdraft facility, working capital facility and investment loans),
- B tranche (being a multipurpose line of credit, granted in the form of a revolving loan or a guarantee and letters of credit) and a supplementary guarantee loan; (the sum of A tranche, B tranche and the supplementary guarantee loan equals the amount of the Organizing Banks' involvement pertaining to the refinanced loans and will not exceed PLN 1,100,000,000),
- C tranche – granted in PLN, to be allocated for the repayment of Ciech S.A.'s liabilities due to option transactions concluded with Bank Handlowy w Warszawie S.A. and ING Bank Śląski S.A. (the amount of C tranche depends on the measurement of options at the moment of earlier termination of option transactions; the value of refinanced options measured as at the December 31st, 2009 amounted to PLN 140,401,000),
- D tranche – granted in PLN, to be allocated for refinancing the existing liabilities of CIECH S.A. and the Companies pertaining to loan agreements concluded with banks other than the Organizing Banks (the D tranche will not exceed PLN 100,000,000).

Interest rate conditions:

Variable interest, established based on WIBOR/EURIBOR plus margin, whose level differs for specific tranches, changes over time and depends on the net debt ratio.

The major repayment conditions include:

- quarterly amortization of loans amounting to PLN 10,000,000 and more, starting from the date of granting the loans until March 1st, 2011,
- reduction of the loans by PLN 400,000,000 in total (taking into account the quarterly amortization and earlier repayments) until March 31st, 2011, provided that non-collection of resources amounting to at least PLN 400,000,000 on CIECH S.A.'s escrow account in Bank Handlowy w Warszawie S.A. by December 30th, 2010, is considered a violation of the agreement that may be revoked by the Organizing Banks by the majority of votes stipulated in the agreement,
- obligatory earlier loan repayment in such instances as:
 - o change of control – occurs, i.a., when (i) the State Treasury is no longer the holder of at least 10,270,800 shares in Ciech S.A., (ii) any other person than the State Treasury becomes the major shareholder of Ciech S.A. and holds at least 50% of the issued share capital of Ciech S.A., or (iii) any other person than the State Treasury or a group of persons acting in concert obtains control over Ciech S.A., provided that the change of control performed with the consent of the majority of the Organizing Banks stipulated in the agreement or upon the satisfaction of additional conditions, for example, regarding the debt level, does not create the obligation of earlier loan repayment,
 - o increase of the share capital – earlier loan repayment in the amount equal to the funds obtained in the public offering or through other increase of the share capital of CIECH S.A. or of the Significant Members of the Ciech Group specified in the agreement (i.e. guarantors, selected companies operating within the CIECH Group and the Ciech Group's consolidated companies with net assets exceeding PLN 25,000,000), provided that upon the repayment of PLN 400,000,000 this obligation depends on the net debt ratio and may concern 100%, 50% or 0% of the amount of funds obtained in the aforesaid manner,
 - o surplus of cash flows – if any quarterly financial statements of CIECH S.A., starting from the financial statements for the period ending on March 31st, 2011, discloses a surplus of cash flows (i.e. a surplus of consolidated cash flows over cash flows connected with debt servicing) – earlier loan repayment in the amount equal to 75% of such a surplus of cash flows; the first such earlier repayment will occur on June 30th, 2011.
 - o disposal of assets, sale of shares or stock by CIECH S.A. and the Significant Members of the CIECH Group – allocation of 100% of the total net inflows from disposals in a given quarter for earlier loan repayment (apart from the exceptions stipulated in the agreement),
 - o receipt of considerable inflows from any insurance policy due to loss or damage of assets or the undertaking,
 - o sale or sale-and-lease-back of assets of Ciech S.A. and the Significant Members of the Group; depending on the case it may concern 100% or 75% of funds obtained in the aforesaid manner;
 - o legal inconsistencies attributable to the creditors.
- complete one-time repayment of unpaid loan amounts by December 31st, 2011 at the latest or on the day after 20 months from signing the agreement.

The loan collaterals include:

- mortgages established on the real property of the Companies and CIECH S.A.,
- a pledge established on the undertaking of the Companies and CIECH S.A.,
- assignment of rights under insurance policies issued with regard to the assets being the subject of collaterals,

- financial pledges established on the bank accounts of the Companies and Ciech S.A.,
- financial pledges established on the selected blocked bank accounts of the Significant Members of the Group (excluding the Soda Deutschland Ciech Group),
- a financial pledge and a registered pledge on the shares and stock of the Companies and stock of Soda Deutschland Ciech GmbH,
- sureties granted by the Companies and Ciech S.A.,
- declaration on submission to enforcement by the Companies and CIECH S.A.,
- conditional assignment of rights under significant commercial contracts of the Companies and CIECH S.A.,
- conditional transfer of ownership in order to secure all movables of the Company and CIECH S.A.,
- conditional assignment of rights under intragroup borrowings or credit instruments of other kind to be used for distribution of funds from loans to the Companies,
- proxies to the bank accounts of the Companies and CIECH S.A.,
- after the conclusion of loan agreements by S.C. US Govora – Ciech Chemical Group S.A., collaterals selected from the aforesaid ones, established in accordance with the conditions and deadlines stipulated in the agreement.

Significant provisions

CIECH S.A. and the Companies obliged, i.a., to:

- maintain the financial ratios stipulated in the agreement, measured for the Ciech Group, excluding the Soda Deutschland Ciech Group, subject to quarterly testing:
 - o debt to operating results ratio (total consolidated net debt/consolidated EBITDA),
 - o balance sheet debt ratio (total consolidated net debt/consolidated net tangible assets),
 - o interest coverage ratio (consolidated EBITDA/consolidated net finance costs),
 - o guarantor coverage ratio (gross turnover and assets of loan guarantors/gross turnover and assets of the Ciech Group, excluding the Soda Deutschland Ciech Group),
- not to establish any collaterals, except for the ones stipulated in the agreement,
- not to dispose of their assets, except for the disposals stipulated in the agreement (including but not limited to the sales of specific assets held for sale and the disposals anticipated in the Group's business plan and restructuring plan),
- not to announce or perform any dividend payout, except for the companies in which CIECH S.A. has at least 75% direct or indirect control and ZCh Alwernia S.A.,
- not to incur any financial debts, except for the approved ones,
- limit capital expenditure to the level and scope stipulated in the agreement,
- establish registered pledges on particular movables of Ciech S.A. and the Companies, whose value exceeds PLN 5,000 thousand according to the deadlines and instances stipulated in the agreement,
- not to conclude any derivative transactions, except for the hedging transactions stipulated in the agreement, and
- appoint a restructuring counsellor and present the plan of restructuring the Ciech Group within 10 weeks from signing the loan agreement.

Conditions precedent

The loans will be granted by the Organizing Banks, if the Loan Agent informs CIECH S.A. about the receipt of all documents and evidence enlisted in the appendix to the agreement (or cancels the obligation of their submission), all CIECH S.A.'s and the Companies' statements stipulated in the agreement are valid at this time and no violation of the provisions of the agreement occurs (or is in progress). Conditions precedent to obtaining the loans include the receipt of all corporate permits by CIECH S.A. and the Companies, the conclusion of the loan agreement by S.C. US Govora – Ciech Chemical Group S.A. and the conclusion (within 14 days from signing the loan agreement) of an agreement between the creditors. The following entities shall be a party to the said agreement: CIECH S.A., the Companies (except for S.C. US Govora – Ciech Chemical Group S.A., which will conclude this agreement later), the Organizing Banks, BNP Paribas S.A. – Branch in Poland, Fortis Bank Polska S.A. and Credit Agricole Corporate and Investment Bank S.A. – Branch in Poland.

The loans will be made available not earlier than 2 months after signing the collateral documents and lodging motions for collateral registration in relevant registers and land and mortgage registers.

Opinion of the Management Board on fulfilling the conditions of the loan agreement

In the opinion of the Management Board of CIECH S.A., CIECH S.A. and the Companies entering the loan agreement are capable of fulfilling the aforesaid contractual provisions and loan repayment conditions.

The financial ratios required under the agreement have been established based on the current financial forecasts of the Group's results, verified by a market counsellor and the creditors. The financial forecasts show the ability to service the costs of loans and the quarterly amortization at the level stipulated in the agreement.

As far as the reduction of debt by PLN 400,000,000 according to the deadline stipulated in the agreement is concerned, the Management Board anticipates the following sources of the said amount:

- disinvestments of financial and non-current assets of Ciech S.A. and the Group's companies,
- increase in the share capital,

- issue of bonds convertible to shares,
- new financing in the form acceptable to the Organizing Banks.

The conclusion of the loan agreement ensures financial stability of the Ciech Group for the term of the loans and gives the possibility to start negotiations regarding the conditions of medium-term financing.

2.9 Investment tasks carried out

The total investment expenditure of Ciech Group in Q1 2010 amounted to PLN 57,951 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 power supply system (modernisation of boiler de-ashing systems, construction of fumes de-sulphuring installation),
- ZACHEM Group - investments related to the conversion from diaphragm electrolysis to membrane electrolysis.
- Z.Ch. „Organika – Sarzyna” S.A. - construction of a manufacturing system for active MCPA, including infrastructure, a development of a concept of brine waste purification,
- Soda Deutschland Ciech Group - investment connected with the construction of air filter.

2.10 Financial figures by business segment

BUSINESS SEGMENTS

01.01.-31.03.2010

<i>PLN '000</i>	Soda	Agrochemical	Organic	Silicates And Glass	Other Operations	Corporate Functions	Eliminations (consolidation adjustments)	TOTAL
Revenues from third parties	339,916	164,741	324,458	77,371	55,518	-		962,004
Revenues from inter-segment transactions	11,508	24,650	34,653	613	258	-	(71,682)	-
Total revenues	351,424	189,391	359,111	77,984	55,776	-	(71,682)	962,004
Cost of sales	(307,915)	(145,981)	(320,835)	(60,971)	(55,444)	-	67,055	(824,091)
Gross profit/loss on sales	43,509	43,410	38,276	17,013	332	-	(4,627)	137,913
Selling costs	(22,585)	(9,121)	(14,746)	(10,255)	(4,488)	-	2,451	(58,744)
General and administrative expenses	(16,503)	(9,424)	(13,793)	(3,489)	(4,569)	(13,503)	253	(61,028)
Profit/loss on receivables management	149	95	360	33	1,369	(497)	(71)	1,438
Profit/loss on other activity operating income	20,918	1,285	(600)	1,150	(519)	(99)	(56)	22,079
Operating profit/loss	25,488	26,245	9,497	4,452	(7,875)	(14,099)	(2,050)	41,658
Balance of f/x differences and interest on trade settlements	(4,938)	(4,837)	(21,387)	(3,776)	(1,247)	-	-	(36,185)
Costs of Group's external financing	-	-	-	-	-	(29,875)	-	(29,875)
Profit/loss on financial activity (unattributed to segments)	-	-	-	-	-	30,129	-	30,129
Share in profit of affiliates	516	-	-	-	-	-	-	516
Profit/loss before taxes	21,066	21,408	(11,890)	676	(9,122)	(13,845)	(2,050)	6,243
Tax								(9,391)
Net profit/loss								(3,148)
Profit on discontinued operations								-
Net profit/loss for the financial year								(3,148)
Amortization/depreciation	30,476	5,887	15,523	4,505	1,211	1,329	-	58,931
EBITDA	55,964	32,132	25,020	8,957	(6,664)	(12,770)	(2,050)	100,589

01.01.-31.03.2009

PLN '000	Soda	Agrochemical	Organic	Silicates And Glass	Other Operations	Corporate Functions	Eliminations (consolidation adjustments)	TOTAL
Revenues from third parties	424,804	214,480	249,267	42,010	61,198	-		991,759
Revenues from inter-segment transactions	11,547	1,606	9,443	388	697	-	(23,681)	0
Total revenues	436,351	216,086	258,710	42,398	61,895	-	(23,681)	991,759
Cost of sales	(318,487)	(169,971)	(233,354)	(29,708)	(51,061)	-	25,417	(782,064)
Gross profit/loss on sales	117,864	46,115	20,456	12,690	10,834	-	1,736	209,695
Selling costs	(27,716)	(8,432)	(10,113)	(4,162)	(5,937)	-	976	(55,384)
General and administrative expenses	(17,916)	(9,808)	(16,681)	(4,680)	(4,577)	(15,138)	425	(68,375)
Profit/loss on receivables management	289	(26)	2,146	161	(1,331)	-	389	1,628
Profit/loss on other operating activity	937	(1,436)	(923)	(320)	658	(973)	(18)	(2,075)
Operating profit/loss	73,458	26,413	(5,115)	3,689	(353)	(16,111)	3,508	85,489
Balance of f/x differences and interest on trade settlements	(18,554)	1,691	(9,006)	1	397	-	-	(25,471)
Costs of Group's external financing	-	-	-	-	-	(28,543)	-	(28,543)
Profit/loss on financial activity (unattributed to segments)	-	-	-	-	-	(34,647)	-	(34,647)
Share in profit of affiliates	(1,467)	-	-	-	-	-	-	(1,467)
Profit/loss before taxes	53,437	28,104	(14,121)	3,690	44	(79,301)	3,508	(4,639)
Tax								(7,954)
Net profit/loss								(12,593)
Profit on discontinued operations								-
Net profit/loss for the financial year								(12,593)
Amortization/depreciation	36,447	6,564	12,715	4,108	634	1,682	0	62,150
EBITDA	109,905	32,977	7,600	7,797	281	(14,429)	3,508	147,639

31.03.2010	Soda	Agrochemical	Organic	Silicates And Glass	Other Operations	Corporate Functions	Eliminations (consolidation adjustments)	TOTAL
Tangible non-current assets	1,183,473	217,803	533,734	91,487	166,093	10,326	(955)	2,201,961
Intangible assets	66,009	30,074	11,843	1,465	37,972	8,283	(44)	155,602
- goodwill	35,830	14,192	-	39	-	-	-	50,061
Shares in affiliates	34,615	-	-	-	-	-	-	34,615
Inventory	91,948	126,646	79,134	28,508	8,310	-	(4,463)	330,083
Trade receivables	229,738	121,099	228,968	45,168	52,778	-	(30,269)	647,482
Other assets	-	-	-	-	-	632,353	-	632,353
Total assets	1,605,783	495,622	853,679	166,628	265,153	650,962	(35,731)	4,002,096

31.03.2010	Soda	Agrochemical	Organic	Silicates And Glass	Other Operations	Corporate Functions	Eliminations (consolidation adjustments)	TOTAL
Trade liabilities	205,379	89,578	207,665	12,788	38,233	-	(32,313)	521,330
Other liabilities	-	-	-	-	-	2,607,680	-	2,607,680
Total liabilities	205,379	89,578	207,665	12,788	38,233	2,607,680	(32,313)	1,195,019

31.03.2009	Soda	Agrochemical	Organic	Silicates And Glass	Other Operations	Corporate Functions	Eliminations (consolidation adjustments)	TOTAL
Tangible non-current assets	1,454,481	230,089	545,840	98,351	8,624	10,629	-	2,348,014
Intangible assets, including:	145,022	32,414	14,542	1,877	2,604	7,938	-	204,397
- goodwill	43,612	15,348	-	39	-	-	-	58,999
Shares in affiliates	35,769	-	-	-	-	-	-	35,769
Inventory	127,808	178,281	62,171	38,545	17,655	-	(6,163)	418,297
Trade receivables	379,856	151,527	217,155	28,903	71,903	-	(10,509)	838,835
Other assets	-	-	-	-	-	676,984	-	676,984
Total assets	2,142,936	592,311	839,708	167,676	100,786	695,551	(16,672)	4,522,296

31.03.2009	Soda	Agrochemical	Organic	Silicates And Glass	Other Operations	Corporate Functions	Eliminations (consolidation adjustments)	TOTAL
Trade liabilities	182,268	53,842	158,900	12,387	42,264	-	(10,997)	438,664
Other liabilities	-	-	-	-	-	3,209,536	-	3,209,536
Total liabilities	182,268	53,842	158,900	12,387	42,264	3,209,536	(10,997)	3,648,200

01.01.-31.03.2010	Soda	Agrochemical	Organic	Silicates And Glass	Discontinued operations	Other Operations	Corporate Functions	Eliminations (consolidation adjustments)	TOTAL
Recognised impairment losses	235	456	1,310	356	-	8	-	-	2,365
Reversed impairment losses	220	1,800	1,670	105	-	880	-	(71)	4,604
Recognised impairment losses (unattributed to segments)	-	-	-	-	-	-	892	-	892
Reversed impairment losses (unattributed to segments)	-	-	-	-	-	-	4,634	-	4,634

01.01.-31.03.2009	Soda	Agrochemical	Organic	Silicates And Glass	Discontinued operations	Other Operations	Corporate Functions	Eliminations (consolidation adjustments)	TOTAL
Recognised impairment losses	873	791	620	78	-	1,361	-	(386)	3,337
Reversed impairment losses	8	1,398	2,956	91	-	-	-	3	4,456
Recognised impairment losses (unattributed to segments)	-	-	-	-	-	-	290	-	290
Reversed impairment losses (unattributed to segments)	-	-	-	-	-	-	211	-	211

GEOGRAPHICAL SEGMENTS**31.03.2010**

PLN '000	Poland	European Union	Other European countries	Africa	Asia	Other regions	TOTAL
Segment total assets	2,708,043	1,185,687	33,776	11,774	57,666	5,150	4,002,096
Net sales of products, goods and materials	416,960	360,473	23,820	35,507	104,004	21,240	962,004

31.03.2009

PLN '000	Poland	European Union	Other European countries	Africa	Asia	Other regions	TOTAL
Segment total assets	2,746,117	1,676,211	39,370	1,466	52,137	6,995	4,522,296
Net sales of products, goods and materials	532,885	352,267	15,484	13,433	63,195	14,495	991,759

2.11 Derivative transactions

The total value of unsettled transactions as at March 31st, 2010 is PLN -79,426 thousand. The amount comprises of:

- measurement of interest rate hedges: (PLN 11,624 thousand)
- measurement of currency hedges: (PLN 67,802 thousand)
 - including:
 - liabilities towards Citi Bank Handlowy SA (PLN 20,066 thousand)
 - liabilities towards ING Bank Śląski SA (PLN 47,736 thousand)

Liabilities towards Citi Bank Handlowy SA due to the closed transactions maturing within the term of realisation of standstill agreement as at the March 31st, 2010 is PLN 39,638 thousand.

The table below presents selected information on unsettled 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; 14-08-2009; 02-11-2009; 16-12-2009; 22-01-2010; 08-03-2010; 17-03,2010	EUR 1,026 thousand/week	EUR 1,026 thousand/week	from 01.04.2010 to 28.06.2010	3.2400
	EUR 1,467 thousand/week	EUR 1,467 thousand/week	from 01.07.2010 to 02.08.2010	
06-08-2008; 18-02-2009; 21-05-2009; 13-08-2009	EUR 10,662 thousand	EUR 10,662 thousand	01.04.2010	3.2870
05-11-2009 15-12-2009 -	EUR 7,754 thousand	EUR 7,754 thousand	01.04.2010	3.3711
17-12-2009; 15-01-2010 -	EUR 5,815 thousand	EUR 5,815 thousand	01.04.2010	3.3297
27-01-2010; 26-02-2010 -	EUR 4,846 thousand	EUR 4,846 thousand	01.04.2010	3.3529
08-03-2010; 15-03-2010 - 17-03-2010; 31-03-2010	EUR 1,938 thousand	EUR 1,938 thousand	01.04.2010	3.3731
	EUR 969 thousand/week	EUR 969 thousand/week	from 01.04.2010 to 19.05.2011	3.3731
05-08-2008; 14-08-2009; 02-11-2009; 16-12-2009; 22-01-2010; 08-03-2010; 17-03,2010	EUR 513 thousand/week	EUR 513 thousand/week	from 01.04.2010 to 24.06.2010	3.3300
	EUR 694 thousand/week	EUR 694 thousand/week	from 01.07.2010 to 05.08.2010	
Total:				
05-08-2008 - 16-12-2009	EUR 120,669 thousand	EUR 120,669 thousand	01.04.2010 – 19.05.2011	3.2400- 3.3731

Including closed transactions maturing within the term of realisation of standstill agreement:

05-08-2008 – 31-03-2010	EUR 45,500 thousand	EUR 45,500 thousand	01-04.2010	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 March 31st, 2010 due to financial instruments and future net operating income (excluding SDC data):

Exposure to currency risk in EURO	('000 EUR)	Impact on P&L account	Impact on equity	Impact from 1.04.2010 to 31.05.2011
Assets				
Borrowings granted sensitive to FX rate changes	86,082	x		
Trade and other receivables	35,032	x		
Bank deposits	14,000	x		
Liabilities				
Trade and other liabilities	-24,750	x		
Loans and borrowings	-24,961	x		
Derivatives				
Option structures (delta equivalent)	-120,440	x	x	
Future net sales planned				
Forecasted future net result* in EUR – Ciech by May 2011	168,000			X
Forecasted future net result* in EUR – other companies of the CIECH Group by May 2011	42,000			X
Total result	174,963			

* net result = operating revenues 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 31.03.2010.

Analysis of sensitivity to FX rate changes	('000 PLN)*	Impact on P&L account	Impact on equity	Impact from 1.04.2010 to 31.05.2011
F/x balance-sheet items (excluding borrowings)	-7	-7		
Borrowings granted sensitive to FX rate changes	861	861		
Forecasted future net result in EUR	2,100			2,100
Change in option portfolio value				
- based on the delta factor	-1,204	-565	-639	
Total impact	N/A	289	-639	2,100

* 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 fertilizers,
- 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 2010, the Ciech Group has not published any forecasts for 2010.

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 3 months of 2010 increased by 9.4% in comparison with the previous year (in the analogous period of 2009 decreased by 10.0%). Respectively, the dynamics of the chemical industry amounted to: in the production of chemicals and chemical products (excluding pharmacy) - plus 9.5% and in the production of rubber products and plastics plus 14.1%. In the same period, pharmaceutical production grew by 11.1%.

The year 2009 was characterized by a slowdown in the economic development of Poland to 1.7% GDP (5% in 2008, according to 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.

Slight economic boost and GDP growth at the level of 2% - 3% 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 decreased by 2.5% with the prospect of its growth in 2010 by 2.2%. Analogous GDP rates for the European Union (27) are: 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 (according to the IMF - plus 3.9% for the world economy).

CEFIC's expectations as to the chemical sector in the EU anticipate a decrease in the chemical output, excluding 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. 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 fertilizers 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 the 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. Since the beginning of this year, the agriculture conditions have deteriorated again (increase in prices of resources, strengthening of zloty, unfavourable to export). The synthetic index of economic situation in agriculture (SWKR) in March 2010 was slightly lower than the year before (a decrease from 99.9 to 99.6). 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 the 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 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 by December 2010, 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 progress of those actions.

Emission trading system

All Ciech Group companies participating in emission trade verified their annual reports in order to write-off allowances for 2009 (deadline - April 30th, 2010). Vitrosilicon S.A. and Soda Polska CIECH Sp. z o.o. sold the surplus of allowances generated in the last year.

PLN/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 carried out by Ciech for other manufacturers. As a result, the PLN/EUR exchange rate influences profitability of sales revenues 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 ones 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.

Commitments due to the acquisition 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 concluded by and between NAFTA POLSKA S.A. and CIECH S.A. contains "a restricting condition". The ratio of constant capital to non-current assets, i.e. the "restricting condition" is calculated on the basis of the individual financial statements of ZACHEM S.A. prepared according to PAS. Pursuant to the agreement, this ratio is to grow as follows: in 2007 by 20 pp in relation to the ratio calculated as at the date of sales, i.e. on December 20th, 20, and in every subsequent year by another 10 pp until 2010r. (total increase by 50pp between 2007 and 2010) 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, 23 (+40 p.p.), shall be December 31st, 31, 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 2009r, 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 31. Additionally it was established, that the fulfilment date of the "restricting condition" which was set in the previous Agreement at December 31st, 2010r, 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. If necessary, CIECH S.A. will provide ZACHEM S.A. with financial support in order to enable it to satisfy the restricting condition.

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 until December 31st, 2014. KWG also retains the possibility to acquire the power plant. This possibility may be realised on January 1st of every year of the term, i.e. until December 31st, 2014. As at March 31st, 2010, the respective obligation amounts to PLN 138,912 thousand.

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

In Q1 2010 a process of reconciliation of material investment plans for the Ciech Group companies was completed - the initial investment plan for 2010 accounts for over PLN 238 million (including over PLN 80 million for innovations and development aimed at production efficiency improvement). Depending on the liquidity of the Ciech Group the scope of material investments may be modified.

In the Q1 2010 successive stages of undertakings aimed to optimise the Ciech Group's operating costs using the synergy and scale effect were commenced.

By the end of Q1 2010 another two projects of the Ciech Group were approved for co-financing. In total, the Ciech Group obtained grants for eight projects to be carried out within the area of the Group's activity, for five of which the appropriate co-financing agreements have already been signed, while for three the agreements are currently under negotiation. The co-financed projects include pro-ecological investments, implementation of an innovative technology of manufacturing key products of the Group and also R&D initiatives. Also an training-advisory project for the employees of the Ciech Group is carried out. Total amount of funds obtained exceeds PLN 130 million.

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 number 0000011687 at the District Court for the capital city of Warsaw, XIII Economic 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 March 31st, 2010, it was composed of 58 business entities, including:

- the parent company CIECH S.A.,
- 39 subsidiaries, including:
 - 23 domestic subsidiaries,
 - 16 foreign subsidiaries,
- 15 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 runs 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 subsidiaries. Manufacturing activities are carried out by Ciech S.A.'s manufacturing subsidiaries. The controlling entity has no branches.

When preparing the consolidated financial statements for Q1 2010, the following companies underwent consolidation.

List of consolidated entities measured under the equity method in Q1 2010 and in the comparable period.

Company/Group	Consolidation method as at 31.03.2010 and CIECH S.A.'s control.	Consolidation method as at 31.03.2009 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 non-current 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,

Company/Group	Consolidation method as at 31.03.2010 and CIECH S.A.'s control.	Consolidation method as at 31.03.2009 and CIECH S.A.'s control.	Subject of activity
5.1) 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	– manufacture of other chemical products n.e.c.
FOSFORY Group	Fully consolidated lower-tier Group	Fully consolidated lower-tier Group	– manufacture of chemical fertilisers and nitrogen compounds,
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)	– manufacture of other inorganic chemicals,
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.	– manufacture of other organic chemicals,
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.	– manufacture of refined petroleum products,
			– manufacture of plastics,
			– wholesale of grain, seeds and animal feed,
			– transshipment services based on own transshipment and storage base
7) "Alwernia" S.A.	Fully consolidated subsidiary of CIECH S.A.	Fully consolidated subsidiary of CIECH S.A.	– 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 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.	– 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-Usługowe TRANSCLEAN Sp. z o.o.	Fully consolidated subsidiary of CIECH S.A.	Fully consolidated subsidiary of CIECH S.A.	– international transport of liquid chemicals,
			– tank truck and rail tank car wash
12) Zakłady Chemiczne "Organika-Sarzyna" S.A.	Fully consolidated subsidiary of CIECH S.A.	Fully consolidated subsidiary of CIECH S.A.	– manufacture of plastics,
			– manufacture of pesticides and other chemical products
ZACHEM Group	Fully consolidated lower-tier Group	Fully consolidated lower-tier Group	– manufacture of organic and other non-organic chemicals,
13) ZACHEM S.A.	Fully consolidated subsidiary of CIECH S.A.	Fully consolidated subsidiary of CIECH S.A.	– manufacture and sales of plastics,
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.	– manufacture of plastic plates, sheets, tubes and profiles,
			– manufacture of dyes and pigments,
			– services of installation, repairs and maintenance of general-purpose machinery

Company/Group	Consolidation method as at 31.03.2010 and CIECH S.A.'s control.	Consolidation method as at 31.03.2009 and CIECH S.A.'s control.	Subject of activity
13.2) BORUTA - ZACHEM Kolor Spółka z ograniczoną odpowiedzialnością Company established through the merger of: BORUTA-KOLOR Sp. z o.o. (the acquired company) and ZACHEM Barwniki Sp. z o.o. (the acquiring company, consolidated since December, 2006)	Indirect subsidiary of CIECH S.A.; lower-tier full consolidation.	Indirect subsidiary of CIECH S.A.; lower-tier full consolidation.	n.e.c.
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	
15.1.4) Kaverngeellschaft Stassfurt mbH	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	

7. Effects of changes in the organisational structure of the Ciech Group's business units in Q1, 2010 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 Q1 2010; however, the following changes occurred:

CIECH FINANCE Sp. z o.o.

- On January 8th, 2010, the increase in the share capital by PLN 250 thousand through the establishment of 500 new shares of a nominal value of PLN 500 for each was registered by the District Court. 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. The increase in the share capital was adopted by the Extraordinary General Meeting of Shareholders on the October 19th, 2009.

Chemiepetrol GmbH (in liquidation)

- The company, Chemiepetrol GmbH (in liquidation) seated in Hamburg, entered under number HRB 33084 in the Commercial Register B was deleted from the Commercial Register pursuant to the decision of the District Court in Hamburg dated March 15th, 2010. Chemiepetrol GmbH was put into liquidation by resolution of the Shareholders' Meeting dated November 26th, 2007. CIECH SA was the majority shareholder of the said Company (60% of shares in the initial capital).

A change occurred in Q1 2010 in relation to one of the companies in which CIECH S.A. holds indirect shares/stock - this company was Huta Szkła Wymiarki S.A., a company affiliated with VITROSILICON S.A. VITROSILICON S.A. increased its share in the capital of HS Wymiarki S.A. to the level of 36.19%, through the acquisition of 12,841 shares, representing 1.05% of the capital, from minor shareholders.

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, as amended, the following Shareholders hold at least 5% of the total number of votes at the general meetings of the company:

- The State Treasury – 10,270,800 shares, representing 36.68% of CIECH S.A.'s share capital and 10,270,800 votes, constituting 36.68% of the total number of votes at the General Meeting;
- Otwarty Fundusz Emerytalny (Open Pension Fund) PZU "Złota Jesień" – 1,712,732 shares, representing 6.12% of CIECH S.A.'s share capital and 1,712,732 votes, constituting 6.12% of the total number of votes at the General Meeting;
- Pioneer Pekao Investment Management S.A. (PPIM) – 5,498,875 shares, representing 19.64% of CIECH S.A.'s share capital and 5,498,875 votes, constituting 19.64% of the total number of votes at the General Meeting;

including the investment fund Pioneer FIO (managed by PPIM) – 5,498,875 shares, representing 19.64% of CIECH S.A.'s share capital and 5,498,875 votes, constituting 19.64% of the total number of votes at the General Meeting.

On April 15th, 2010, Pioneer Pekao Investment Management SA (PPIM), executing the service agreement concerning the management of the portfolio of investment funds, concluded by and between Pioneer Pekao Towarzystwo Funduszy Inwestycyjnych SA and PPIM, and acting in accordance with Art. 69 section 1 point 1 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 of 2005, No. 184, item 1539, as amended) informed the Company about the increase in involvement up to 19.64% of the total number of votes at the General Meeting of Shareholders of Ciech S.A. with regard to the financial instruments included in the portfolio of Pioneer Fundusz Inwestycyjny Otwarty (Pioneer FIO), established by Pioneer Pekao Towarzystwo Funduszy Inwestycyjnych SA

(Investment Fund Company). The aforesaid change resulted from the following conversion of open investment funds created by the Investment Fund Company into subfunds of the fund Pioneer FIO.

1. Pioneer Pieniężny Fundusz Inwestycyjny Otwarty was converted into Pioneer Pieniężny – a subfund of Pioneer FIO
2. Pioneer Obligacji Fundusz Inwestycyjny Otwarty was converted into Pioneer Obligacji – a subfund of Pioneer FIO
3. Pioneer Obligacji Plus Fundusz Inwestycyjny Otwarty was converted into Pioneer Obligacji Plus – a subfund of Pioneer FIO
4. Pioneer Stabilnego Wzrostu Fundusz Inwestycyjny Otwarty was converted into Pioneer Stabilnego Wzrostu – a subfund of Pioneer FIO
5. Pioneer Zrównoważony Fundusz Inwestycyjny Otwarty was converted into Pioneer Zrównoważony – a subfund of Pioneer FIO
6. Pioneer Aktywnej Alokacji Fundusz Inwestycyjny Otwarty was converted into Pioneer Aktywnej Alokacji – a subfund of Pioneer FIO
7. Pioneer Akcji Polskich Fundusz Inwestycyjny Otwarty was converted into Pioneer Akcji Polskich – a subfund of Pioneer FIO
8. Pioneer Małych i Średnich Spółek Rynku Polskiego Fundusz Inwestycyjny Otwarty was converted into Pioneer Małych i Średnich Spółek Rynku Polskiego – a subfund of Pioneer FIO.

The aforesaid conversion took place on April 9th, 2010 and as of this date Pioneer FIO acquired the rights and obligations of the transformed funds. After the change, the portfolio of Pioneer FIO included 5,498,875 shares of the Company, representing 19.64% of the share capital. These shares entitled to 5,498,875 votes, constituting 19.64% of the total number of votes at the General Shareholders' Meeting. Prior to the change, the portfolio of Pioneer FIO included 32,035 shares of the Company, representing 0.11% of the share capital. These shares entitled to 32,035 votes, constituting 0.11% of the total number of votes at the General Shareholders' Meeting.

10. Provisions and write-downs on assets from 01.01.2010 to 31.03.2010

The Ciech Group's consolidated financial statements for Q1 2009 disclosed the following changes (creation, use and release) of provisions and write-downs on assets.

Provisions increase from 01.01. to 31.03.2010	<i>PLN '000</i>
Income tax provision	12,369
Provision for retirement gratuities, annual leaves, bonuses, compensation payments, etc.	1,850
Provision for expected losses	5
Provision for environmental protection	119
Restructuring provision	-
Provision for liabilities (costs)	-
Total	14,343
Provision decrease (use and release) from 01.01. to 31.03.2010.	<i>PLN '000</i>
Income tax provision	10,668
Provision for retirement gratuities, annual leaves, bonuses, compensation payments, etc.	1,894
Provision for expected losses	-
Provision for environmental protection	2,054
Restructuring provision	313
Provision for liabilities (costs)	917
Total	15,846
Write-downs on assets (increase) from 01.01. to 31.03.2010	<i>PLN '000</i>
Write-downs on intangible assets	-
Write-downs on tangible assets	-
Write-downs on non-current receivables	-
Write-downs on current receivables	2,322
Write-downs on inventory	916
Write-downs on non-current financial assets	77
Write-downs on current financial assets	-

Write-downs on assets (increase)	<i>PLN '000</i>
from 01.01. to 31.03.2010	
Total	3,315
Write-downs on assets (decrease) (use and release)	<i>PLN '000</i>
from 01.01. to 31.03.2010	
Write-downs on intangible assets	-
Write-downs on tangible assets	1,617
Write-downs on non-current receivables	-
Write-downs on current receivables	5,918
Write-downs on inventory	8,020
Write-downs on non-current financial assets	-
Write-downs on current financial assets	-
Total	15,555
Change in deferred income tax assets	<i>PLN '000</i>
from 01.01. to 31.03.2010	
Increase	386
Decrease	6,543

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.-31.03.2010			01.01.-31.03.2009		
	Before tax	Tax	Net after tax	Before tax	Tax	Net after tax
Currency translation differences (foreign companies)	9,398	-	9,398	(19,452)	-	(19,452)
Revaluation of available-for-sale financial assets	7,440	(1,405)	6,035	12,170	(2,394)	9,776
Cash flow hedging	20,105	(2,268)	17,837	(4,185)	1,690	(2,495)
Net currency translation differences (investments in foreign companies)	(17,220)	-	(17,220)	-	-	-
Other components of other comprehensive income	-	-	-	68	-	68
Other net comprehensive income	19,723	(3,673)	16,050	(11,399)	(704)	(12,103)

Income tax and reclassification adjustments in other comprehensive income

Other gross comprehensive income (PLN '000)	change in the period	01.01.-31.03.2010	change in the period	01.01.-31.03.2009
Currency translation differences (foreign companies)		9,398		(19,452)
- measurement for the current period	9,398		(19,452)	
Revaluation of available-for-sale financial assets		7,440		12,170
- measurement at fair value in the period	7,440		12,170	
Net currency translation differences (investments in foreign companies)		(17,220)		-
- measurement at fair value in the period	(17,220)		-	
Cash flow hedging		20,105		(4,185)
- measurement at fair value in the period	26,556		(6,146)	
- reclassification adjustment of profit/loss presented in the profit and loss account	(6,451)		1,961	
Other		-	68	68
Income tax attributable to other components of comprehensive income		(3,673)		(704)
- for the current period	(6,451)		(981)	
- reclassification adjustment to the profit and loss account	2,778		277	
Other net comprehensive income		16,050		(12,103)

12. Purchase and disposal of tangible non-current assets

Between January 1st and March 31st, 2010, the Ciech Group carried out the following transactions of purchase and disposal of tangible non-current assets:

(PLN '000)	a) Non-current assets, including:					b) Non-current assets under construction	c) Advances on non-current assets under construction (net)	Total non-current assets
		<i>land, buildings, premises and civil engineering structures</i>	<i>plant and equipment</i>	<i>means of transport</i>	<i>other non-current assets</i>			
PURCHASE AND ACQUISITION FROM INVESTMENT	16,082	908	13,113	1,331	729	24,569	-	40,651
CIECH S.A.	98	-	94	-	4	84	-	182
SODA MAŁTWY Group	5,578	3	5,010	419	146	16,720	-	22,298
FOSFORY Group	443	68	354	-	21	636	-	1,079
Alwernia S.A.	213	-	-	200	13	0	-	213
VITROSILICON Spółka Akcyjna	826	33	374	-	419	605	-	1,431
Polfa Sp. z o.o.	160	-	10	130	20	124	-	284
Z.Ch. „Organika-Sarzyna” S.A.	209	163	39	-	7	2,198	-	2,407
ZACHEM Group	3,672	541	3,097	1	33	665	-	4,337
PTU Transclean Sp. z o.o.	4	-	-	4	-	92	-	96
S.C. Uzinele Sodice Govora – Ciech Chemical Group S.A.	3,689	-	3,158	531	-	-	-	3,689
Soda Deutschland Ciech Group	1,190	100	977	46	66	3,445	-	4,635
SALES	4,177	418	553	3,051	155	-	-	4,177
CIECH S.A.	12	-	9	-	3	-	-	12
SODA MAŁTWY Group	7	-	-	7	-	-	-	7
Alwernia S.A.	111	-	29	82	-	-	-	111
Cheman S.A.	21	-	19	-	2	-	-	21
VITROSILICON Spółka Akcyjna	48	23	25	-	-	-	-	48
Polfa Sp. z o.o.	55	-	-	55	-	-	-	55
Z.Ch. „Organika-Sarzyna” S.A.	516	395	114	-	7	-	-	516
ZACHEM Group	2,915	-	8	2,907	-	-	-	2,915
S.C. Uzinele Sodice Govora – Ciech Chemical Group S.A.	160	-	160	-	-	-	-	160
Soda Deutschland Ciech Group	332	-	189	-	143	-	-	332

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

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

PLN '000	31.03.2010	31.12.2009
1. Contingent receivables	-	-
- guarantees and sureties received	-	-
- other off-balance sheet receivables	-	-
2. Contingent liabilities	54,635	55,546
- guarantees and sureties granted	40,112	40,127
- other off-balance sheet liabilities	14,523	15,419
3. Other	208,521	208,490
- other	208,521	208,490
Off-balance Sheet Items, Total	263,156	264,036

As at March 31st, 2010, contingent receivables did not occur in the Ciech Group.

The amount of contingent liabilities as at March 31st, 2010 was PLN 54,635 thousand, which signifies a decrease by PLN 911 thousand in relation to the balance as at December 31st, 2009. This is caused both by the decrease in guarantees and sureties granted and in other off-balance sheet liabilities.

The change in other off-balance sheet liabilities in comparison with the balance as at December 31st, 2009 is connected with the change of EURO exchange rate used for, i.a. the recalculation of a disclosed potential provision for recultivation of ponds, which will be created if required under the waste management regulations.

No changes of other off-balance sheet liabilities occurred, except for those described in section 6.10 of this report.

14. Procedures pending before courts, in arbitration proceedings or public administration bodies as at March 31st, 2010.

14.1 CIECH S.A.

Liabilities of CIECH S.A. (domestic and foreign) claimed in court or arbitration proceedings as at March 31st, 2010.

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 637 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 1,068 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.

Provision in the amount of PLN 638 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 five cases against its trade and other debtors under the Polish civil law for a total of PLN 332 thousand. The Company created a write-down in the full amount.

Claims due to bankruptcy proceedings

A total of PLN 8,271 thousand is being claimed in twenty six domestic bankruptcy proceedings.

For foreign bankruptcy proceedings, CIECH S.A. allocated claims in the amount of USD 315 thousand (equivalent of PLN 905 thousand) and EUR 508 thousand (in total equivalent of PLN 1,962 thousand), whereof the largest portion includes the following bankruptcy proceedings:

- Chemapol – Prague (PLN 1,010 thousand),
- Euroftal N.V. Belgium (PLN 806 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 in enforcement and composition proceedings

CIECH S.A. is claiming PLN 9,460 thousand from domestic debtors in seventeen enforcement proceedings.

Forecasts as to those proceedings vary depending on the debtors' assets.

The amount of EUR 27 thousand (equivalent of PLN 104 thousand) is claimed in foreign enforcement proceedings.

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

Action by Polska Żegluga Morska

On December 31st, 2009 CIECH S.A. received a statement of claim from Polska Żegluga Morska against CIECH S.A. for the payment of a compensation in the amount of USD 583 thousand (equivalent of PLN 1,674 thousand).

The claim is based on Article 160 § 3 of the Maritime Code, and concerns, in the claimants opinion, a damage for non-performance by CIECH S.A. of the charter contract of October 15th, 2007 for the transport of phosphorites to Morocco.

The case is pending before the Court of Arbitration at the National Chamber of Commerce in Warsaw. The statement of defence was filed within the term determined by the court. Three arbitrators have been appointed. The first hearing was scheduled to April 15th, 2010. A contingent liability in the amount of PLN 1,674 thousand has been created for the above case.

Action by AVAS

In 2009, AVAS (National Privatisation Agency in Romania) accused CIECH S.A. of non-performance of its information obligations under the Agreement for the Purchase of Shares in S.C. Uzinele Sodice Govora – Ciech Chemical Group SA (the Privatisation Agreement) and charged CIECH S.A. with contractual penalties. AVAS filed a suit to the court against Ciech SA in the discussed matter. Salans – the legal representative of CIECH S.A. – estimated the probability of accepting AVAS' s charges by a court of first instance (two appeal instances are not taken into account at this stage):

- For non-performance of information obligations arising from point 13.2.1 of the Privatisation Agreement by CIECH S.A. with regard to charges threatened with penalties in USD (USD 376 thousand + USD 10 thousand = USD 386 thousand) - medium to high probability;
- For non-performance of information obligations arising from point 13.11 of the Privatisation Agreement by CIECH S.A. with regard to charges threatened with a penalty of RON 1,669,334.23 – low to medium probability;
- For non-performance of information obligations arising from point 15.4 of the Privatisation Agreement by CIECH S.A. with regard to charges threatened with a penalty of RON 1,669,334.23 – low probability.

In the light of the aforesaid, another attempt to amicably settle the dispute with AVAS was made. The representatives of CIECH S.A./Salans and the representatives of AVAS met on March 5th, 2010. AVAS expressed its readiness to come to an agreement with CIECH S.A. on the disputable matters/contractual penalties, subject to certain legal restrictions. So far these matters have not been resolved.

A provision in the amount of PLN 1,100 thousand was created in CIECH S.A. for the above liabilities and a contingent liability in the amount of PLN 1,576 thousand was disclosed.

The following rates of the National Bank of Poland as at March 31st, 2010 were adopted for the conversion of debts in foreign currencies.

USD = PLN 2.8720

EUR = PLN 3.8622

Other cases with CIECH S.A.'s participation.

Cases concerning the property situated in Warsaw at ul. Powązkowska 46/50.

1. Case is currently pending before the Local Government Appeals Court in Warsaw, file no. KOX/1596/Po/09. By virtue of the letter of December 22nd, 2008 (file no. ZM.ZNO.722240-IV.3212/08/GL), 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 the new charge as of January 1st, 2009 amounting to PLN 589,553.37. 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 invalid the updated annual charge for the perpetual usufruct of land.

According to the information at hand, the Local Government Appeals Court is not taking any actions in order to resolve this case. In the course of the above proceedings, CIECH S.A. requested an analysis of the appraisal study, being the basis for the increase of the charge for the perpetual usufruct of the plot. In March 2010, the CIECH's representative sustained a motion from October 2009 for the suspension of the proceedings until the termination of case pending before the Regional Court in Warsaw, 25th Civil Division file no. XXV C 1388/09.

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

2. Case is pending before the Regional Court in Warsaw, 25th Civil Division file no. XXV C 1388/09 (Government Appeals Court file no. Kox/584/Po/04). 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 500,013.36 (previously PLN 25,834.35 thousand). 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 (file no. KOX/584/Po/04), declared that CIECH S.A., being a perpetual lessee of the plot no. 41, is obliged to pay an annual charge amounting to PLN 408,878.14 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.

By the decision of the Court of March 10th, 2010, the opinion of a property valuation expert was admitted as an evidence and the inspection of the aforesaid property by the expert was scheduled for the April 7th, 2010.

Provision in the amount of PLN 1,687 thousand was created in CIECH S.A. for the above liabilities.

3. Case is pending before the Local Government Appeals Court in Warsaw, file no. KOC/541/AR/10 (previously before the President of the Capital City of Warsaw, file no. WAB-D-XVII-ZFR-7324-1-1-10). On the January 13th, 2009, CIECH S.A. lodged a motion to the President of the Capital City of Warsaw for establishing a planning fee pursuant to Article 37, sec. 7 of the Act of March 27th, 2003 on Spatial Planning and Development (Journal of Laws 80 No 80, item 717 as amended) for the property located in Warsaw at ul. Powązkowska 46/50, consisting of plots located in precinct 7-02-09 and marked (as at the date of the lodgement of the motion) with numbers: 19/6 (part), 45/1(part), 38, 42, 43, 44 and 41. By the decision of January 8th, 2010 No 5/R/2010 (signature WAB-D-XVIII-ZFR-7324-1-1-10) the fee was established in the amount of PLN 1,687,000.00. An appeal from the above decision was filed on the February 1st, 2010 to the Local Government Appeals Court in Warsaw (through the agency of the President of the Capital City of Warsaw). The attacked decision was reversed and remanded for re-examination by the Local Government Appeals Court in Warsaw on the April 12th, 2010.

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 the Soda Polska Group does not exceed PLN 1,100 thousand.

One case initiated by an employee is pending against Soda Polska, regarding the payment of the difference in long-term bonus in the amount of PLN 13 thousand.

The total amount of PLN 26,771 thousand (including receivables for goods) is being claimed in various types of proceedings. In several dozens bankruptcy proceedings Soda Polska claims PLN 870 thousand from its debtors. 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. i SODA MAŃTWY 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 material claims (liabilities) have been filed against any company belonging to the Soda Polska CIECH Sp. z o.o. that could affect its business.

Soda Polska CIECH Sp. z o.o Group created a provision for all pending proceedings in the amount of PLN 1,100 thousand.

“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 604 thousand from trade debtors, including the largest claim pursued through enforcement proceedings for PLN 426 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 402 thousand through court actions and enforcement proceedings. The total of PLN 1,009 thousand is claimed in bankruptcy proceedings.

One action for damages is pending against the company due to occupational illness – the claim amounts to PLN 43 thousand. The company also holds receivables due to the prepayment for delivery of goods from Z.Ch. WIZÓW amounting to PLN 306 thousand gross.

“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 5,262 thousand, including PLN 2,421 thousand claimed in court and enforcement proceedings and PLN 1,272 thousand in bankruptcy and composition proceedings.

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

FOSFORY Group

No claims (liabilities) have been lodged against the companies of the FOSFORY Group which might significantly affect its business activity.

The FOSFORY Group is claiming a total of PLN 6,049 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 FOSFORY 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 CIECH POLFA Sp. z o. o. which might affect its business activity.

The company is claiming a total of USD 683 thousand (equivalent of PLN 1.963 thousand) and EUR 794 (equivalent of PLN 3,068 thousand) thousand from trade debtors for unpaid deliveries of goods. The claims asserted in bankruptcy proceedings amount to EUR 246 thousand (equivalent of PLN 951 thousand) and claims in composition proceedings amount to EUR 293 thousand (equivalent of PLN 1,135 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.

Z.Ch. “Organika-Sarzyna” S.A. is claiming the amount of PLN 2,641 thousand from a dozen or so domestic companies in court actions, bankruptcy, enforcement and composition proceedings. The largest amount of PLN 1,747 thousand is claimed in bankruptcy and composition proceedings. The amount claimed in enforcement proceedings is PLN 894 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 SA 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 1,094 thousand.

The ZACHEM Group's claims pending in business lawsuits, bankruptcy, enforcement, and other proceedings total PLN 13,920 thousand, the largest claim being PLN 10,933 thousand in bankruptcy and composition proceedings.

The amount of PLN 1,249 thousand is claimed in enforcement proceedings.

Currently, one industrial case is pending against ZACHEM S.A., filed by a former employee for the payment of a compensation in the amount of PLN 20 thousand.

The Group has created a write-down for all pending proceedings in the amount of PLN 13,920 thousand.

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 20,191 thousand) due to the unpaid electricity bills from 2008.

Moreover, an employee action is pending against the Company, lodged by a former Member of the Management Board of Sadochem for unlawful termination of the contract of employment. The claimant demands a compensation in the amount of EUR 1,400 thousand (equivalent of PLN 5,407 thousand) with interest.

Provision in the amount 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 claims filed against the Company amounts to RON 396 thousand (equivalent of PLN 373 thousand), while 5 employee cases are pending against the Company – reinstatement claims and one claim for the payment of dividend. S.C. Uzinele Sodice Govora - Ciech Chemical Group S.A. is claiming a total of RON 128 thousand (equivalent of PLN 121 thousand) from various debtors in 20 business lawsuits.

In addition, the Company is claiming the amount of RON 83 thousand (equivalent of PLN 78 thousand) in 6 bankruptcy proceedings and the amount of RON 2,036 thousand (equivalent of PLN 1,923 thousand) in 38 proceeding against Florin I. Balan.

S.C. Uzinele Sodice Govora created a write-down for all pending proceedings.

1 RON = PLN 0.944

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 Q1 2010 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		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.				
CIECH S.A.						
KREDYT BANK S.A. Sieradz Branch		3,000	until May 17th, 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	Chemian S.A.	Subsidiary
KREDYT BANK S.A. Sieradz Branch		4,000	until May 17th, 2010	Payment to CIECH S.A. equal to 1% of the surety value + PLN 3.5 thousand + PLN 2.5 thousand + PLN 40 thousand	Chemian S.A.	Subsidiary
PKN ORLEN SA		1,200	no fixed term	Payment to CIECH S.A. equal to 1% of the surety value	Chemian S.A.	Subsidiary
BANK PKO S.A. First Branch in Warsaw		2,000	until May 18th, 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	Chemian S.A.	Subsidiary
Citibank HANDLOWY	EUR 12,000	46,346	until August 28th, 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
COMMERZBANK AG	EUR 25,000	96,555	30.09.2014	To the loan agreement of January 23rd, 2008 for EUR 75 million	SODA DEUTSCHLAND CIECH GmbH	subsidiary
Total CIECH S.A.		193,101				
JANIKOSODA S. A.						
BOŚ Poznań	EUR 192	743	For the term of the loan agreement.	No fee	"VITROSILICON" Spółka Akcyjna	Subsidiary
Total JANIKOSODA S.A.		743				
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

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.				
Total ZACHEM S.A.		36,320				
Total amount of loans covered by surety		230,164				

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	11,587	until May 26th, 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
SG Equipment Leasing Polska Sp.z o.o.-Warsaw	EUR 1,666	6,434	until September 30th, 2011	-	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	110,572	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	ZACHEM S.A.	Subsidiary

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.				
are worth USD 77 million						
GatX Rail Poland Sp. z o.o.	61	234	30.10.2010	Guarantee - tanker lease agreement	ZACHEM S.A.	Subsidiary
ING Lease Romania IFN S.A.	2,237	8,639	30.04.2013	Payment collateral to lease agreements	S.C. Uzinele Sodice Govora – Ciech Chemical Group S.A. - Romania	Subsidiary
Total CIECH S.A.		137,466				
POLFA Sp. z o.o.						
Warsaw West Gate Sp. z o.o.	EUR 30	115	30.06.2010			
Pharmacie Centrale de Tunisie	EUR 2	8	no fixed term			
Total POLFA Sp. z o.o.		123				
Total amount of guarantees granted		137,589				

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

In Q1 2010, 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.

In 2010, the Management Board of CIECH S.A. is not planning any dividend payout.

The Ordinary General Shareholders' 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.

19. Discontinued operations and assets held for sale.

In Q1 2010, discontinued operations did not occur in the Ciech Group.

As at March 31st, 2010, Vitrosilicon Spółka Akcyjna, operating within the Ciech Group, presented under "Non-current assets held for sale" non-current assets for a total of PLN 500 thousand, including:

- land – PLN 368 thousand
- buildings and structures – PLN 132 thousand

20. Information concerning default in debt repayment or any violations of borrowing contract provisions.

There were no violations of conditions concerning the repayment of the principal or interest due to financial liabilities disclosed in the balance sheet in the period covered in this statement or in the period to its publication. No loan agreement was called in.

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

According to the requirements of IAS 1 a violation of conditions of loan agreements which may limit the unconditional availability of loans in the following year makes it necessary to classify such liabilities as short-term ones.

Current liabilities

FOSFORY Group

The condition of maintaining the required level of sales 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.

21. Information about non-consolidated subsidiaries and associates

When selecting entities for consolidation, the Management Board of the controlling entity 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%	3,699	142	4,740	0.45%	0.24%	Subsidiary
2) Polcommerce Handel und Vertretungsgesellschaft m .b. H.	100.00%	2,362	(65)	2,770	0.29%	0.14%	Subsidiary
3) CIECH SERVICE Sp. z o.o.	100.00%	2,517	152	2,940	0.31%	0.15%	Subsidiary
4) Nordiska Unipol Aktienbolag	97.78%	6,129	(225)	7,762	0.75%	0.39%	Subsidiary
5) POLFA Group							
5.1.) POLFA Hungaria Ltd, Hungary	100.00%	814	445	99	0.10%	0.00%	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%	530	145	2,850	0.06%	0.14%	Indirect subsidiary
7) ORGANIKA - SARZYNA Group							
7.1.) Z.D. „ORGANIKA” Sp. z o.o.	51.00%	1,174	129	2,793	0.14%	0.14%	Indirect subsidiary
8) Soda Deutschland Ciech Group							
8.1.Sodachem GmbH	100.00%	1,642	-	3,820	0.20%	0.19%	Indirect subsidiary
<hr/>							
Total value		Non-consolidated entities		Ciech Group (without eliminations)		% share	
Balance sheet totals			27,824		5,668,240		0.41%
Net sales and financial operations			18,867		1,612,680		1.04%

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	-	1,017	9,818	14,920	385
Polskie Konsorcjum Chemiczne Sp. z o.o.	50.00%	50.00%	50.00%	52	-	(3)	-	23	(15)
ORGANIKA –SARZYNA Group									
Zakłady Chemiczne "Silikony Polskie" Spółka z ograniczoną odpowiedzialnością	-	0.00%	27.26%	5,209	-	5,778	4,210	20,878	-107
"Komunalna Biologiczna Oczyszczalnia Ścieków – Spółka z ograniczoną odpowiedzialnością"	-	56.62%	1.45%	8,358	-	(7,813)	657	14,177	-19
„Bud- Org” Sp. z o.o.	-	24.85%	22.59%	43	-	292	343	1,359	-37
„Gumokor- Organika” Sp. z o.o.	-	24.81%	22.54%	16	-	66	117	359	-35
„ORGANIKA – PROJEKT” Sp. z o.o.	-	24.49%	22.26%	18	18	10	88	191	-24
„DREWREM- ORGANIKA” Sp. z o.o.	-	24.14%	21.94%	8	8	- 18	172	156	115
„EL- CHEM” Sp. z o.o.	-	24.73%	22.47%	92	-	289	760	2,633	-237
„WOD-REM” Sp. z o.o.	-	24.94%	22.66%	146	-	298	968	2,327	-269
„NS Automatyka” Sp. z o.o.	-	22.44%	20.39%	115	-	467	1,111	2,969	-74
ZACHEM Group									
„BUDPUR” Spółka z ograniczoną odpowiedzialnością	-	23.86%	20.84%	63	-	168	701	1,017	2
Przedsiębiorstwo Transportowo Spedycyjne "TRANSCHEM" Spółka z ograniczoną odpowiedzialnością	-	27.81%	24.29%	89	89	(146)	903	769	5
Zakład Remontowo- Produkcyjny "Metalpur" Spółka z ograniczoną odpowiedzialnością	-	24.52%	19.62%	26	-	179	762	1,138	1
Natural Chemical Products Sp. z o.o.	-	44.03%	38.46%	214	-	2,188	6,046	13,371	12
Soda Deutschland Ciech Group									
Kaverngesellschaft Stassfurt GmbH	-	50.00%	50.00%	644	-	2,470	1,951	10,015	763
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	-	3,769	-	45,510	(208)
Total value	-	-	-	18,572	115	24,627	28,607	131,811	258

Additionally, CIECH S.A. holds stock/shares in entities where its control has been limited or lost:

- Calanda Polska Sp. z o.o.- in bankruptcy, 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.
- Polsin Overseas Shipping Ltd. is also an associate of CIECH S.A. The company submitted no financial data for Q1 2010.
- Also Huta Szkła Wymiarki S.A. is an affiliate of CIECH S.A. The company submitted no financial data for Q1 2010.
- Ciech America Latina LTDA – entity suspended its activity as of June 30th, 2009.
- KPG Kavern-Projekt-Beteiligungsgesellschaft mbH.- in liquidation.

22. Reconciliation of equity presented in the statements for Q1 2009 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 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 Management Board recognised the results of this evaluation in the 2008 financial statements/consolidated financial statements under the item: "Cash flow hedge" in the amount of PLN 70,934 thousand instead under "2008 net result". The Auditor's opinion regarding the consolidated financial statements for 2008 included the Auditor's objection regarding this matter.

The Management Board of CIECH S.A. re-analysed the concluded transaction in the 2009 financial statements against their compliance with IFRS and decided to make a correction of the aforesaid transactions in the statements. This error, made due to the improper implementation of IAS 39 provisions, distorted the financial result and value of equity in the aforesaid amounts in the 2008 statements. The decision of the Management Board in relation to the interpretation of IAS 39 provisions was aimed to eliminate these irregularities and correct the financial statements for 2008 in compliance with IAS 8.

In 2009, CIECH S.A. 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.

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 the changes resulting from the implementation of IFRS 8 are reported retrospectively, also the change in determining new segments and, as a consequence, new CGUs was reported in the 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.

The impact of correction of errors for previous periods due to improper implementation of IAS 39 in relation to option structures which were initially subject to hedge accounting principles in 2008 and correction of write-down of negative goodwill on the consolidated financial statements of March 31st, 2009 is shown below:

<i>PLN '000</i>	31.03.2009 presented in the extended consolidated report for Q1 2009	Correction No 1 Hedge accounting	Correction No 2 Write-down of the negative goodwill of Z.Ch. Organika Sarzyna S.A.	31.03.2009 of the presented report. (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	(159,977)	116,716	-	(43,261)
Financial asset revaluation reserve	(13,109)	-	-	(13,109)
Tangible non-current asset revaluation reserve	-	-	-	-
Other reserve capitals	78,521	-	-	78,521
Net currency translation differences (investments in foreign companies)	-	-	-	-
Currency translation differences (subsidiaries)	(70,416)	-	-	(70,416)
Retained profits	686,945	(116,716)	(15,496)	554,733
Equity attributable to controlling shareholders	837,407	-	(15,496)	821,911
Minority interest	52,185	-	-	52,185
Total equity	889,592	-	(15,496)	874,096
Net profit, including:	33,189	(45,782)	-	(12,593)
<i>Net profit attributable to controlling shareholders</i>	31,918	(45,782)	-	(13,864)
<i>Net profit attributable to minority shareholders</i>	1,271			1,271

IV. Condensed individual financial statements of CIECH S.A. for Q1 2010 prepared in accordance with the International Financial Reporting Standards

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

<i>PLN '000</i>	01.01.-31.03.2010* Continued operations	01.01.-31.03.2009* Continued operations
Net sales of products, goods and materials	566,462	444,892
Cost of sales	(484,823)	(351,469)
Gross profit/loss on sales	81,639	93,423
Other operating revenues	565	543
Selling costs	(29,128)	(26,976)
General and administrative expenses	(16,620)	(15,932)
Other operating expenses	(1,649)	(3,549)
Operating profit/loss	34,807	47,509
Finance income	34,786	82,588
Finance costs	(80,297)	(137,900)
Net finance income/costs	(45,511)	(55,312)
Profit/loss before taxes	(10,704)	(7,803)
Income tax	(43)	1,279
Net profit/loss	(10,747)	(6,524)
Net profit/loss for the financial year	(10,747)	(6,524)
Earnings per share (in PLN):		
Basic	(0.38)	(0.23)
Diluted	(0.38)	(0.23)

* 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.-31.03.2010*	01.01.-31.03.2009*
	Continued operations	Continued operations
Net profit/loss for the financial year	(10,747)	(6,524)
Other gross comprehensive income	14,958	35,156
Available-for-sale financial assets (measurement recognised under revaluation reserve)	7,398	12,604
Hedge accounting (measurement recognised under cash flow hedge)	7,560	22,552
Income tax attributable to other components of comprehensive income	(2,842)	(6,679)
Other net comprehensive income	12,116	28,477
COMPREHENSIVE INCOME	1,369	21,953

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

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

PLN '000	31.03.2010	31.12.2009	31.03.2009
ASSETS			
Non-current assets			
Tangible non-current assets	10,398	10,957	12,306
Right of perpetual usufruct	-	-	-
Intangible assets	8,341	8,750	8,218
Investment real property	3,699	3,844	15,744
Non-current receivables	29,901	39,741	43,155
Investments in affiliates and jointly-controlled entities measured under the equity method	-	-	-
Other long-term investments	1,362,970	1,376,023	1,514,946
Deferred tax assets	13,641	16,525	36,299
Total non-current assets	1,428,950	1,455,840	1,630,668
Current assets			
Inventory	30,511	26,313	15,941
Short-term investments	70,543	87,883	81,345
Income tax receivables	6,427	5,228	15,776
Trade and other receivables	388,883	355,300	456,192
Cash and cash equivalents	44,947	46,445	16,577
Non-current assets held for sale	-	-	-
Total current assets	541,311	521,169	585,831
Total Assets	1,970,261	1,977,009	2,216,499
EQUITY AND LIABILITIES			
Equity			
Share capital	164,115	164,115	164,115
Share premium	151,328	151,328	151,328
Equity components related to assets held for sale	-	-	-
Revaluation reserve	(3,567)	(9,559)	(15,949)
Other reserve capitals	76,199	76,199	76,199
Cash flow hedge	43,037	36,913	18,267
Retained profits	87,353	98,100	217,343
Total equity	518,465	517,096	611,303
Liabilities			
Loans, borrowings and other debt instruments	420,669	426,196	299,242
Employee benefits	1,841	1,776	1,707
Provisions (other long-term)	-	-	-
Other non-current liabilities	35,368	57,406	127,030
Deferred tax provision	-	-	-
Total non-current liabilities	457,878	485,378	427,979
Overdraft facility	-	-	-
Loans, borrowings and other debt instruments	482,512	477,957	603,491
Trade and other liabilities	507,460	492,572	564,691
Income tax liabilities	-	-	-
Provisions (short-term provisions for employee benefits and other provisions)	3,946	4,006	9,035
Liabilities related to non-current assets held for sale	-	-	-
Total current liabilities	993,918	974,535	1,177,217
Total liabilities	1,451,796	1,459,913	1,605,196
Total Equity and Liabilities	1,970,261	1,977,009	2,216,499

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

PLN '000

	01.01-31.03.2010	01.01-31.03.2009
Cash flows from operating activities		
Net profit (loss) for the period	(10,747)	(6,524)
Amortization/depreciation	1,338	1,741
Recognition / reversal of revaluation write-downs	3,711	-
Foreign exchange profit / loss	39,569	(76,262)
Profit / loss on investment activities	(226)	-
Profit / loss on disposal of non-current assets	(1)	(19)
Interest and profit sharing	6,750	1,407
Input income tax	43	(1,279)
Operating profit / loss before changes in working capital and provisions	40,437	(80,936)
Change in receivables	(24,023)	(63,255)
Change in inventory	(4,198)	1,425
Change in current liabilities	26,490	47,732
Change in provisions and employee benefits	4	18,049
Net cash generated from operating activities	38,710	(76,985)
Interest paid	(12,859)	(3,174)
Income tax paid	(1,200)	(4,635)
Cash flows from options	-	(42,377)
Measurement of derivatives	(25,401)	101,504
Other adjustments (including adjustments of cash flows from options)	887	42,377
Net cash from operating activities	137	16,710
Cash flows from investment activities		
Inflows (in "+")		
Disposal of intangible and tangible non-current assets	1	26
Disposal of a subsidiary	226	-
Disposal of investments	-	-
Dividends received	-	-
Interest received	601	751
Other inflows	-	30,550
Outflows (in "-")		
Acquisition of intangible and tangible non-current assets	(873)	(1,363)
Acquisition of a subsidiary (after deduction of acquired cash)	-	(65,418)
Purchase of other investments	-	-
Other expenditure	-	(500)
Net cash from investment activities	(45)	(35,954)
Cash flows from financial activities		
Inflows (in "+")		
Loans and borrowings taken	7,541	58,960
Outflows (in "-")		
Purchase of own shares	-	-
Dividends paid and other payments to controlling shareholders	-	-
Dividends paid to minority shareholders	-	-
Repayment of loans and borrowings	(5,647)	(59,125)
Net cash from financial activities	1,894	(165)
Total net cash flows	1,986	(19,409)
Cash as at the beginning of period	46,446	32,085
Impact of foreign exchange differences	(3,485)	3,901
Cash as at the end of period	44,947	16,577

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) 01/01/2010									
Previously reported	164,115	-	151,328	-	(9,559)	36,913	76,199	98,100	517,096
Changes in accounting principles	-	-	-	-	-	-	-	-	-
Corrections of errors from previous periods	-	-	-	-	-	-	-	-	-
Equity (restated) as at: 01/01/2010	164,115	-	151,328	-	(9,559)	36,913	76,199	98,100	517,096
Comprehensive income in 2010	-	-	-	-	5,992	6,124	-	(10,747)	1,369
Equity as at (end of period) 31/03/2010	164,115	-	151,328	-	(3,567)	43,037	76,199	87,353	518,465

<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
Comprehensive income in 2009	-	-	-	-	16,600	36,913	-	(125,767)	(72,254)
Equity as at (end of period) 31/12/2009	164,115	-	151,328	-	(9,559)	36,913	76,199	98,100	517,096

<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
Comprehensive income in 2009	-	-	-	-	10,210	18,267	-	(6,524)	21,953
Equity as at (end of period) 31/03/2009	164,115	-	151,328	-	(15,949)	18,267	76,199	217,343	611,303

6. Notes to the financial statements prepared for Q1 2010 ending on March 31st, 2010.

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 2009, publicly disclosed on April 30th, 2010.

Starting from January 1st, 2010, the presentation of information on operating segments was amended and shall now include the new "Corporate Functions" segment. This segment consists of all CIECH SA operations relative to common functions, which were until now split as overhead between Divisions. The Management Board decided that changes in income and cost presentation do correspond not only to the actual management practices but also enable more transparent presentation, verification and evaluation of Group's operations and fulfilment of production and sales objectives for every Division (segment) separately as well as different objectives concerning for example cost reduction measures undertaken by holding structures performing common functions both in the name of CIECH SA and the entire Capital Group. Moreover, in connection with the credit agreement signed, "Corporate Functions" will include financing costs of the Group. The aforesaid changes have been applied by the 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>	31.03.2010	31.03.2009
Net profit (loss) on continued operations attributed to the controlling shareholders	(10,747)	(6,524)
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	(10,747)	(6,524)
Net profit (loss) attributed to the controlling shareholders, applied to calculate diluted earnings per share	(10,747)	(6,524)
pcs.	31.03.2010	31.03.2009
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 Q1 2010.

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 on 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 Q1 2010.

6.6. Information about dividends paid

Information on dividends paid has been presented in part III, point 18 of the extended consolidated quarterly report of the Ciech Group for Q1 2010.

6.7. Financial figures by business segment

01.01.-31.03.2010

PLN '000	Soda	Agrochemical	Organic	Silicates and Glass	Other Operations	Corporate Functions	TOTAL
Revenues from third parties	201,971	26,031	197,139	51,887	79	-	477,107
Revenues from inter-segment transactions	14,613	60,209	13,563	866	104	-	89,355
Total revenues	216,584	86,240	210,702	52,753	183	-	566,462
Cost of sales	(175,736)	(79,448)	(186,234)	(43,357)	(48)	-	(84,473)
Gross profit/loss on sales	40,848	6,792	24,468	9,396	135	-	81,639
Selling costs	(15,915)	(726)	(6,317)	(6,134)	(36)	-	(29,128)
General and administrative expenses	(1,014)	(759)	(348)	(996)	-	(13,503)	(16,620)
Profit/loss on receivables management	(20)	-	19	-	(497)	-	(498)
Profit/loss on operating activity	-	-	-	-	(586)	-	(586)
Operating profit/loss	23,899	5,307	17,822	2,266	(984)	(13,503)	34,807
Balance of f/x differences and interest on trade settlements	(8,954)	(3,424)	(18,349)	(3,633)	(92)	-	(34,452)
Costs of financing	-	-	-	-	-	(8,792)	(8,792)
Profit/loss on financial activity (unattributed to segments)	-	-	-	-	-	(2,267)	(2,267)
Profit/loss before taxes	14,945	1,883	(527)	(1,367)	(1,076)	(24,562)	(10,704)
Tax							(43)
Net profit/loss							(10,747)
Profit on discontinued operations							-
Net profit/loss for the financial year							(10,747)
Amortization/depreciation	3	1	4	1	-	1,329	1,338
EBITDA	23,902	5,308	17,826	2,267	(984)	(12,174)	36,145

01.01.-31.03.2009

<i>PLN '000</i>	Soda	Agrochemical	Organic	Silicates And Glass	Other Operations	Corporate Functions	TOTAL
Revenues from third parties	236,496	19,239	112,465	17,768	24	-	385,992
Revenues from inter-segment transactions	15,629	34,101	7,705	560	905	-	58,900
Total revenues	252,125	53,340	120,170	18,328	929	-	444,892
Cost of sales	(178,243)	(49,366)	(108,023)	(15,106)	(731)	-	(351,469)
Gross profit/loss on sales	73,882	3,974	12,147	3,222	198	-	93,423
Selling costs	(17,757)	(715)	(6,911)	(1,542)	(51)	-	(26,976)
General and administrative expenses	(245)	(105)	(246)	(197)	-	(15,139)	(15,932)
Profit/loss on receivables management	(483)	-	(572)	-	-	-	(1,055)
Profit/loss on operating activity	(1,404)	(4)	(22)	(1)	452	(972)	(1,951)
Operating profit/loss	53,993	3,150	4,396	1,482	599	(16,111)	47,509
Balance of f/x differences and interest on trade settlements	(7,294)	(1,722)	(10,095)	(120)	(130)	-	(19,361)
Costs of financing	-	-	-	-	-	(7,218)	(7,218)
Profit/loss on financial activity (unattributed to segments)	-	-	-	-	-	(28,733)	(28,733)
Profit/loss before taxes	46,699	1,428	(5,699)	1,362	469	(52,062)	(7,803)
Tax							1,279
Net profit/loss							(6,524)
Profit on discontinued operations							-
Net profit/loss for the financial year							(6,524)
Amortization/depreciation	28	1	28	2	-	1,682	1,741
EBITDA	54,021	3,151	4,424	1,484	599	(14,429)	49,250

31.03.2010	Soda	Agrochemical	Organic	Silicates And Glass	Other Operations	Corporate Functions	TOTAL
Tangible non-current assets	21	8	33	10	-	10,326	10,398
Intangible assets	17	6	27	8	-	8,283	8,341
- goodwill	-	-	-	-	-	-	-
Shares in affiliates	-	-	-	-	-	-	-
Inventory	10,024	8,632	11,855	-	-	-	30,511
Trade receivables	146,484	26,770	113,730	16,534	-	-	303,518
Other assets	-	-	-	-	-	1,617,493	1,617,493
Total assets	156,546	35,416	125,645	16,552	-	1,636,102	1,970,261

31.03.2010	Soda	Agrochemical	Organic	Silicates And Glass	Other Operations	Corporate Functions	TOTAL
Trade liabilities	190,106	57,264	126,724	12,336	1,245	-	387,675
Other liabilities	-	-	-	-	-	1,064,121	1,064,121
Total liabilities	190,106	57,264	126,724	12,336	1,245	1,064,121	1,451,796

31.03.2009	Soda	Agrochemical	Organic	Silicates And Glass	Other Operations	Corporate Functions	TOTAL
Tangible non-current assets	200	6	200	15	-	11,885	12,306
Intangible assets	133	4	134	10	-	7,937	8,218
- goodwill	-	-	-	-	-	-	-
Shares in affiliates	-	-	-	-	-	-	-
Inventory	10,019	2,819	3,103	-	-	-	15,941
Trade receivables	174,982	13,013	118,704	5,674	4,290	-	316,663
Other assets	-	-	-	-	-	1,863,371	1,863,371
Total assets	185,334	15,842	122,141	5,699	4,290	1,883,193	2,216,499

31.03.2009	Soda	Agrochemical	Organic	Silicates And Glass	Other Operations	Corporate Functions	TOTAL
Trade liabilities	181,847	37,486	87,560	3,941	47	-	310,881
Other liabilities	-	-	-	-	-	1,294,315	1,294,315
Total liabilities	181,847	37,486	87,560	3,941	47	1,294,315	1,605,196

31.03.2010

<i>PLN '000</i>	Soda	Organic	Agrochemical	Silicates And Glass	Other Operations	Corporate Functions	Total
Recognised impairment losses	23	81	-	-	729	4,361	5,194
Reversed impairment losses	3	100	-	-	3	35	141

31.03.2009

<i>PLN '000</i>	Soda	Organic	Agrochemical	Silicates And Glass	Other Operations	Corporate Functions	Total
Recognised impairment losses	485	574	-	-	-	98	1,157
Reversed impairment losses	3	1	1	-	-	171	176

Geographical segments
31.03.2010

<i>PLN '000</i>	Poland	European Union	Other European countries	Africa	Asia	Other regions	TOTAL
Segment total assets	1,203,415	691,705	27,324	10,459	33,023	4,335	1,970,261
Net sales of products, goods and materials	225,730	184,972	16,313	33,313	86,888	19,246	566,462

31.03.2009

<i>PLN '000</i>	Poland	European Union	Other European countries	Africa	Asia	Other regions	TOTAL
Segment total assets	1,168,274	992,774	22,427	9	26,124	6,891	2,216,499
Net sales of products, goods and materials	242,444	141,440	6,964	1,595	42,350	10,099	444,892

6.8. Information concerning material events that occurred after the end of Q1 2010 and have not been reflected in the presented interim report

No material events which have not been reflected in the financial statements for the period from January 1st to March 31st, 2010 occurred after the end of Q1 2010.

6.9. Changes in the structure of the entity

The following changes in the share/stock portfolio have been reported in Q1 2010:

CIECH FINANCE Sp. z o.o.

- On January 8th, 2010, the increase in the share capital by PLN 250 thousand through the establishment of 500 new shares of a nominal value of PLN 500 for each was registered by the District Court. 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. The increase in the share capital was adopted by the Extraordinary General Meeting of Shareholders on October 19th, 2009.

Chemiepetrol GmbH (in liquidation)

- The company, Chemiepetrol GmbH (in liquidation) seated in Hamburg, entered under number HRB 33084 in the Commercial Register B was deleted from the Commercial Register pursuant to the decision of the District Court in Hamburg dated March 15th, 2010. Chemiepetrol GmbH was put into liquidation by resolution of the Shareholders' Meeting dated November 26th, 2007. CIECH SA was the majority shareholder of the said Company (60% of shares in the initial capital).

6.10. Information about changes in contingent liabilities or contingent assets

OFF-BALANCE SHEET ITEMS	31.03.2010	31.12.2009
<i>PLN '000</i>		
1. Contingent receivables	-	-
2. Contingent liabilities	330,567	344,799
1.1. Towards affiliated entities	330,567	344,799
- guarantees and sureties granted	330,567	344,799
3. Other	27,650	27,619
- other trade sureties	9,400	9,400
- other	18,250	18,219
Off-balance Sheet Items, Total	358,217	372,418

As at March 31st, 2010, contingent receivables had not occurred in CIECH S.A.

The value of contingent liabilities and other off-balance sheet liabilities as at March 31st 2010 amounted to PLN 358,217 thousand, which signifies a decrease in comparison with December 2009 by PLN 14,201 thousand.

This difference was caused mainly by the expiry of a guarantee for liabilities of the subsidiary ZACHEM S.A. amounting to EUR 4,500 thousand

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

Other contingent liabilities in the amount of PLN 18,250 thousand include:

- contingent liability of PLN 1,674 thousand due to the claim of Polska Żegluga Morska,
- 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 1,576 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.

6.11. Information on write-downs on assets and provisions in the reporting period, i.e. 01.01. – 31.03.2010

01.01.-31.03.2010	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	14,687	-	-	14,687
Long-term investments	86,296	43	-	86,339
Inventory	168	342	4	506
Receivables	25,100	754	1,005	24,849
Short-term investments	196,673	4,055	43	200,685

01.01.-31.03.2010	Balance as at the beginning of period	Increase	Decrease	Balance as at the end of period
<i>PLN '000</i>				
Income tax provision	21,397	-	5,491	15,906
Provision for retirement gratuities, annual leaves, bonuses, compensation payments, etc.	5,181	3,531	2,319	6,393
Provision for expected losses	3,880	5	65	3,820
Provision for liabilities (costs)	3,699	652	1,584	2,767

	Balance as at the beginning of period	Increase	Decrease	Balance as at the end of period
<i>PLN '000</i>				
Deferred tax assets	37,922		8375	29,547

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.-31.03.2010			01.01.-31.03.2009		
	Before tax	Tax	Net after tax	Before tax	Tax	Net after tax
Revaluation of available-for-sale financial assets	7,398	(1,406)	5,992	12,604	(2,394)	10,210
Cash flow hedging	7,560	(1,436)	6,124	22,552	(4,285)	18,267
Other net comprehensive income	14,958	(2,842)	12,116	35,156	(6,679)	28,477

PLN '000	change in the period	01.01.-31.03.2010	change in the period	01.01.-31.03.2009
Other gross comprehensive income				
Revaluation of available-for-sale financial assets	-	7,398	-	12,604
- measurement at fair value in the period	7,398	-	12,604	-
Cash flow hedging	-	7,560		22,552
- measurement at fair value in the period	24,584		26,374	
- reclassification adjustment of profit/loss presented in the profit and loss account	(17,024)		(3,822)	
Income tax attributable to other components of comprehensive income	-	(2,842)	-	(6,679)
- for the current period	(6,077)	-	(7,405)	-
- reclassification adjustment to the profit and loss account	3,235	-	726	-
Other net comprehensive income		12,116		28,477

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 non-current assets and commitments to purchase tangible non-current assets.

01.01.-31.03.2010	Land, buildings, premises and civil engineering structures	Plant and equipment	Means of transport	Other non-current assets	Non-current assets under construction	Total
PLN '000						
Purchase	-	94	-	4	84	182
Disposal	-	9	-	3	-	12

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

01.01.-31.03.2009	Land, buildings, premises and civil engineering structures	Plant and equipment	Means of transport	Other non-current assets	Non-current assets under construction	Total
PLN '000						
Purchase	-	683	4	6	-	693
Disposal	-	1,121	74	1	558	1,754

CIECH S.A. acquired tangible non-current 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 March 31st, 2010.

Information has been presented in part III, point 14.1 of the extended consolidated quarterly report of the Ciech Group for Q1 2010.

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 Management Board recognised the results of this evaluation in the 2008 financial statements under the item: "Cash flow hedge" in the amount of PLN 70,934 thousand instead under "2008 net result". The Auditor's opinion regarding the financial statements for 2008 included the Auditor's objection regarding this matter.

The Management Board of CIECH S.A. re-analysed the concluded transaction in the 2009 financial statements against their compliance with IFRS and decided to make a correction of the aforesaid transactions in the statements. This error, made due to the improper implementation of IAS 39 provisions, distorted the financial result and value of equity in the aforesaid amounts in the 2008 statements. The decision of the Management Board in relation to the interpretation of IAS 39 provisions was aimed to eliminate these irregularities and correct the financial statements for 2008 in compliance with IAS 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.

<i>PLN '000.</i>	31.03.2009 previously reported	Hedge accounting - error correction	31.03.2009 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	(98,450)	116,717	18,267
Financial asset revaluation reserve	(15,949)	-	(15,949)
Tangible non-current asset revaluation reserve	-	-	-
Other reserve capitals	76,199	-	76,199
Retained profits	334,060	(116,717)	217,343
Equity attributable to controlling shareholders	611,303	-	611,303
Total equity	611,303	-	611,303
Net profit/loss for the financial year	39,259	(45,783)	(6,524)

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

There were no violations of conditions concerning the repayment of the principal or interest due to financial liabilities disclosed in the balance sheet in the period covered in this statement or in the period to its publication. No loan agreement was called in.

6.18. Transactions with affiliates

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

<i>PLN '000</i>	Sales revenue 01.01.-31.03.2010	Purchase of goods and services 01.01.- 31.03.2010	Finance income 01.01.- 31.03.2010	Receivables as at 31.03.2010	Liabilities as at 31.03.2010
Consolidated entities	89,355	460,004	7,241	82,043	326,651
Non-consolidated entities	15,671	2,293	17	5,446	1,258

<i>PLN '000</i>	Sales revenue 01.01.-31.03.2009	Purchase of goods and services 01.01.- 31.03.2009	Finance income 01.01.- 31.03.2009	Receivables as at 31.03.2009	Liabilities as at 31.03.2009
Consolidated entities	58,775	306,804	7,663	70,659	305,388
Non-consolidated entities	34,601	2,171	-	18,454	3,143

6.19. Events occurring after the balance-sheet date

Information has been presented in part III, point 1 of the extended consolidated quarterly report of the Ciech Group for Q1 2010.

V. Statement of the Management Board.

On May 14th, 2010, this extended consolidated quarterly report of the Ciech Capital Group for Q1 2010 was approved by the Management Board of CIECH S.A. in its registered office to be published on May 17th, 2010.

Warsaw, May 17th, 2010.

.....
Ryszard Kunicki – President of the Management Board of CIECH Spółka Akcyjna

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

.....
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