



**CIECH CHEMICAL GROUP
COMPLETE CONSOLIDATED
QUARTERLY REPORT
for the third quarter of 2011**

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I. Ciech Group consolidated financial statements

1. Ciech Group Consolidated Income Statement

<i>in PLN thousands</i>	01.01-30.09.2011			01.01-30.09.2010		
	Continued operations	Discontinued operations	TOTAL	Continued operations	Discontinued operations	TOTAL
Net sales revenue	2,954,193	201,122	3,155,315	2,582,658	351,623	2,934,281
Cost of sales	(2,548,984)	(160,383)	(2,709,367)	(2,214,437)	(297,688)	(2,512,125)
Gross profit/loss on sales	405,208	40,740	445,948	368,221	53,935	422,156
Other operating revenue	67,841	560	68,401	86,381	6,872	93,253
Selling costs	(190,085)	(11,149)	(201,234)	(177,252)	(26,087)	(203,339)
General and administrative expenses	(142,229)	(16,109)	(158,338)	(147,877)	(24,060)	(171,937)
Other operating costs	(49,119)	(3,381)	(52,500)	(43,272)	(1,695)	(44,967)
Operating profit/loss	91,616	10,661	102,277	86,201	8,965	95,166
Finance income	17,803	5,987	23,790	46,338	5,403	51,741
Finance costs	(99,291)	(9,884)	(109,175)	(187,288)	(12,157)	(199,445)
Net finance income / costs	(81,488)	(3,897)	(85,385)	(140,950)	(6,754)	(147,704)
Share of net profits of affiliates and subsidiaries measured using the equity method	89	-	89	363	-	363
Profit/loss before tax	10,216	6,765	16,981	(54,386)	2,211	(52,175)
Income tax	7,446	(2,153)	5,293	(12,527)	(2,125)	(14,652)
Net profit/loss	17,662	4,612	22,274	(66,913)	86	(66,827)
Sales profit / loss on discontinued operations	-	(11,715)	(11,715)	-	-	-
Net profit / loss for the financial year	17,662	(7,103)	10,559	(66,913)	86	(66,827)
of which:						
net profit / loss attributable to owners of the parent	17,166	(7,477)	9,689	(63,271)	625	(62,646)
Net profit / loss attributable to non-controlling interests	496	374	870	(3,642)	(539)	(4,181)
Earnings per share (in PLN):						
Basic	0.38	(0.17)	0.21	(2.26)	0.02	(2.24)
Diluted	0.38	(0.17)	0.21	(2.26)	0.02	(2.24)

Ciech Group Consolidated Income Statement
01.07-30.09.2011
01.07-30.09.2010
in PLN thousands

	Continued operations	Discontinued operations	TOTAL	Continued operations	Discontinued operations	TOTAL
Net sales revenue	987,559	30,643	1,018,202	828,585	155,621	984,206
Cost of sales	(852,459)	(27,961)	(880,420)	(715,267)	(131,007)	(846,274)
Gross profit/loss on sales	135,100	2,682	137,782	113,317	24,615	137,932
Other operating revenue	23,549	70	23,619	13,711	1,053	14,764
Selling costs	(62,150)	1,642	(60,508)	(58,375)	(12,191)	(70,566)
General and administrative expenses	(45,480)	(3,569)	(49,049)	(47,880)	(7,842)	(55,722)
Other operating costs	(18,334)	(516)	(18,850)	(13,112)	(4)	(13,116)
Operating profit/loss	32,684	310	32,994	7,662	5,630	13,292
Finance income	2,029	3,486	5,515	10,499	27	10,526
Finance costs	(27,657)	(3,148)	(30,805)	(55,076)	(2,790)	(57,866)
Net finance income / costs	(25,628)	338	(25,290)	(44,577)	(2,763)	(47,340)
Share of net profits of affiliates and subsidiaries measured using the equity method	(34)	-	(34)	(539)	-	(539)
Profit/loss before tax	7,022	648	7,670	(37,454)	2,867	(34,587)
Income tax	(1,932)	(146)	(2,078)	5,743	(153)	5,590
Net profit/loss	5,090	502	5,592	(31,711)	2,714	(28,997)
Sales profit / loss on discontinued operations	-	-	-	-	-	-
Net profit / loss for the financial year	5,090	502	5,592	(31,711)	2,714	(28,997)
of which:						
net profit / loss attributable to owners of the parent	7,294	502	7,796	(31,417)	2,556	(28,861)
Net profit / loss attributable to non-controlling interests	(2,204)	-	(2,204)	(294)	158	(136)
Earnings per share (in PLN):						
Basic	0.14	0.03	0.17	(1.12)	0.09	(1.03)
Diluted	0.14	0.03	0.17	(1.12)	0.09	(1.03)

2. Ciech Group Consolidated Statement of Comprehensive Income

<i>in PLN thousands</i>	01.01.-30.09.2011			01.01.-30.09.2010		
	Continued operations	Discontinued operations	TOTAL	Continued operations	Discontinued operations	TOTAL
Net profit for the financial year	17,662	(7,103)	10,559	(66,913)	86	(66,827)
Other Gross Comprehensive Income						
Exchange differences on translation of foreign companies	(16,221)	-	(16,221)	8,112	-	8,112
Revaluation of available-for-sale financial assets	-	-	-	7,015	-	7,015
Cash flow hedges	(9,646)	-	(9,646)	(18,343)	-	(18,343)
Exchange differences on net investment in foreign entities	31,563	-	31,563	(8,484)	-	(8,484)
Other components of other comprehensive income	1,829	-	1,829	(76)	-	(76)
Income tax on other components of Comprehensive Income	1,833	-	1,833	2,796	-	2,796
Other net comprehensive income	9,358	-	9,358	(8,980)	-	(8,980)
COMPREHENSIVE INCOME	27,020	(7,103)	19,917	(75,893)	86	(75,807)
Comprehensive income, of which attributable to:	27,020	(7,103)	19,917	(75,893)	86	(75,807)
Owners of the parent	28,816	(7,477)	21,339	(73,481)	625	(72,856)
Non-controlling interests	(1,796)	374	(1,422)	(2,412)	(539)	(2,951)

3. Ciech Group Consolidated Statement of Financial Position

ASSETS (in PLN thousands)	30.09.2011	31.12.2010	30.09.2010
Tangible fixed assets	2,144,715	2,063,540	2,173,741
Perpetual usufruct rights	131,763	134,181	134,648
Intangible assets, including:	172,269	156,499	153,862
- <i>goodwill</i>	64,087	51,273	51,281
Investment property	5,783	5,920	6,590
Non-current receivables	49,703	32,521	32,889
Investment in associates and jointly controlled entities accounted for using the equity method	4,694	4,344	5,048
Other long-term investments	44,833	49,593	51,571
Deferred income tax assets	27,950	9,722	18,718
Total non-current assets	2,581,710	2,456,320	2,577,067
Inventories	318,651	297,233	337,623
Short-term investments	536	533	1,622
Deferred tax receivables	3,991	8,542	6,001
Trade and other receivables	867,349	731,412	855,025
Cash and cash equivalents	350,053	177,077	168,963
Available-for-sale assets	49,234	257,820	31,411
Total current assets	1,589,814	1,472,617	1,400,645
Total assets	4,171,524	3,928,937	3,977,712
EQUITY AND LIABILITIES (in PLN thousands)			
Share capital	287,614	164,115	164,115
Share premium	508,122	151,328	151,328
Hedge accounting provision	(8,252)	(439)	2,383
Financial asset revaluation provision	-	(425)	1,393
Other reserve capitals	78,521	78,521	78,521
Exchange differences on net investment in foreign entities	11,004	(20,559)	(18,690)
Exchange differences on translation of affiliates and subsidiaries	(63,823)	(50,111)	(50,750)
Retained profits	511,438	500,792	415,419
Equity attributable to owners of the parent	1,324,624	823,222	743,719
Non-controlling interests	(1,110)	32,476	32,407
Total equity	1,323,514	855,698	776,126
Borrowings including credit, loans and other debt instruments	1,114,264	495,343	552,159
Other non-current liabilities	249,042	231,196	243,576
Employee benefits	62,025	66,391	65,324
Other long-term provisions	61,363	62,002	64,501
Deferred income tax provision	116,410	101,095	106,035
Total non-current liabilities	1,603,104	956,027	1,031,595
Overdraft facility	14,888	-	-
Borrowings including credit, loans and other debt instruments	176,449	1,119,222	1,209,107
Trade and other payables	968,473	908,774	916,396
Income tax liabilities	23,974	36,147	21,076
Provisions (short-term provisions for employee benefits and other)	23,697	31,515	22,968
Liabilities related to available-for-sale assets	37,425	21,554	444
Total current liabilities	1,244,906	2,117,212	2,169,991
Total liabilities	2,848,010	3,073,239	3,201,586
Total equity and liabilities	4,171,524	3,928,937	3,977,712

4. Ciech Group Consolidated Statement of Cash Flows

<i>in PLN thousands</i>	01.01-30.09.2011	01.01-30.09.2010
Cash flows from operating activities		
Net profit (loss) for the period	10,559	(66,827)
Depreciation / amortisation	164,934	178,967
Creation / reversal of revaluation write-downs	1,452	(270)
Currency exchange profit / loss	(7,201)	18,601
Profit / loss on investing activities	(12,155)	(8,226)
Profit / loss on disposal of fixed assets	(1,182)	(3,940)
Dividends and interest	60,811	114,525
Income tax accrued	10,243	14,652
Profit/ loss after the settlement of construction contracts (voids)	(18,263)	(23,348)
Profit / loss on shares in companies evaluated under the equity method	(89)	(363)
Operating profit / loss before changes in working capital and provisions	209,109	223,771
Change in receivables	(131,707)	(59,939)
Change in inventories	(58,299)	(24,634)
Change in current liabilities	84,133	165,069
Change in employee benefit provisions and liabilities	(14,509)	(14,521)
Net cash generated from operating activities	88,727	289,746
Interest paid	(74,390)	(102,723)
Proceeds from construction contracts (voids)	11,607	14,166
Change in liabilities from loan arrangement commission	(7,492)	-
Income tax paid	(18,059)	(10,382)
Valuation of derivative financial instruments	-	(48,888)
Other adjustments	4,842	80,458
Net cash from operating activities	5,235	222,377
Cash flows from investing activities		
Inflows (in "+")	235,522	83,816
Disposal of a subsidiary	91,109	276
Disposal of intangible assets and tangible fixed assets	9,064	23,373
Disposal of financial assets	2,172	47,310
Dividends received	1,165	1,971
Interest received	354	576
Proceeds from repayment of borrowings	120,611	586
Other proceeds	11,047	9,724
Outflows (in "-")	(204,454)	(162,400)
Purchase of subsidiary (less cash acquired)	(5,157)	(7,419)
Purchase of intangible assets and tangible fixed assets	(178,242)	(152,355)
Purchase of financial assets	-	(189)
R&D expenditures	-	(2,206)
Other	(21,055)	(231)
Net cash from investing activities	31,068	(78,584)
Cash flows from financing activities		
Inflows (in "+")	470,096	476,201
Net inflows from issue of shares and other equity instruments, and equity contributions	435,994	-
Proceeds from borrowings incurred	17,774	474,372
Grants received	13,903	528
Other financial proceeds	2,425	1,301

<i>in PLN thousands</i>	01.01-30.09.2011	01.01-30.09.2010
Outflows (in "-")	(372,171)	(505,250)
Dividends paid to non-controlling interests	(1,499)	(1,944)
Repayment of loans and borrowings	(362,390)	(494,495)
Payment of finance lease liabilities	(8,282)	(8,811)
Net cash from financing activities	97,925	(29,049)
Total net cash flows	134,228	114,744
Cash as at the beginning of period	208,392	52,997
Effect of foreign exchange differences	2,108	1,222
Cash as at the end of period*	344,728	168,963

The difference in the level of cash indicated in the Ciech Group Consolidated Statement of Cash Flows for Q3 2011 and the level indicated in the Ciech Group Consolidated Statement of Financial Position results from classifying POLFA Sp. z o.o. and ZACHEM UCR Sp. z o.o. cash as available-for-sale assets.

5. Ciech Group Consolidated Statement of Changes in Equity

<i>in PLN thousands</i>	Share capital	Share premium	Hedge accounting provision	Financial asset revaluation provision	Other reserve capitals	Exchange differences on net investment in foreign entities	Exchange differences on translation of affiliates and subsidiaries	Retained profits	Equity attributable to owners of the parent	Non-controlling interest	Total equity
Equity as at 01/01/2011											
Previously	164,115	151,328	(439)	(425)	78,521	(20,559)	(50,111)	500,792	823,222	32,476	855,698
Issue of shares	123,499	-	-	-	-	-	-	-	123,499	-	123,499
Issue premium over nominal value (agio)	-	356,794	-	-	-	-	-	-	356,794	-	356,794
Dividend payout	-	-	-	-	-	-	-	-	-	(591)	(591)
Change in Group composition	-	-	-	425	-	-	1,038	(1,693)	(230)	(31,573)	(31,803)
Comprehensive income for 9 months of 2011	-	-	(7,813)	-	-	31,563	(14,750)	12,339	21,339	(1,422)	19,917
Equity as at 30/09/2011	287,614	508,122	(8,252)	-	78,521	11,004	(63,823)	511,438	1,324,624	(1,110)	1,323,514

<i>in PLN thousands</i>	Share capital	Share premium	Hedge accounting provision	Financial asset revaluation provision	Other reserve capitals	Exchange differences on net investment in foreign entities	Exchange differences on translation of affiliates and subsidiaries	Retained profits	Equity attributable to owners of the parent	Non-controlling interest	Total equity
Equity as at 01/01/2010											
Previously	164,115	151,328	15,688	(3,458)	78,521	(10,206)	(57,536)	478,123	816,575	37,232	853,807
Dividend payout	-	-	-	-	-	-	-	-	-	(3,742)	(3,742)
Change in Group composition	-	-	-	(1,570)	-	-	-	-	(1,570)	-	(1,570)
Comprehensive income for 2010	-	-	(16,127)	4,603	-	(10,353)	7,425	22,669	8,217	(1,014)	7,203
Equity as at 31/12/2010	164,115	151,328	(439)	(425)	78,521	(20,559)	(50,111)	500,792	823,222	32,476	855,698

<i>in PLN thousands</i>	Share capital	Share premium	Hedge accounting provision	Financial asset revaluation provision	Other reserve capitals	Exchange differences on net investment in foreign entities	Exchange differences on translation of affiliates and subsidiaries	Retained profits	Equity attributable to owners of the parent	Non-controlling interest	Total equity
Equity as at 01/01/2010											
Previously	164,115	151,328	15,688	(3,458)	78,521	(10,206)	(57,536)	478,123	816,575	37,232	853,807
Dividend payout	-	-	-	-	-	-	-	-	-	(1,874)	(1,874)
Comprehensive income for 9 months of 2010	-	-	(13,305)	4,851	-	(8,484)	6,786	(62,704)	(72,856)	(2,951)	(75,807)
Equity as at 30/09/2010	164,115	151,328	2,383	1,393	78,521	(18,690)	(50,750)	415,419	743,719	32,407	776,126

II. Information on the accounting principles adopted in preparing Ciech Group's Complete Consolidated Quarterly Report

1. Basis for preparation of the Ciech Group's Complete Consolidated Quarterly Report

The presented consolidated financial statements for the period from January 1st, 2011 to September 30th, 2011, including comparative information, were approved by the Management Board of CIECH S.A. on November 9th, 2011 to be published on November 10th, 2011.

This consolidated statements cover 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 affiliates.

The scope of information presented in this Complete Consolidated Quarterly Report is compliant with the requirements of:

- International Accounting Standard 34 – Interim Financial Reporting,
- Ordinance of the Minister of Finance of 19 February 2009 concerning current and interim reports filed by issuers of securities.

In preparing the financial statements in compliance with IFRS, the Management Board must exercise professional judgement as well as make estimates and assumptions that affect the policies applied and the value of assets, equity and liabilities, revenues, and costs. These estimates and the underlying assumptions are based on historical experience and several other factors deemed reasonable under the given circumstances. The outcome of said estimates serves as a basis for the professional assessment of such carrying amounts of assets and liabilities as are not directly available from other sources. The actual values may differ from estimates.

Both the assessments and the underlying assumptions are verified on an on-going basis. Changes in accounting estimates are recognised in the period in which they are implemented, provided that such changes apply solely to the period in question. If they apply to both the current and future periods, they are recognised appropriately.

Professional judgements taken by the Management Board which have a significant impact on the consolidated financial statements, together with estimates causing the risk of significant changes in future periods, can be found in part III, points 10, 14 and 22 of this Report.

2. Statement of compliance

These Ciech Group consolidated financial statements and the financial statements of all CIECH S.A. subsidiaries and affiliates for the reporting period as well as the comparative data have been prepared in compliance with all International Financial Reporting Standards (IFRS) in effect within the European Union as at 30 September 2011.

The Management Board of the parent has used its best knowledge as regards selecting the standards and interpretations and choosing the methods and principles for IFRS-compliant measurement of the items presented in Ciech Group's consolidated financial statements as at 30 September 2011, including comparative data. Due diligence was exercised in preparing the tables and notes below. The financial data presented has not been audited.

3. Accounting policies adopted

Ciech Group's accounting policies are described in the 2010 Ciech Group Consolidated Report, published on 22 April 2011. The above Report includes a detailed overview of the policies and methods used for measuring assets, equity and liabilities and financial result, as well as preparing the financial statements, including comparative data. Since Ciech Group adopted IFRS on 1 January 2004, these policies have been used continuously in preparing all consolidated financial statements, except for specific changes detailed in stock market reports.

4. Functional currency, presentation currency and currency translation

The functional and presentation currency of these consolidated financial statements is the Polish zloty. Unless indicated otherwise, the data in the consolidated financial statements is expressed in PLN thousands.

For the purposes of presenting selected financial data, particular assets and equity and liabilities disclosed in the statement of financial position were translated into EUR according to the average exchange rate of the National Bank of Poland as at the balance sheet date (30 September 2011), i.e. 4.4112. Income statement items were translated into EUR based on the arithmetic mean of average EUR exchange rates announced by the National Bank of Poland for the last day of each month – January to September 2011. The exchange rate applicable in the reporting period is 4.0413.

In selected financial data, individual assets and liabilities disclosed in the balance sheet were translated into EUR using the average exchange rate announced by the National Bank of Poland for the balance sheet date (31 December 2010), i.e. 3.9603. Income statement items were translated into EUR based on the arithmetic mean of average EUR exchange rates announced by the National Bank of Poland for the last day of each month – January to December 2010. The exchange rate applicable in the reporting period is 4.0044.

In selected financial data, individual assets and liabilities disclosed in the statement of financial position were translated into EUR using the average exchange rate announced by the National Bank of Poland for the balance sheet date (30 September 2010), i.e. 3.9870. Income statement items were translated into EUR based on the arithmetic mean of average EUR exchange rates announced by the National Bank of Poland for the last day of each month – January to September 2010. The exchange rate applicable in the reporting period is 4.0027.

For significant foreign subsidiaries the functional currencies are:

- Soda Deutschland Ciech Group – functional currency EUR; presentation currency in the Ciech Group consolidated financial statements - PLN
- S.C. Uzinele Sodice Govora – Ciech Chemical Group S.A. – functional currency RON; presentation currency in the Ciech Group consolidated financial statements - PLN.

III. Notes to the Ciech Group Complete Consolidated Financial Statements

1. Key events taking place in Ciech Group between 1 January 2011 and the date of the preparation of these statements

Soda Division:

- On 17 January 2011 a three-year agreement governing the supply and price of coal was executed between Soda Polska CIECH Sp. z o.o. and Kompania Węglowa S.A. The agreement's term is from 1 January 2011 to 31 December 2013. The value of the agreement is estimated at approx. PLN 600.6 million. The agreement provides for contractual penalties amounting to 10% of the net value of the non-supplied or non-collected coal. The above was disclosed in Current Report no. 3 of 18 January 2011.
- On 29 August 2011 the plan of merger of the CIECH S.A. and its subsidiaries Soda Mątwy SA and Janikosoda SA was adopted and signed. In 2007, the Company took steps towards establishment of Soda Polska Ciech Sp. z o.o., to which enterprises of subsidiaries of CIECH S.A., i.e. SODA MĄTWY S.A. and JANIKOSODA S.A. were contributed, except for the shares of Polskie Towarzystwo Ubezpieczeń S.A. Soda Polska Ciech Sp. z o.o. later took over the power business pursued by EC KUJAWY Sp. z o.o. The existence of SODA MĄTWY S.A. and JANIKOSODA S.A. in the Ciech Group was envisaged to continue until the sale of shares of PTU S.A. As on December 29th, 2010 the contract for sale of shares of PTU S.A. was finalised, the respective Management Boards of SODA MĄTWY S.A. and JANIKOSODA S.A. took steps aimed at conclusion of the operations of the said companies by merger with CIECH S.A. The production and power business will be still pursued by Soda Polska Ciech Sp z o.o. The merger of the companies will take place by transfer of assets of SODA MĄTWY S.A. and JANIKOSODA S.A. being taken over onto the target Company (merger through takeover) in accordance with the principles described in Art. 492 § 1 (1) of the Code of Commercial Companies (k.s.h.) and Art. 516 § 6 k.s.h. The merger process includes the following companies:
 - a) the target company – CIECH S.A.
 - b) the companies being taken over – Inowrocławskie Zakłady Chemiczne SODA MĄTWY S.A. and Janikowskie Zakłady Sodowe JANIKOSODA S.A.The merger of both soda companies with CIECH S.A. is the last stage of the process of simplification of the management of the soda segment of the domestic Group's companies, which began in 2007, in order to gain the synergy effect through a better coordination of business processes.
- On 7 November 2011 the Extraordinary General Meeting of Shareholders of CIECH S.A. approved the Merger Plan of 29 August 2011 concerning the merger of CIECH S.A., SODA MĄTWY S.A. and JANIKOSODA S.A. The merger will take place through the takeover of SODA MĄTWY S.A. and JANIKOSODA S.A. by CIECH S.A.

Organic Division:

- On 2 February 2011 ZACHEM S.A. signed an annex to the agreement of 29 July 2010, entered into with PROCHEM S.A. ZACHEM S.A. incurred a liability corresponding to the amount of the adopted budget for implementation of "Construction of the Installation and Implementation of Innovative Technology for Manufacture of Epichlorohydrin from Glycerine", amounting to PLN 57,230 thousand. Development and submission of the project budget by PROCHEM S.A. was one of the elements under phase I of the Agreement. The PLN 57,230 thousand liability was conditional on approval of the budget for implementation of the above Task by ZACHEM S.A. As at the date of signing the annex the budget became an integral part of the Agreement. Once the Task budget was approved, the second stage of the Agreement could be initiated. Execution of the annex to the Agreement required that PROCHEM S.A. commence activities aimed at creating a complete installation for the manufacture of epichlorohydrin and transferring this to ZACHEM S.A. for use, constituting phase II of the Agreement. Completion of the investment is planned for 2012. This project received financing from EU funds, Measure 4.4 under the Innovative Economy Operational Programme (with the level of subsidy at approx. PLN 28,000 thousand). Estimation of the agreement's value was possible only after execution of the annex to the Agreement approving the Task budget. The above was disclosed in Current Report no. 8 of 4 February 2011.
- On 5 April 2011 the Management Board of CIECH S.A. adopted a decision on completion of the divestment process with respect to Transclean Sp. z o.o. in connection with a lack of bids fulfilling the requirements adopted.

Agro-Silicon Division:

- On 27 April 2011 the conditions precedent set out in the conditional sales contract dated 16 December 2010 regarding the sale of 51,855 shares in Gdańskie Zakłady Nawozów Fosforowych GZNF "FOSFOR" Sp. z o.o. entered into between CIECH S.A. and Zakłady Azotowe "Puławy". In consequence of the satisfaction of the conditions precedent set out in the Contract, on 27 April 2011 51,855 shares in the Company with the nominal value of PLN 500 each, representing 89.46% of the Company's share capital and carrying 89.46% of votes at the Meeting of Shareholders of the Company were sold. The book value of the Shares presented in the CIECH S.A.'s books of account as at 31 December 2010 is PLN 20,888 thousand. The purchase price of the Shares of the Company accounted for PLN 107,240 thousand and was calculated on the basis of the fixed Value of the Company's Enterprise and the Forecasted Value of the Company's Net Financial Debt agreed in the Contract. The purchase price for the Shares was corrected by the difference between the Value of the Net Financial Debt established as at 27 April 2011 and the Forecasted Value of the Net Financial Debt. The final price amounted to PLN 106,740 thousand. Furthermore, the Purchaser has also paid to the Seller the value of loans (along with interest due until 27 April 2011) given by the Seller to the Company and its subsidiaries, amounting for PLN 121,362 thousand, which were taken over by the Purchaser pursuant to the Contract. There are no relations between CIECH S.A. and persons managing and supervising CIECH S.A. and the Purchaser of the assets. This information was announced in Current Report no. 29 of 27 April 2011.

- On 10 October 2011 an agreement was executed for supplies of sulphur in 2012 between Maroc-Phosphore SA and CIECH S.A. The total value of contracts signed during the recent 12 months between CIECH S.A. and Maroc-Phosphore amounts to approx. USD 75.1 million. The previous agreement between CIECH S.A. and Maroc-Phosphore regarding supplies of sulphur in 2011 was signed on 27 January 2011. The domestic supplier of sulphur being the subject matter of the agreement is KIZChS Siarkopol SA seated in Grzybowo. The value of the agreement was approximately USD 40 million.

Corporate Centre:

- The Supervisory Board of CIECH S.A., on 16 May 2011, adopted a resolution on appointment of KPMG Audyt Sp. z o.o. having its registered office in Warsaw, as the statutory auditor to audit the financial statements of CIECH S.A. for 2011 and the consolidated financial statements of the Ciech Capital Group for 2011. The information was announced in Current Report no. 33 of 17 May 2011.
- On 19 May 2011 an agreement was executed concerning sale by CIECH S.A. of 615,000 shares of a nominal value of GBP 0.01 each in Daltrade Ltd., having its registered office in the United Kingdom, for a total price of GBP 20 thousand. The shares were purchased by DAL Towarzystwo Handlu Międzynarodowego SA. Before the transaction, CIECH S.A.'s stake in the share capital of Daltrade Ltd. was 61.2%. As a result of the transaction, CIECH S.A. is no longer in possession of shares in Daltrade Ltd.
- On 30 June 2011, in connection with the end of the Supervisory Board's term of office, the Ordinary General Meeting of CIECH S.A. appointed the Supervisory Board for its next term of office, with unaltered composition:
 - Przemysław Cieszyński
 - Arkadiusz Grabalski
 - Jacek Goszczyński
 - Waldemar Maj
 - Krzysztof Salwach
 - Ewa Sibrecht-Ośka
 - Sławomir Stelmasiak.

The information was announced in Current Report no. 46 of 30 June 2011.

- On July 15th, 2011 CIECH S.A. and Invest Pharma sp. z o.o. entered into a contract for sale of 3,820 shares representing 100% of the share capital of Polfa sp. z o.o. The share sale contract is conditional and depends on consent of UOKiK, consent of banks, members of the consortium financing the Ciech Group, and repayment of loans to CIECH S.A. accounting for approximately PLN 5.5 million (EUR 1 million and USD 0.5 million). The share sale price accounts for PLN 8.1 million. In view of the fact that the operations of the Company are not connected to the profile of operations of the Ciech Capital Group, the Group's strategy for 2011 provided for sale of Polfa sp. z o.o. The information was announced in Current Report no. 51 of 15 July 2011.

Debt financing:

- On 20 January 2011 Ciech S.A. signed a Commitment Letter with the Commercial Banks. The Commitment Letter confirms the Commercial Banks' intent to grant New Financing on the terms and conditions specified therein. The content of the Commitment Letter anticipated that the New Financing would be granted jointly by the Commercial Banks and the EBRD. On 20 January 2011 the EBRD informed Ciech S.A. of its intent to participate in the New Financing. The EBRD's participation required a final decision of the EBRD Board of Directors, which was taken on 15 February 2011. The key terms and conditions of the New Financing described in the Commitment Letter were presented in detail in Current Report no. 4 of 21 January 2011.
- In relation to Current Report no. 29/2010 of 21 June 2010 concerning establishment of collateral connected with the refinancing agreement and in relation to the agreement between creditors, referred to in Current Report no. 21/2010 of 18 May 2010, on 9 February 2011 Soda Polska CIECH Sp. z o.o. received final notification on establishment of collateral mortgages on assets of which Soda Polska CIECH Sp. z o.o. is the owner or usufructuary. The value of real property on which the above mortgage was established calculated in accordance with IAS was PLN 15,323 thousand as at 31 December 2010 and the value of rights to perpetual usufruct in accordance with Polish Accounting Standards was PLN 52,648 thousand.
- On 10 February 2011 annexes were signed to the agreements on loans granted to S.C. Uzinele Govora - Ciech Chemical Group S.A. by CIECH S.A., extending the repayment period for the loans granted to US Govora S.A. to 26 December 2011. The annexes concern loans executed between the Company and US Govora S.A. over the period 2006-2009, of a total value as at the debt extension date of approx. EUR 56.9 million.
- On 10 February 2011 a loan agreement was executed between CIECH S.A. as borrower, its subsidiaries as guarantors (Janikosoda S.A., Soda Mątwy S.A., Soda Polska Ciech Sp. z o.o., Alwernia S.A., Cheman S.A., Z.Ch. Organika Sarzyna S.A., Polfa Sp. z o.o., Vitrosilicon S.A., Transclean Sp. z o.o. and ZACHEM S.A. together with Bank DnB Nord Polska S.A., Bank Handlowy w Warszawie S.A. (the "Credit Agent"), Bank Millennium S.A., Bank Polska Kasa Opieki S.A., BRE Bank S.A., ING Bank Śląski S.A. and Powszechna Kasa Oszczędności Bank Polski S.A. (jointly the "Commercial Banks"), concerning refinancing of Ciech Group's current financial debt under the Loan Agreement executed on 26 April 2010. The agreement provided for the accession thereto of S.C. Uzinele Sodice Govora - Ciech Chemical Group S.A. as guarantor and borrower and the European Bank for Reconstruction and Development as lender. The conditions for the EBRD's accession to the agreement included the acquisition of a positive decision from the Board of Directors of the EBRD and acceptance of the content of the Loan Agreement.
- In accordance with the decision of the Board of Directors, on 15 February 2011 the European Bank for Reconstruction and Development acceded to the Loan Agreement, at the same time accepting its terms and conditions. Conditions for payout of funds by the EBRD include reconciliation of collateral documentation and fulfilment of the terms and conditions for activation of the Investment Loan as indicated in the Loan Agreement.

The EBRD's accession to the Loan Agreement was one of the conditions precedent for activation of the loans provided for under the Loan Agreement.

- On 18 March 2011, CIECH S.A. and US Govora S.A. entered into an agreement regarding a novation of the claim of CIECH S.A. against US Govora S.A. amounting to EUR 1,467 thousand. The claim arose on 18 March 2011 in connection with partial repayment by CIECH S.A. of a loan granted to US Govora S.A. by Bank Handlowy w Warszawie S.A. (pursuant to the loan agreement of 26 April 2010) amounting to EUR 1,467 thousand. Pursuant to the novation agreement, the debt under the above Claim was converted into an intra-group loan for which the repayment deadline was established as 26 December 2011.
- On 14 April 2011 a loan agreement was executed between CIECH S.A. (as lender) and Z.Ch. Organika-Sarzyna S.A. (as borrower) to provide financing for the construction of an MCPA active substance manufacturing plant together with infrastructure. The agreement provides for payout of the loan in tranches over the period from April 2011 to September 2012, and the anticipated loan payout will total PLN 63 million. The loan repayment schedule assumes its total repayment by 31 December 2018.
- On 27 April 2011 a loan agreement was executed between CIECH S.A. (as lender) and ZACHEM S.A. (as borrower), amounting to the equivalent of up to PLN 120,000 thousand. The loan was to be used to finance capital expenditures and as working capital of the borrower. The Agreement provides for payout of the loan in tranches, in PLN or USD, at the borrower's request accepted by the lender. The loan repayment date was established as 31 December 2012.
- On 20 May 2011 CIECH S.A. and its following subsidiaries: Janikosoda S.A., Soda Mątwy S.A., Soda Polska Ciech sp. z o.o., Alwernia S.A., Cheman S.A., Z.Ch. Organika Sarzyna S.A., Polfa Sp. z o.o., Vitrosilicon S.A., Transclean Sp. z o.o. and ZACHEM S.A., together with several other subsidiaries, signed collateral documents, constituting one of the conditions precedent in the loan agreement of 10 February 2011. Further information on the above collateral was presented in Current Reports no. 34, 38, 39, 40, 41, 43, 47, 49, 50, 52, 53 and 58 of 2011.
- On 14 September 2011 the conditions precedent to drawdown of the Commercial Banks' credit facilities by CIECH S.A. and S.C. US Govora – Ciech Chemical Group S.A. stipulated in the loan agreement dated 10 February 2011, referred to in the report number 12/2011, have been satisfied. The drawdown of the credit facilities under the loan agreement referred to in Current Report number 12/2011 was conditional upon Bank Handlowy w Warszawie S.A. (as the credit agent) notifying CIECH S.A. that all documents and evidence referred to in a Appendix to the loan agreement have been delivered (or waived) provided that the representations made in the loan agreement by CIECH S.A. and its subsidiaries remained true at that time and no event of default occurred (and was continuing) under the loan agreement.
- On 29 September 2011 funds under the loan agreement referred to in Current Report No. 12/2011 of 11 February 2011) were paid out.

Equity Financing:

- On 20 January 2011 the banks which are parties to the Existing Loan Agreement expressed consent for proceeds from the Rights Issue, together with funds from the disposal of GZNF Fosfory Sp. z o.o. – in as far as these are not used for repayment on 31 March 2011 of PLN 400 million, reduced by a sum of close to PLN 155 million (i.e. funds previously allocated by CIECH S.A. for repayment or early repayment under the Existing Loan Agreement) – not to be allocated by CIECH S.A. for required early repayment of loans under the Existing Loan Agreement. At the same time CIECH S.A. declared that proceeds from the Rights Issue and from the disposal of GZNF Fosfory Sp. z o.o. will be deposited into CIECH S.A.'s restricted account held with a collateral agent. The Surplus held in the Restricted Account may be used by CIECH S.A. for capital expenditures of certain Ciech Group companies in accordance with the established schedule, on condition that CIECH S.A. fulfils the requirements contained in the Existing Loan Agreement and the loan agreement forming the basis for grant of the New Financing. After payout of funds under the New Loan Agreement and achievement by CIECH S.A. of the required financial ratios in relation to the reporting period ending 30 September 2011, funds held in the Restricted Account will be entirely released.
- In H1 2011, CIECH S.A. issued ordinary bearer shares Series "D" with pre-emptive rights. Detailed information on the issue are provided in section III.18 hereof.
- On 25 March 2011 the Management Board of Giełda Papierów Wartościowych w Warszawie S.A. (Warsaw Stock Exchange) adopted the following:
 - resolution no. 380/2011 concerning designation of the last day for the listing of 23,000,000 rights to CIECH S.A. ordinary series D bearer shares with nominal value of PLN 5 each ("Rights to Series D Shares"), in which the Management Board of the WSE established the last date for the listing of Rights to Series D Shares, designated by Krajowy Depozyt Papierów Wartościowych S.A. (National Depository for Securities) under code no. PLCIECH00067, as 29 March 2011.
 - resolution no. 381/2011 concerning the admission to primary market trading on the WSE of CIECH S.A. ordinary series D bearer shares, in which the Management Board of the WSE resolved to admit 23,000,000 CIECH S.A. ordinary series D bearer shares with nominal value of PLN 5 each, as of 30 March 2011, on condition that registration of such shares and their designation under code no. PLCIECH00018 be performed on 30 March 2011 by the National Depository for Securities. This condition was fulfilled.
- On 26 May 2011 CIECH S.A. entered into an agreement with the State Treasury of Poland, pursuant to which the parties agreed to take steps consisting of the issue by CIECH S.A. and acquisition by the State Treasury of Poland of ordinary series E bearer shares in the increased share capital of CIECH S.A., with a nominal value of PLN 5 each. The pre-emptive right to New Issue Shares was completely excluded. Further information about the above agreement was presented in Current Report no. 35 of 26 May 2011.
- On 3 June 2011 CIECH S.A. received information concerning issue by the Council of Ministers on 27 May 2011 of consent, pursuant to art. 33, sec. 3 of the Act on Commercialisation and Privatisation, for transfer to CIECH S.A. of 571,826 ordinary bearer shares held by the State Treasury of Poland, of a nominal value of PLN 2.30 each,

constituting a 25.01% stake in the share capital of Alwernia S.A., having its registered office in Alwernia, as a non-cash contribution to cover shares acquired by the State Treasury of Poland in the increased share capital of CIECH S.A.

- On 27 July 2011 CIECH S.A. executed an Agreement on Acquisition of Shares and Transfer of an In-Kind Contribution with the State Treasury of Poland. Details of the agreement are provided in section III.7 hereof.
- On 10 August 2011 the District Court for the City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register, registered the amendment to the Company's Statute made pursuant to Resolution No 32 of the Ordinary General Meeting of CIECH S.A. dated 30 June 2011 on an increase in the Company's share capital and registered the increase in the Company's share capital from PLN 255,001,420 to PLN 263,500,965 by issue of 1,699,909 series E ordinary bearer shares with a nominal value of PLN 5 each. The Company's increased share capital accounts for PLN 263,500,965 and is divided into 52,699,909 shares with a nominal value of PLN 5 each, including:
 - 20,816 A series ordinary bearer shares;
 - 19,775,200 B series ordinary bearer shares;
 - 8,203,984 C series ordinary bearer shares;
 - 23,000,000 D series ordinary bearer shares;
 - 1,699,909 E series ordinary bearer shares.

Furthermore, the applicable amendments to CIECH S.A.'s Statute referring to the change in share capital were implemented.

- The Board of Directors of Krajowy Depozyt Papierów Wartościowych S.A. (National Depository for Securities) (KDPW), pursuant to resolution No 790/11 dated 24 August 2011, decided to register in the depository for securities 1,699,909 series E ordinary bearer shares with a nominal value of PLN 5 each and to mark them PLCIECH00018, provided that a decision is made to introduce E Series Shares into trading on the regulated market to which Company's other shares marked PLCIECH00018 have been introduced by the company operating the Regulated Market. E Series Shares were registered in the depository for securities within three days from the delivery to KDPW of a document confirming the decision on introduction of E Series Shares into trading on the Regulated Market by the entity operating the Regulated Market, but no earlier than on the date of introduction of E Series Shares into trading on the Regulated Market identified in the aforementioned decision.
- On 31 August 2011 the Board of Directors of Giełda Papierów Wartościowych w Warszawie S.A. adopted resolution No 1130/2011 on admission and introduction into trading on the primary market of WSE of series E ordinary bearer shares of the Company, pursuant to which the Board of Directors of WSE decided to introduce, on 2 September 2011, into trading on the basic market of WSE of 1.699.909 series E ordinary bearer shares of the Company with a nominal value of PLN 5 each, provided that Krajowy Depozyt Papierów Wartościowych S.A. registers such shares on 2 September 2011 and marks them PLCIECH00018.

2. Description of achievements at Ciech Group during the period from 1 January to 30 September 2011, together with a description of factors and events having a significant impact on the financial result achieved

2.1 Basic financial data

During the three quarters of 2011 the Ciech Group generated PLN 10,559 thousand in net profit, the carrying amount was PLN 4,171,524 thousand and the level of net cash increased by PLN 134,228 thousand.

Selected financial information together with principal financial indicators for the three quarters of 2011 and for 2010 is presented below.

Selected financial information

<i>in PLN thousands</i>	01.01.-30.09.2011	01.01.-30.09.2010	change 2011/2010
Net sales revenue	3,155,315	2,934,281	7.5%
Cost of sales	2,709,367	2,512,125	7.9%
Gross profit on sales	445,948	422,156	5.6%
Selling costs	201,234	203,339	(1.0%)
General and administrative expenses	158,338	171,937	(7.9%)
Other operating revenue / costs	15,901	48,286	(67.1%)
Profit on operating activities	102,277	95,166	7.5%
Financial revenue/expenses	(85,385)	(147,704)	42.2%
Share of the net profit of affiliates and subsidiaries accounted for using the equity method	89	363	(75.5%)
Income tax	5,293	(14,652)	-
Profit on sales attributable to discontinued operations	(11,715)	-	-
Net profit	10,559	(66,827)	-
Net profit attributable to non-controlling interests	870	(4,181)	-
Net profit attributable to owners of the parent	9,689	(62,646)	-

<i>in PLN thousands</i>	01.01.-30.09.2011	01.01.-30.09.2010	change 2011/2010
EBITDA	267,211	274,133	(2.5%)

<i>in PLN thousands</i>	30.09.2011	31.12.2010	30.09.2010	change 30.09.2011/ 31.12.2010
Value of assets	4,171,524	3,928,937	3,977,712	6.2%
Non-current assets	2,581,710	2,456,320	2,577,067	5.1%
Current assets, including:	1,589,814	1,472,617	1,400,645	8.0%
- inventory	318,651	297,233	337,623	7.2%
- current receivables	871,340	739,954	861,026	17.8%
- cash and cash equivalents	350,053	177,077	168,963	97.7%
- short-term investments	536	533	1,622	0.6%
- assets held for sale	49,234	257,820	31,411	(80.9%)
Total equity	1,323,514	855,698	776,126	54.7%
Equity attributable to owners of the parent	1,324,624	823,222	743,719	60.9%
Non-controlling interests	(1,110)	32,476	32,407	-
Non-current liabilities	1,603,104	956,027	1,031,595	67.7%
Current liabilities	1,244,906	2,117,212	2,169,991	(41.2%)

<i>in PLN thousands</i>	01.01.-30.09.2011	01.01.-30.09.2010	change 2011/2010
Net cash flows from operating activities	5,235	222,377	(97.7%)
Net cash flows from investing activities	31,068	(78,584)	-
Net cash flows from financial activities	97,925	(29,049)	-
Total net cash flows	134,228	114,744	16.98%
including free cash flows	36,303	143,793	(74.8%)

	30.09.2011	31.12.2010	30.09.2010	change 30.09.2011/ 30.09.2010
Net earnings per share*	0.21	0.81	(2.24)	2.45
Net margin	0.3%	0.5%	(2.3%)	-
EBIT %	3.2%	3.7%	3.2%	-
EBITDA %	8.5%	9.7%	9.3%	(8.7%)
Current ratio	1.28	0.70	0.65	196.9%
Quick ratio	1.02	0.56	0.49	208.2%
Debt ratio	68.3%	78.2%	80.5%	(12.2 p.p.)
Equity to assets ratio	31.7%	21.8%	19.5%	12.2 p.p.

Source: CIECH S.A.

**In the three quarters of 2011, Ciech S.A. issued 23,000,000 shares and 1,699,909 shares as in-kind contribution issue – in connection with this profit per share during this period is calculated on the basis of the weighted average number of shares presented in section IV.6.2 of this Report.

Calculation principles:

net earnings per share – net profit / weighted average number of ordinary shares in the given period (as defined in IAS 33 “Earnings per share”)

net profit margin – net profit for the period / net revenue from sales of products, services, goods and materials for the period

EBIT% – operating profit for the period / net revenue from sales of products, services, goods and materials for the period

EBITDA% – (operating profit + amortisation and depreciation for the period) / net revenue from sales of products, services, goods and materials for the period

current ratio – current assets at the end of period / current liabilities at the end of period

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

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

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

2.2 Revenue from sales

The Group's net consolidated revenue from sales for the three quarters of 2011 amounted to PLN 3,155,315 thousand. Compared to the same period last year, revenue increased by PLN 221,034 thousand, or 7.5%. The increase was driven mainly by growth of revenue from resins in the organic segment and soda ash in the soda segment. The agricultural chemicals segment from the agro-silicon division generated lower revenues than in the three quarters of 2010, which results mainly from the sale in H1 2011 of shares in Grupa FOSFORY, operating as a producer and distributor of fertilizers.

Ciech Group's operations focus on four operating segments: Soda, Organic, Agricultural Chemicals and Silicates and Glass. These segments generated in total more than 94% of the Group's sales revenues. The structure of revenue has

changed in comparison with the same period of the previous year. The greatest share in the revenues for the three quarters of 2011 is attributed to the sales of soda segment products. This is a result of high sales volumes and prices of soda ash. In comparison with 2010, the level of sales rose in each segment except the agro segment, while the shares of specific segments within Ciech Group consolidated revenues did not change significantly.

Revenue from sales – operating segments

<i>in PLN thousands</i>	3 quarters of 2011	3 quarters of 2010	change	change %	% share in total revenue for 3 quarters 2011	% share in total revenue for 3 quarters 2010
Soda Segment – Soda Division, including:	1,217,763	1,070,207	147,556	13.8%	38.6%	36.5%
Dense soda ash	696,682	625,572	71,110	11.4%	22.1%	21.3%
Light soda ash	228,901	186,007	42,894	23.1%	7.3%	6.3%
Salt	108,507	106,552	1,955	1.8%	3.4%	3.6%
Baking soda	79,143	71,706	7,436	10.4%	2.5%	2.4%
Calcium chloride	22,623	24,701	(2,078)	(8.4%)	0.7%	0.8%
Organic Segment – Organic Division, including:	1,202,785	1,138,076	64,709	5.7%	38.1%	38.8%
TDI	321,240	402,544	(81,304)	(20.2%)	10.2%	13.7%
Resins	368,422	280,518	87,904	31.3%	11.7%	9.6%
Polyurethane foams	149,729	139,559	10,170	7.3%	4.7%	4.8%
Plant protection chemicals	96,162	101,204	(5,042)	(5.0%)	3.0%	3.4%
Plastics	54,099	69,187	(15,088)	(21.8%)	1.7%	2.4%
EPI	76,382	44,382	32,000	72.1%	2.4%	1.5%
Agricultural Chemicals Segment – Agro-Silicon Division, including	326,015	360,005	(33,990)	(9.4%)	10.3%	12.3%
Fertilisers	148,930	218,407	(69,477)	(31.8%)	4.7%	7.4%
Phosphorus compounds	112,195	59,547	52,648	88.4%	3.6%	2.0%
Chromium compounds	12,918	13,888	(970)	(7.0%)	0.4%	0.5%
Silicates and Glass Segment – Agro-Silicon Division, including	229,893	222,233	7,660	3.4%	7.3%	7.6%
Sulphur	99,896	92,174	7,722	8.4%	3.2%	3.1%
Glass blocks and packaging	70,245	70,227	18	0.0%	2.2%	2.4%
Sodium glass	37,207	37,800	(593)	(1.6%)	1.2%	1.3%
Sodium water glass	13,088	13,729	(641)	(4.7%)	0.4%	0.5%
Other activity	178,859	143,760	35,099	24.4%	5.7%	4.8%
TOTAL, including:	3,155,315	2,934,281	221,034	7.5%	100.0%	100.0%
Discontinued operations	201,122	351,623	(150,501)	(42.8 %)	6.4%	12.0%

2.3 Gross profit on sales and operating profit

After three quarters of 2011, gross profit on sales amounted to PLN 445,948 thousand, compared to PLN 422,156 thousand in the same period last year. Operating profit amounted to PLN 102,277 thousand versus PLN 95,166 thousand in the comparative period.

The presented data was positively affected by:

- variable, but generally positive dynamics of sales growth observed in the domestic chemical industry between January and September 2011, compared to the same period in 2010 (based on constant prices – decrease by 1.0% for chemicals and chemical products, increase by 13.4% for rubber and plastics),
- acceleration in the rate of increase in domestic sales of construction and installation manufacturing to 18.2% within the first 9 months of 2011 in relation to the previous year (the chemical industry produces many raw materials and semi-finished products for this manufacturing).
- an increase in the demand and price of soda ash on European markets (by up to few and more than ten percent accordingly in relation to the 2010 levels).
- continued high European prices for epoxy resins and epichlorohydrin noted from halfway through 2010,
- the high global market price level for sulphur (approx. twice the level recorded in 2010),

The data shown was also affected by one-off events including:

- sale of surplus greenhouse gas emission allowances by Soda Polska Ciech Sp. z o.o.,

- revenues from sales of voids,
- redemption by VASA part of Soda Deutschland Ciech Group's liabilities,
- costs associated with underutilisation of assets and production capacity,
- liquidation of fixed assets.

The presented data was negatively affected by:

- a significant increase in soda ash manufacturing costs in Europe (energy, coke, anthracite) in relation to the prior year,
- a drop in market prices for TDI in Q3 2011 in comparison to the same period in the preceding year (10% in Europe),
- continued high price of oil and a rising trend (in relation to 2010), resulting in supplier pressures and rising costs of raw materials for the organic industry.

The EBIT margin amounted to 3.2% as of the end of September 2011 (vs. 3.2% a year earlier), while the EBITDA margin was 8.5% (vs. 9.3% a year earlier).

2.4 Net result

Consolidated net result for three quarters of 2011 amounted to PLN 10,559 thousand, of which PLN 9,689 thousand constituted the net result for owners of the parent. Net margin reached 0.3%. Profit on operating activities was significantly levelled by the result on financing activities. The costs of debt servicing, including mainly interest on loans, had a significant negative impact on the net result for three quarters of 2011. Additionally, the net result was affected by the sale of shares in GZNF "FOSFOR" Sp. z o.o. and Daltrade Ltd.

Financial result by type of activity

in PLN thousands	01.01.-30.09.2011	01.01.-30.09.2010	Change 2011/2010
1. Profit on operating activities	102,277	95,166	7.5%
2. Net finance revenue / costs	(85,385)	(147,704)	42.2%
3. Share of net profits of subsidiaries and affiliates measured using the equity method	89	363	(75.5%)
4. Income tax	5,293	(14,652)	-
5. Profit on sales from discontinued operations	(11,715)	-	-
6. Net result (1+2+3-4+5)	10,559	(66,827)	-
7. Net profit / loss attributable to non-controlling interests	870	(4,181)	-
8. Net profit / loss attributable to owners of the parent (6-7)	9,689	(62,646)	-

Source: CIECH S.A.

2.5 Assets

As at the end of September 2011, the Group's non-current assets were valued at PLN 2,581,710 thousand. Compared to 31 December 2010, this represents a PLN 125,390 thousand increase. The most significant increase, compared to the end of 2010, by PLN 81,175 thousand, related to the tangible fixed assets, which is a result of implementation of investment program by Ciech Group.

The Group's current assets amounted to PLN 1,589,814 thousand as at 30 September 2011. Current assets mainly consisted of trade and other receivables (54.6%) and inventory (20.0%). Compared to the end of December 2010, the value of current assets increased by PLN 117,197 thousand, the largest contributor being cash and cash equivalents due to proceeds from Ciech S.A.'s share issue, which took place in the first quarter of 2011, as well as from disposal of FOSFOR Group by the parent. Furthermore, the level of trade receivables increased, including at Organika-Sarzyna S.A., which is mainly associated with seasonal sale of plant protection products.

2.6 Liabilities

As at 30 September 2011 the Ciech Group's liabilities (both current and non-current) amounted to PLN 2,848,010 thousand, denoting a decrease of PLN 225,229 thousand (7.3%) in relation to the figure recorded as at the end of December 2010.

Compared to 31 December 2010, liabilities from borrowings decreased by PLN 309,080 thousand, as a result of repayment of debt under a consortium loan by Group companies.

The debt ratio (current and non-current liabilities divided by total assets) was 68.3% as at 30 September 2011 (78.2% at the end of December 2010). Ciech Group's consolidated net debt (total current and non-current liabilities from borrowings and other debt instruments: bonds, finance leases, derivative

instrument liabilities – less cash and cash equivalents) was PLN 994,693 thousand as at 30 September 2011, i.e. PLN 481,212 thousand less than at the end of December 2010.

A detailed description of liquidity ratios can be found in section III.2.8. of this report “Group liquidity and working capital”.

2.7 Cash flows

Total net cash flows were positive in three quarters of 2011, amounting to PLN 134,228 thousand. Ciech Group generated PLN 19,484 thousand more cash than in the same period last year. Cash flows from operating activities amounted to PLN 5,235 thousand and were lower than those generated in the period between January and September 2010 by PLN 217,142 thousand.

The surplus of investment inflows over expenditure amounted to PLN 31,068 thousand and was higher in relation to the same period in 2010 when the balance of cash flows from investment activities was negative and amounted to PLN -78,584 thousand. The largest impact on the balance of investment cash flows came from expenditures relating to purchase of intangible assets and tangible fixed assets in the SODA MAŹWY Group and ZACHEM Group connected with growth investments. As a result of selling GZNF "FOSFORY" Sp. z o.o., PLN 120,611 thousand in debt under a loan granted to this company by CIECH S.A. was also repaid.

Net cash from financial activities was positive and amounted to PLN 97,925 thousand. In relation to the same period in 2010 these were PLN 126,974 thousand higher. The two main reasons for this increase are:

- cash inflows from CIECH S.A.'s share issue, which took place in the first quarter of 2011 (transaction described in section III.18),
- repayment of PLN 330 million Ciech Group debt under the consortium loan agreement executed in 2010.

2.8 Information on Ciech Group's financial standing

Profitability in the three quarters of 2011

During the three quarters of 2011, profitability ratios relating to Ciech Group's operations declined in comparison with the same period last year. In soda segment the positive impact of increase in soda ash prices was minimised by an increase in its production costs (anthracite and heat) and organic segment was affected by a low level of prices of its main product, TDI.

Ciech Group profitability ratios

Item	01.01.-30.09.2011	01.01.-30.09.2010
Gross return on sales	14.1%	14.4%
Return on sales	2.7%	1.6%
Operating profit margin	3.2%	3.2%
EBITDA profitability	8.5%	9.3%
Net return on sales (ROS)	0.3%	(2.3%)
Return on assets (ROA)	0.3%	(1.7%)
Return on equity (ROE)	0.8%	(8.6%)

Calculation principles:

gross return on sales – gross sales profit for a given period / net sales of products, services, goods and materials,

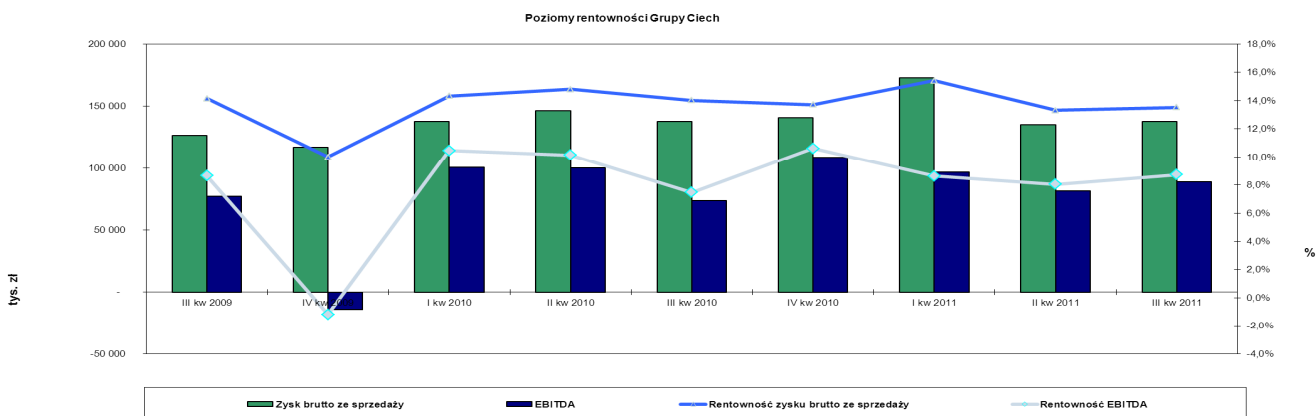
return on sales – sales profit for a given period / net sales of products, services, goods and materials,

operating profit margin – operating profit for a given period / net sales of products, services, goods and materials,

return on sales (ROS) – net profit for a given period / net sales of products, services, goods and materials,

return on assets (ROA) – net profit / total assets at the end of a given period,

return on equity (ROE) – net profit / total equity at the end of a given period.



Source: CIECH S.A.

*Poziomy rentowności Grupy Ciech –Ciech Group profitability ratios**Tys. zł – PLN '000**Zysk brutto ze sprzedaży – Gross margin on sales**Rentowność zysku brutto ze sprzedaży – Gross return on sales**Rentowność EBITDA - EBITDA profitability***Group liquidity and working capital**

The liquidity ratios showed a clear improvement in comparison with the level at the end of 2010 as a result of the share issue, described in section III.18 hereof, and due to dividing the liabilities under the consortium loan into long- and short-term parts, which is described in section III.22 hereof. Furthermore, in 2011 PLN 330 million of the debt under the loan agreement executed in April 2010 was repaid. The current ratio, calculated as the ratio of total current assets to total current liabilities, amounted to 1.28 as at 30 September 2011 (0.70 at the end of 2010), while the quick ratio amounted to 1.02 (0.56 at the end of 2010).

Liquidity ratios of Ciech Group

Item	30.09.2011	31.12.2010	30.09.2010
Current ratio	1.28	0.70	0.65
Quick ratio:	1.02	0.56	0.49

Calculation principles:

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

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

Ability to generate cash flows

Item	30.09.2011	30.09.2010
Financial surplus (net profit + amortisation)	175,493	112,140
Other net profit adjustments	(64,385)	29,741
Adjusted financial surplus	111,108	141,881
Change in working capital	(105,873)	80,496
Cash flows from operating activities	5,235	222,377
Cash flows from investment activities	31,068	(78,584)
Free cash flows	36,303	143,793

As in the 2010, in three quarters of 2011 the Ciech Group generated positive free cash flows. In the period January - September 2011, an increase in the level of working capital resulted in a PLN 105,873 thousand increase in use of cash. Furthermore, the adjusted financial surplus was sufficient to allow for generating positive free cash flows.

Working capital, or the difference between current assets and current liabilities adjusted by relevant balance sheet items (cash and short-term loans), totalled PLN 209,540 thousand at the end of September 2011, marking a decrease of PLN 108,353 thousand compared to the end of 2010.

Working capital of the Ciech Group

Item	30.09.2011	31.12.2010
1. Current assets, including:	1,589,814	1,472,617
Inventories	318,651	297,233
Trade receivables	599,018	509,153
2. Cash and other short-term investments	350,589	177,610
3. Adjusted current assets (1-2)	1,239,225	1,295,007
4. Current liabilities, including:	1,244,906	2,117,212
Trade liabilities	667,524	582,893
5. Short-term loans and other financial liabilities*	215,221	1,140,098
6. Adjusted current liabilities (4-5)	1,029,685	977,114
7. Working capital including short-term loans (1-4)	344,908	(644,595)
8. Working capital (3-6)	209,540	317,893

* Other current financial liabilities include current financial lease liabilities + current liabilities on derivatives

Debt

The acquisitions conducted in 2006 and 2007 that led to an increase in the assets of the Ciech Group were mainly financed through an investment loan and bond issue. Additionally, the investments made in 2008 were financed with a short-term loan. This has resulted in the debt ratio rising in the following years until 2010.

In 2011 Group debt has decreased in relation to 2010 due to repayment of nearly PLN 330 million in accordance with the Loan Agreement of 26 April 2010. The debt rate decreased from 78.2% to 68.3%. Both the financing term structure (non-current liabilities as at the end of September 2011 constituted 38.4% of total equity and liabilities) and the

comparative level of net debt (net financing liabilities in relation to EBITDA) were subject to significant improvement in relation to the situation at the end of December 2010.

Following the conclusion of a new loan agreement in February 2011, the Ciech Group debt structure improved to the benefit of long-term loans. Liabilities under a consortium loan have been presented with division into a short- and long-term part pursuant to the results of a 10% test and in accordance with IAS 1, point 73, which has been described in section III.22 of this report.

Ciech Group debt ratios

Item	30.09.2011	31.12.2010	30.09.2010
Debt ratio	68.3%	78.2%	80.5%
Long-term debt ratio	38.4%	24.3%	25.9%
Debt to equity ratio	215.2%	359.1%	412.5%
Equity to assets ratio	31.7%	21.8%	19.5%
Net debt	994,693	1,475,905	1,635,815
Annualised EBITDA	377,780	384,702	260,291
Net debt/EBITDA	2.63	3.84	6.28

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 on loans and borrowings raised, bonds issued, plus current account debit and other debt instruments (financial lease (excluding sale and lease back) + liabilities on derivatives) less cash and cash equivalents.

• Information on ratios contained in loan agreements

No loan agreement was called to maturity and there were no deadlines of repaying capital or interest due to financial liabilities recognised in the balance sheet violated in the period covered by this statement. As at 30 September 2011 there had been no significant violation of financial ratios required in accordance with loan agreements.

Group debt financing

The Group's debt financing is ensured through:

- loans extended to CIECH S.A. and S.C. Govora - Ciech Chemical Group S.A. pursuant to the consortium loan agreement of 10 February 2011 (as at 30 September 2011 a debt level of approx. PLN 796 million),
- bonds issued by Ciech S.A. (as at 30 September 2011 a debt level of approx. PLN 300 million)
- loans extended to Soda Deutschland Ciech GmbH pursuant to a loan agreement with Commerzbank AG (as at 30 September 2011 a debt level of approx. EUR 53 million).

Consortium loan agreement of 10 February 2011

On 10 February 2011 a loan agreement (the "Loan Agreement") was executed between CIECH S.A. as borrower, its subsidiaries as guarantors (Janikowskie Zakłady Sodowe Janikosoda S.A., Inowrocławskie Zakłady Chemiczne Soda Mątwy S.A., Soda Polska Ciech Sp. z o.o., Zakłady Chemiczne Alwernia S.A., Przedsiębiorstwo Chemiczne Cheman S.A., Zakłady Chemiczne Organika Sarzyna S.A., Polfa Sp. z o.o., Vitrosilicon S.A., Transclean Sp. z o.o. and Zakłady Chemiczne Zachem S.A. (the "Companies")), together with Bank DnB Nord Polska S.A., Bank Handlowy w Warszawie S.A. (the "Credit Agent"), Bank Millennium S.A., Bank Polska Kasa Opieki S.A., BRE Bank S.A., ING Bank Śląski S.A. and Powszechna Kasa Oszczędności Bank Polski S.A. (jointly the "Commercial Banks"). On 15 February 2011 the European Bank for Reconstruction and Development ("EBRD") acceded to the Loan Agreement. S.C. Uzinele Sodice Govora - Ciech Chemical Group S.A. ("Govora") has also acceded to the agreement as a guarantor and borrower.

Loans made available:

Pursuant to the Loan Agreement, the following loans were made available:

1. dual-currency, fixed-term refinancing loan in PLN and EUR of a total value of approx. PLN 696 million granted by the Commercial Banks (the "Fixed-Term Loan") in order to refinance debt under the loan agreement of 26 April 2010. Approx. 25% of the Fixed-Term Loan was used in EUR; the loan was paid out on 29 September 2011.
2. multi-currency revolving loan (also available in the form of guarantees and letters of credit) valued at PLN 100 million granted by the Commercial Banks (the "Revolving Loan"); the loan was paid out on 29 September 2011.
3. an additional guarantee line amounting to EUR 9.6 million granted to the benefit of S.C. CET Govora S.A. by Bank Polska Kasa Opieki S.A. (the "Pekao Additional Guarantee Line");
4. fixed-term investment loan in EUR, amounting to the equivalent of PLN 300 million granted by the EBRD (the "Investment Loan") to finance and refinance Ciech Group capex under the investment programme. The required contribution to be made by the Group is at least 40% of the amount of finance or refinance of capex from the date of executing the Loan Agreement. The investment loan will be available for release between September 1st, 2012 and November 30th, 2012.

Variable interest established on the basis of WIBOR / EURIBOR plus a margin, the level of which is varied for loans in PLN and EUR, variable during the period and dependent on the level of the net debt ratio to operating result increased by amortisation / depreciation (EBITDA).

Conditions precedent

The Investment Loan will be made available after acquisition of a technical advisor's positive opinion concerning the investment conducted during this period, in particular confirming progress of works on modernising the Janikowo CHP in accordance with the adopted schedule for completion of the project and after fulfilment of other terms and conditions provided for in the Loan Agreement.

Terms and conditions of loan repayment:

The key terms of repayment include:

- loan amortisation in the amount specified in the appendix to the Loan Agreement for the period from 30 December 2011 to 31 March 2016,
- obligatory early repayment of loans is required under the following circumstances:
 - change in control - in the total amount of the loans takes place, in particular, if (a) the State Treasury ceases to own at least 10,270,800 shares in CIECH S.A. and shares purchased by the State Treasury under issue of shares with pre-emptive rights, or (b) any person other than the State Treasury becomes the largest shareholder of CIECH S.A. and owns at least 50% of the issued share capital of CIECH S.A., or (c) any person other than the State Treasury, or a group of persons acting in concert, acquires control over CIECH S.A., subject to the exception that no early repayment will be required should the change in control be permitted by a contractually agreed majority of Consortium Banks or should additional conditions be met, such as those related to the level of net debt to operating results plus depreciation / amortisation (EBITDA);
 - share capital increase - in an amount equal to the proceeds from the public offering or other increase in the share capital of CIECH S.A. or other Significant Members of Ciech Group defined in the agreement as guarantors, selected companies from Ciech Group and Ciech Group companies with net assets of at least PLN 25 million; this is subject to the exception that should additional conditions be met, such as those related to the level of net debt to operating results plus depreciation / amortisation (EBITDA), no early repayment will be required due to share capital increase and obtaining funds from such increase;
 - excess cash flows: should any CIECH S.A. quarterly financial report, starting from the report for the period ending 31 December 2013, display free cash flows at the end of each quarter in a calendar year by an amount exceeding the limits defined in the Loan Agreement for particular periods – an early repayment equal to the amount of such excess cash flow;
 - disposal of all assets of Zakłady Chemiczne Alwernia S.A. and Vitrosilicon S.A. or sale of shares in these companies - use of all net proceeds received in a given quarter for early repayment of loans (subject to the exceptions specified in the Loan Agreement);
 - receipt of substantial proceeds from any insurance policy against loss or damage to its assets or business, in as far as such proceeds are not used to rebuild property (subject to the exceptions specified in the Loan Agreement);
 - non-compliance with the law on the side of the Commercial Banks or EBRD;
 - proceeds from future financing replacing the existing financing of PLN 300 million in bonds issued by CIECH S.A. in December 2007, in an amount not exceeding the value of the bonds as at the date of executing the Loan Agreement – the terms and conditions of financing under the Loan Agreement enable (a) redemption of the bonds without the need to incur additional financing and (b) in the event of acquiring additional refinancing of bonds, these provide for early repayment of loans in an amount equal to the level of debt refinancing under the bonds;
 - proceeds from financing replacing the loans acquired pursuant to bilateral loan agreements executed between CIECH S.A. and the following banks: Credit Agricole Corporate and Investment Bank S.A. Oddział w Polsce, BNP Paribas S.A. Oddział w Polsce and Fortis Bank S.A. (currently BNP Paribas Bank Polska S.A.) – the terms and conditions of Ciech Group financing under the Loan Agreement enable (a) repayment of loans granted pursuant to bilateral loan agreements, (b) the accession of the above banks to the Loan Agreement, or (c) acquisition of replacement financing from other banks and early repayment of loans granted pursuant to the Loan Agreement in an amount equal to the total sum of replacement finance;
- the final payment deadline for the Fixed-Term Loan, Revolving Loan and Investment Loan is 31 March 2016; the final repayment date for the Pekao Additional Guarantee Line is 31 December 2014.
- The EBRD is authorised to suspend or withhold payment of the Investment Loan in the event of adoption by the Board of Directors of the EBRD of a decision to suspend or alter the principles for Poland's access to EBRD resources in accordance with the provisions of the international treaty which forms the basis for the EBRD's operations.

Loan collateral:

Collateral for loans under the Loan Agreement comprises:

- mortgages established on the Companies' and CIECH S.A.'s real property,
- financial pledge and registered pledge on the Companies' shares as well as CIECH S.A.'s shares in Soda Deutschland Ciech GmbH,
- registered pledges on the Companies' and CIECH S.A.'s moveable property and other assets,
- financial pledges on bank accounts of CIECH S.A. and Companies,
- assignment of rights under insurance policies issued in relation to assets being the subject of collateral and conditional assignment of rights under intra-group loans or other types of credit instrument which will be used for distribution of funds under the loans to Companies, together with the Companies' and CIECH S.A.'s significant commercial contracts,
- sureties granted by the Companies and CIECH S.A.,

- companies' and CIECH S.A.'s declarations on submission to enforcement,
- power of attorney to access the Companies' and CIECH S.A.'s bank accounts,

Other significant provisions of the Loan Agreement

Pursuant to the Loan Agreement, CIECH S.A. and the Companies furthermore undertook to:

- maintain levels of certain financial ratios as stipulated in the Loan Agreement, calculated at Ciech Group level excluding Soda Deutschland Ciech Group and tested on a quarterly basis: (i) debt level to operating results plus depreciation / amortisation (total consolidated net debt to consolidated EBITDA); (ii) debt to share capital ratio (consolidated total debt on selected loans and bonds up to CIECH S.A.'s share capital); (iii) interest coverage ratio; (iv) guarantor coverage ratio (gross turnover and assets of loan guarantors to gross turnover and assets of the Ciech Group, excluding Soda Deutschland Ciech Group); (v) minimum level of cash;
- refrain from establishing new collateral, other than collateral specified in the Loan Agreement,
- refrain from disposing of assets, other than contractually permitted instances of disposal (including the sale of certain disposable assets held for sale and dispositions as indicated in the Ciech Group's investment plan),
- refrain from declaring and paying out dividends, except in companies with at least 75% of direct or indirect control by CIECH S.A., and in Z. Ch. Alwernia S.A.,
- refrain from incurring financial debt and granting borrowings or guarantees and sureties other than those specified in the Loan Agreement;
- implement capital expenditures as specified in the Loan Agreement and Group investment plan;
- refrain from entering into derivative transactions, other than transactions permitted in the financial risk hedging policy as approved by consortium banks;
- in the event of the circumstances specified in the Loan Agreement materialising – establishment of registered pledges on individual items of moveable property belonging to the Companies and CIECH S.A. of value exceeding PLN 5 million.

2.9 Financial figures by business segment

The tables below present data concerning gains and losses as well as assets and equity and liabilities of particular business segments of the Ciech Group in the period covered by the financial statement:

OPERATING SEGMENTS

01.01.-30.09.2011 in PLN thousands	Soda Segment - Soda Division	Organic Segment - Organic Division	including discontinued operations	Silicates and Glass Segment Agro-Silicon Division	Agricultural Chemicals Segment	including discontinued operations	Other activity	including discontinued operations	Corporate Functions - reconciliatory item	Eliminations (consolidation adjustments)	TOTAL
Revenues from third parties	1,217,763	1,202,785	2,452	229,893	326,015	100,042	178,859	63,646	-	-	3,155,315
Revenues from inter-segment transactions	32,815	42,946		11,904	9,210	2,285	1,404	123	-	(98,279)	-
Total revenues	1,250,578	1,245,731	2,452	241,797	335,225	102,327	180,263	63,769	-	(98,279)	3,155,315
Cost of sales	(1,016,789)	(1,166,323)	-	(190,532)	(268,238)	(75,797)	(158,470)	(52,049)	-	90,985	(2,709,367)
Gross profit/loss on sales	233,789	79,408	2,453	51,265	66,987	26,530	21,793	11,720	-	(7,294)	445,948
Selling costs	(84,003)	(61,590)	-	(36,342)	(15,198)	(8,413)	(10,967)	(2,698)	-	6,866	(201,234)
General and administrative expenses	(51,625)	(48,911)	(2,234)	(6,002)	(10,598)	(5,718)	(12,537)	(8,157)	(29,700)	1,035	(158,338)
Receivables management result	(1,208)	(3,855)	-	(151)	(2,049)	(2,082)	(163)	(507)	(500)	93	(7,833)
Result on other operating activities	33,409	(5,543)	211	(109)	(5,328)	(479)	2,312	35	(1,007)	-	23,734
Operating profit/loss	130,362	(40,491)	430	8,661	33,814	9,838	438	393	(31,207)	700	102,277
The balance of f/x differences and interest on trade settlements	(8,576)	(22,131)	(96)	(5,252)	(15,993)	141	(7,466)	373	-	-	(59,418)
Group financing costs	-	-	-	-	-	-	-	-	(81,065)	-	(81,065)
Result on financial activity (non-attributable to segments)	-	-	-	-	-	-	-	-	55,098	-	55,098
Share in profit of affiliates	89	-	-	-	-	-	-	-	-	-	89
Profit/loss before tax	121,875	(62,622)	334	3,409	17,821	9,979	(7,028)	766	(57,174)	700	16,981
Tax											5,293
Net profit/loss											22,274
Profit /loss on discontinued operations											(11,715)
Net profit/loss for the financial year											10,559
Depreciation / amortisation	97,803	47,985	389	12,998	2,414	-	577	387	3,157	-	164,934
EBITDA	228,165	7,494	819	21,659	36,228	9,838	1,015	780	(28,050)	700	267,211

01.01.-30.09.2010 <i>in PLN thousands</i>	Soda Segment - Soda Division	Organic Segment - Organic Division	<i>including discontinued operations</i>	Silicates and glass segment	Agricultural Chemicals Segment	<i>including discontinued operations</i>	Other activity	<i>including discontinued operations</i>	Corporate Functions - reconciliatory item	Eliminations (consolidation adjustments)	TOTAL
				Agro-Silicon Division							
Revenues from third parties	1,070,206	1,138,076	2,351	222,233	360,005	232,922	143,761	48,528	-	-	2,934,281
Revenues from inter-segment transactions	32,836	74,204		2,510	49,980	32,604	1,045	111	-	(160,575)	-
Total revenues	1,103,042	1,212,280	2,351	224,743	409,985	265,526	144,806	48,639	-	(160,575)	2,934,281
Cost of sales	(961,781)	(1,063,939)	-	(169,109)	(349,274)	(228,738)	(120,341)	(33,882)	-	152,319	(2,512,125)
Gross profit/loss on sales	141,261	148,341	2,351	55,634	60,711	36,788	24,465	14,757	-	(8,256)	422,156
Selling costs	(75,818)	(59,712)	-	(36,117)	(26,191)	(20,472)	(13,427)	(5,582)	-	7,926	(203,339)
General and administrative expenses	(51,198)	(50,221)	(2,214)	(7,092)	(17,584)	(12,942)	(14,193)	(8,898)	(32,141)	492	(171,937)
Receivables management result	2,137	194	-	(490)	724	683	575	762	(824)	(17)	2,299
Result on other operating activities	54,905	(10,752)	15	1,763	3,085	3,674	1,840	43	(4,854)	-	45,987
Operating profit/loss	71,287	27,850	152	13,698	20,745	7,731	(740)	1,082	(37,819)	145	95,166
The balance of f/x differences and interest on trade settlements	(25,349)	(56,638)	(94)	(8,119)	(11,599)	70	(4,206)	(904)	-	-	(105,911)
Group financing costs	-	-	-	-	-	-	-	-	(106,553)	-	(106,553)
Result on financial activity (non-attributable to segments)	-	-	-	-	-	-	-	-	64,760	-	64,760
Share in profit of affiliates	363	-	-	-	-	-	-	-	-	-	363
Profit/loss before tax	46,301	(28,788)	58	5,579	9,146	7,801	(4,946)	178	(79,612)	145	(52,175)
Tax											(14,652)
Net profit/loss											(66,827)
Profit/loss on discontinued operations											-
Net profit/loss for the financial year											(66,827)
Depreciation / amortisation	95,662	52,790	347	13,579	12,630	9,812	1,473	493	2,833	-	178,967
EBITDA	166,949	80,640	499	27,277	33,375	17,543	733	1,575	(34,986)	145	274,133

30.09.2011 <i>in PLN thousands</i>	Soda Segment - Soda Division	Organic Segment - Organic Division	Silicates and Glass Segment	Agricultural Chemicals Segment Agro-Silicon Division	Other activity	Corporate Functions - reconciliatory item	Eliminations (consolidation adjustments)	TOTAL
Tangible fixed assets	1,445,115	565,349	77,152	48,029	895	8,175	-	2,144,715
Intangible assets	110,244	50,012	2,524	2,278	570	6,641	-	172,269
- goodwill	48,929	15,119	39	-	-	-	-	64,087
Shares in affiliates	4,694	-	-	-	-	-	-	4,694
Inventories	93,655	153,358	30,132	37,995	4,409	-	(898)	318,651
Trade receivables	249,220	251,403	61,212	38,099	50,732	-	(51,648)	599,018
Assets classified as held for sale included in previous periods under segment assets	-	5,970	821	-	27,459	-	-	34,250
Other assets	-	-	-	-	-	897,927	-	897,927
Total assets	1,902,928	1,026,092	171,841	126,401	84,065	912,743	(52,546)	4,171,524

30.09.2011 <i>in PLN thousands</i>	Soda Segment - Soda Division	Organic Segment - Organic Division	Silicates and Glass Segment	Agricultural Chemicals Segment Agro-Silicon Division	Other activity	Corporate Functions - reconciliatory item	Eliminations (consolidation adjustments)	TOTAL
Trade liabilities	297,911	312,741	45,834	29,175	39,634	-	(57,771)	667,524
Liabilities classified as held for sale included in previous periods under segment assets	-	6,392	-	-	25,083	-	-	31,475
Other liabilities	-	-	-	-	-	2,149,011	-	2,149,011
Total liabilities	297,911	319,133	45,834	29,175	64,717	2,149,011	(57,771)	2,848,010

30.09.2010 <i>in PLN thousands</i>	Soda Segment - Soda Division	Organic Segment - Organic Division	Silicates and Glass Segment	Agricultural Chemicals Segment Agro-Silicon Division	Other activity	Corporate Functions - reconciliatory item	Eliminations (consolidation adjustments)	TOTAL
Tangible fixed assets	1,344,010	567,025	85,243	163,496	6,542	7,425	-	2,173,741
Intangible assets, including:	102,298	26,607	1,499	15,897	1,471	6,090	-	153,862
- goodwill	36,988	-	39	14,254	-	-	-	51,281
Shares in affiliates	5,048	-	-	-	-	-	-	5,048
Inventories	80,957	147,992	29,555	73,180	8,499	-	(2,560)	337,623
Trade receivables	240,828	252,332	51,653	97,011	54,753	-	(36,430)	660,147
Assets classified as held for sale included in previous periods under segment assets	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	647,291	-	647,291
Total assets	1,773,141	993,956	167,950	349,584	71,265	660,806	(38,990)	3,977,712

30.09.2010 <i>in PLN thousands</i>	Soda Segment - Soda Division	Organic Segment - Organic Division	Silicates and Glass Segment	Agricultural Chemicals Segment Agro-Silicon Division	Other activity	Corporate Functions - reconciliatory item	Eliminations (consolidation adjustments)	TOTAL
Trade liabilities	268,954	259,103	16,384	64,584	43,156	-	(42,396)	609,785
Liabilities classified as held for sale included in previous periods under segment assets	-	-	500	-	-	-	-	500
Other liabilities	-	-	-	-	-	2,591,301	-	2,591,301
Total liabilities	268,954	259,103	16,884	64,584	43,156	2,591,301	(42,396)	3,201,586

01.01-30.09.2011 <i>in PLN thousands</i>	Soda Segment - Soda Division	Organic Segment - Organic Division	Silicates and Glass Segment Agro-Silicon Division	Agricultural Chemicals Segment	<i>including discontinued operations</i>	Other activity	<i>including discontinued operations</i>	Corporate Functions - reconciliatory item	Eliminations (consolidation adjustments)	TOTAL
Recognised impairment losses	3,604	6,018	526	4,948	2,162	764	540	-	(95)	16,305
Reversed impairment losses	4,938	2,665	374	345	5	147	32	-	(3)	8,498
Recognised impairment losses (not attributable to segments), including:	-	-	-	-	-	-	-	1,570	-	1,570
<i>- discontinued operations</i>	-	-	-	-	-	-	-	41	-	41
Reversed recognised impairment losses (not attributable to segments), including:	-	-	-	-	-	-	-	7,751	-	7,751
<i>- discontinued operations</i>	-	-	-	-	-	-	-	10	-	10
01.01-30.09.2010 <i>in PLN thousands</i>	Soda Segment - Soda Division	Organic Segment - Organic Division	Silicates and Glass Segment Agro-Silicon Division	Agricultural Chemicals Segment	<i>including discontinued operations</i>	Other activity	<i>including discontinued operations</i>	Corporate Functions - reconciliatory item	Eliminations (consolidation adjustments)	TOTAL
Recognised impairment losses	2,580	2,435	669	1,064	620	1,227	11	-	-	7,975
Reversed impairment losses	6,523	3,748	1,226	1,572	1,303	2,870	762	-	(17)	15,922
Recognised impairment losses (not attributable to segments), including:	-	-	-	-	-	-	-	1,916	-	1,916
<i>- discontinued operations</i>	-	-	-	-	-	-	-	167	-	167
Reversed recognised impairment losses (not attributable to segments), including:	-	-	-	-	-	-	-	798	-	798
<i>- discontinued operations</i>	-	-	-	-	-	-	-	-	-	-

INFORMATION ON GEOGRAPHICAL AREAS

30.09.2011 <i>in PLN thousands</i>	Poland	European Union	Other European countries	Africa	Asia	Other regions	TOTAL
Net sales revenue	1,208,287	1,355,887	210,563	131,080	192,737	56,761	3,155,315

30.09.2010 <i>in PLN thousands</i>	Poland	European Union	Other European countries	Africa	Asia	Other regions	TOTAL
Net sales revenue	1,259,844	1,159,406	82,373	135,690	212,750	84,218	2,934,281

30.09.2011 <i>in PLN thousands</i>	Poland	European Union	Other European countries	Africa	Asia	Other regions	TOTAL
Non-current assets other than financial instruments	1,615,786	867,141	-	-	759	-	2,483,686
Deferred tax assets	12,346	15,128	-	-	476	-	27,950
Other assets	1,063,080	450,929	46,946	16,184	69,705	13,044	1,659,888
Total assets	2,691,212	1,333,198	46,946	16,184	70,940	13,044	4,171,524

30.09.2010 <i>in PLN thousands</i>	Poland	European Union	Other European countries	Africa	Asia	Other regions	TOTAL
Non-current assets other than financial instruments	1,693,838	813,926	-	-	339	-	2,508,103
Deferred tax assets	18,542	-	-	-	176	-	18,718
Other assets	929,192	406,918	45,198	13,330	49,456	6,797	1,450,891
Total assets	2,641,572	1,220,844	45,198	13,330	49,971	6,797	3,977,712

2.10 Derivative transactions

The total value of unsettled derivative transactions as at 30 September 2011 is PLN 368 thousand. This includes solely the valuation of derivatives transactions as hedge of interest rate risk in the Soda Deutschland Ciech Group.

The table below presents the estimated currency exposure of the Ciech Group in Euro as at 30 September 2011 due to financial instruments and future net operating revenues (excluding SDC figures):

Exposure to currency risk in EURO	(EUR '000)	Impact on Income statement	Impact from 1.10.2011 to 30.09.2012
Assets			
Borrowings granted sensitive to FX rate changes	85,800	x	
Trade and other receivables	31,638	x	
Bank deposits	4,000		
Equity and liabilities			
Trade and other liabilities	-15,329	x	
Liabilities due to loans and borrowings	-39,609	x	
Future net sales planned			
Forecasted future net result* in EUR (12 months) – CIECH S.A.	182,546		X
Forecasted future net result* in EUR – other companies of the CIECH Group (12 months)	4,444		X
Total result	253,490		

* 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 30.09.2011

Analysis of sensitivity to FX rate changes	(PLN '000)*	Impact on Income statement	Impact from 1.10.2011 to 30.09.2012
F/x balance-sheet items (excluding borrowings)	-193	-193	
Borrowings granted sensitive to FX rate changes	858	858	
Forecasted future net result in EUR	1,870		1,870
Total impact	N/A	665	1,870

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

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 clearly influenced by seasonality are agro-chemical products:

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

Fertilisers 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 the year, i.e. the period of intensive plant growth, when approx. 90% of the total sale of these products is realised.

Furthermore, in the soda segment, a seasonal relationship between the volume of some products sold and the 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 2011, the Ciech Group has not published any forecasts for 2011.

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 direct domestic recipients of Ciech Group products include the following industries: chemicals, plastics, glass, agriculture and furniture manufacture. Development in these economic sectors depends on the economic situation in Poland. In constant prices, sold industrial production increased 7.0% during the first 9 months of 2011 compared to the corresponding period in 2010, when it grew by 10.7%. Within the chemical industry, production of chemicals and chemical products excluding pharmaceuticals decreased by 1.0%, while rubber products and plastics grew by 13.4%. Pharmaceutical product manufacture, in the same time, decreased by 10.1%. After a noticeable acceleration in the pace of economic growth in Poland in 2010 (3.8% increase in GDP) it is assumed that this rate will be maintained at a level of approx. 4% in 2011. Various forecasts of the economical development of Poland in 2012 assume a slowdown in GDP growth to the level of 2.0 - 4.0%. This should be reflected in the chemical industry which usually develops in line with the whole economy.

Economic climate in Europe and globally

Group's business is largely based on the sales of chemical products on foreign markets. The volume and profitability of sales depend on the global economic situation in Europe and around the world. A global economic slump usually affects the demand for raw materials on international markets, thus reducing the export turnover of the Group.

The pace of recovery following the 2008-2009 crisis is varied across the globe. In 2011 the largest countries in Asia, Central and Eastern Europe and Latin America are developing relatively quickly. According to an IMF report published in September 2011, global GDP is to increase 4.0% this year (China by 9.5%, India by 7.8%, Central and Eastern Europe by 4.3%, Latin America by 4.5%, EU by 1.7%).

In 2012, maintaining the GDP growth rate at 4% level is anticipated worldwide.

After significant growth in chemical manufacture in 2010 (globally by 8.8% according to the American Chemistry Council - ACC; in the EU by 10% according to the European Chemical Industry Council - CEFIC), a clear decrease in this growth level is forecast in 2011 (to 4.8% and 2.5% respectively). The CEFIC assumes that the low dynamics of chemical production will be maintained in 2012 at the level of 2.5%.

Financial condition of agriculture

Some of Ciech Group revenues – notably, mineral fertilisers and plant protection chemicals – derive from sales to the agricultural sector. In the view of CIECH S.A., long-term demand for mineral fertilisers should continue to grow both in Poland and in Central and Eastern Europe. The use of agrochemicals in Poland, which influences demand for Ciech Group products, is affected by factors such as processes designed to improve financial standing and the profitability of agricultural production – including production quotas and direct subsidies. It should translate into a growth of Group's revenues. Should the buying power of the agricultural sector fail to improve, demand for fertilisers and plant protection chemicals could stagnate and agrochemical product revenue would suffer.

According to data supplied by Poland's Institute for Agricultural Economics and Food Economy (IERiGZ), the market conditions affecting domestic agriculture in the third quarter of 2011 were more favourable for the agriculture, however not as good as in the previous year. Improvement in this situation in 2011 was connected with a rapid increase in the purchase price of agricultural products in comparison with the rate of change in prices for manufacturing resources. The synthetic index of economic situation in agriculture (SWKR) in September 2011 was lower than the year before (a decrease from 102.1 to 101.0). In the coming months favourable market conditions for agriculture should remain.

Economic situation in the raw materials market

Import of chemical raw materials to Poland constitutes a significant portion of Group's turnover. The raw materials markets are characterised by a cyclical nature connected with fluctuations of the global economy. The growing prices of raw materials cause a decrease in margins of sales intermediaries and a decrease in demand from customers. On the other hand, falling prices are usually a symptom of decreasing demand and the beginning 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 Group's import of raw materials. Significant fluctuations of demand and prices may be caused by changes in the economic situation resulting, for instance, from quick economic growth or economic stagnation. Strong fluctuations of demand and prices may have negative influence on the activity related to trading in chemical raw materials by the Ciech Group.

REACH implementation

In accordance with REACH regulation, the Group Companies which trade in substances in quantities exceeding 1 ton p.a. will complete full registration of these substances by defined deadlines, which will allow them to continue to introduce their activities within current scope. As at 30 September 2011 the Group has registered 36 high-volume substances (over 1000 tons/year).

Pursuant to item 6 of appendix XVII to REACH regulation in May 2011 the Ministry of Economy provided a report to the Commission on the availability of asbestos free substitutes for electrolysis installations and the efforts undertaken to develop such alternatives, on the protection of the health of workers in the installations, on the source and quantities of chrysotile, on the source and quantities of diaphragms containing chrysotile, and the envisaged date of the end of the exemption. This report indicated actions of Zachem, the only Polish manufacturer using diaphragms

containing chrysotile in the brine electrolysis installation in order to convert the currently used diaphragm technology to membrane technology, which will allow to entirely eliminate the use of asbestos - by the end of 2020.

Emission trading system

Within the National Allocation Plan for 2008-2012, Polish Ciech Group companies participating in the emission trading system (Soda Polska, Vitrosilicon and Alwernia) were allocated a total CO₂ emission allowance of 1,720,661 Mg/year. In addition a company from Soda Deutschland Group, KWG Kraftwerksgesellschaft GmbH received a free of charge consideration in the form of CO₂ emission allowances in the amount of 511 447 Mg/year. The Group holds sufficient number of allowances to cover actual emission of carbon dioxide. A part of those allowances was sold; the rest was kept to be used within the upcoming years of 2nd settlement period.

In accordance with the requirements of the new act of 28 April 2011 on the emission trading system, Soda Polska Ciech and Zchem operating installations, that will be included in the system by 2013, obtained appropriate consents of the Head of Kuyavian-Pomeranian Province within the required deadline, that is before 30.06.2011.

Ciech Group's companies that will participate in the III stage of the operation of the emission trading system prepared data used by appropriate administrative bodies to prepare so called National Implementing Measures (NIM), pursuant to art. 11 of Directive 2009/29/EC. This document contains, for example, a list of installations that will be participating in the emission trading system by 2013. It also lists free allowances granted to each installation. Based on the collected data the member states were obliged to submit such information to the EC by 30.09.2011. The EC should make a decision on the granting of free allowances within 6 months from submission of an application by a member state.

Pursuant to art. 10c of Directive 2009/29/EC the Polish Government submitted by 30.09.2011 a derogation application to the EC in order to obtain free allowances for the modernisation of electricity production. The application contains a list of installations with the allocation of free allowances as well as the National Investment Plan. 2 energy installations belonging to Soda Polska Ciech were also listed in the draft application. The final version of the application is secret.

The Industrial Emissions Directive (IED)

In connection with an amendment to EU law regarding industrial emissions, the coming years may bring more severe conditions of using environment by business entities. In compliance with the industrial emissions directive, amendments to current regulations refer to three main areas: (i) strengthening the role of BREF reference documents, (ii) tightening the requirements regarding large combustion facilities, and (iii) introducing new regulations regarding soil protection.

The most severe consequences of these changes will be visible at Soda Polska Ciech, which will be subject to tighter emissions standards for SO₂, NO_x and dust from CHP plants. The new requirements will enter into force as of 2016. Nevertheless, the company is preparing in advance for the change in legal regulations.

EUR/PLN exchange rate

Ciech Group's export sales are primarily denominated in euro (currency exposure calculation is presented in section III.2.10). A strong EUR means higher profitability of exports, both for the Group and for other manufacturers from the chemical industry in Poland. Furthermore, it increases volumes of turnover carried out by the Group for other manufacturers. As a result, the PLN/EUR exchange rate influences profitability of sales revenues in the Group. If the Polish zloty becomes stronger against the EUR, the profitability of exports will decline, and the Group's export volumes will decrease.

5.2 Internal factors

Maintaining cost and quality competitiveness

The competitiveness of the Ciech Group concentrates on basic market factors, i.e. costs, quality, their direct sources, marketing, market position. The most important factors 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 power (market leader),
- cost leadership and diversification.

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

Liabilities connected with the purchase of ZACHEM S.A., Z.Ch. "Organika-Sarzyna" S.A.

In accordance with obligations following from Privatisation Agreements regarding ZACHEM S.A. and Z.Ch. "Organika-Sarzyna", CIECH S.A. is charged with obligations connected mainly with the implementation of investment blocks, employee guarantees and minority interest buyout options.

- **Obligations following from the Privatisation Agreement of ZACHEM S.A.**

In accordance with agreement provisions, by 20 December 2011, the Company must realise a total investment of PLN 176.1 million in ZACHEM S.A. The investment deadline was prolonged by three years, i.e. until 2014 for specified investment tasks (electrolysis conversion, implementation of new EPI technology, increase of TDI production capacity up to 90 thousand tons p.a.).

The agreement contains "a restricting condition". The restricting condition was calculated as the ratio of long-term capital to non-current assets on the basis of the Separate Financial Statements, prepared according to Polish accounting principles. On 30 June 2011 the ratio was achieved at the initial value plus 50 percentage points. In accordance with the Agreement, as of 31 December 2011 the ratio will cease to be verified and the company's obligation to maintain the level of the ratio will not be applicable. A report on implementation of the ratio was submitted to Delegatura MSP Toruń (legal successor to Nafta Polska S.A.) before 31 August 2011, as it was required.

A separate requirement for CIECH S.A. resulting from the Agreement was the buyback of ZACHEM S.A. employee shares, which was implemented over the period 2008-2011. In the case of ZACHEM S.A., the final obligation to buy back employee shares was completed in 2011. In accordance with the agreement, CIECH S.A. is no longer required to repurchase remaining employee shares in this company. Until recently, with regard to the issued options, Zachem Group was consolidated on the assumption that CIECH S.A. holds 100% of shares in the company. In connection with expiry of the option, a non-controlling block of shares was identified in the consolidated financial statements.

The agreement also contained the Company's requirement to submit an offer to the State Treasury to acquire the remaining stake in ZACHEM S.A.

• **Obligations following from the Privatisation Agreement of Z. Ch. "Organika Sarzyna" S.A.**

In accordance with agreement provisions, by 20 December 2011, the Company must realise a total investment of PLN 130 million in Organika Sarzyna. The deadline for realising the investment guaranteed in the agreement was prolonged by two years, i.e. until 2013, for one investment task (the construction of a production installation of the active substance MCPA with accompanying infrastructure).

At the same time, the Company is required to fulfil the condition to retain such equity and liabilities structure at Organika Sarzyna until the end of 2011 that the value of equity, non-current provisions and liabilities with maturity longer than one year constitute at least 110% of non-current assets in the meaning of the Accounting Act (with the exception of rights to perpetual usufruct of land acquired pursuant to the act or through an administrative decision).

A separate requirement for CIECH S.A. resulting from the Agreement is the acquisition of Organika Sarzyna employee shares, which is implemented over the period 2008-2013.

The agreement also contains the Company's requirement to submit an offer to the State Treasury to acquire the remaining stake in Z.Ch. „Organika Sarzyna” S.A.

Tender offers for the remaining shares in ZACHEM S.A. and Z.Ch. "Organika Sarzyna" S.A.

In performing the agreement for acquisition of shares in Zachem and the agreement for acquisition of shares in Organika Sarzyna, on 20 December 2006 the Company submitted an irrevocable offer to the State Treasury to acquire remaining shares in Zachem and an irrevocable offer to acquire remaining shares in Organika Sarzyna; these were subsequently amended through agreements between the Company and the State Treasury of 5 January 2010, 28 December 2010 and 26 May 2011 (the "Agreement").

In the agreement of 26 May 2011, the parties established that the State Treasury would acquire ordinary series E bearer shares issued by CIECH S.A. in its increased share capital of a nominal value of PLN 5 (five Polish zloty) each (the "New Issue Shares") through a private placement pursuant to art. 431, § 2, point 1) of the Polish Commercial Companies Code and pay for the New Issue Shares with the following non-cash contribution:

- 762,224 ordinary registered shares of a nominal value of PLN 10 each and a total nominal value of PLN 7,622,240.00, constituting a 5.15% stake in the share capital of Zakłady Chemiczne Zachem S.A., headquartered in Bydgoszcz ("Zachem Shares");
- 429,388 ordinary registered shares of a nominal value of PLN 10 each and a total nominal value of 4,293,880.00, constituting a 5.06% stake in the share capital of Zakłady Chemiczne Organika-Sarzyna w Nowej Sarzynie ("Organika Sarzyna Shares");

and an additional

- 571,826 ordinary bearer shares, of a nominal value of PLN 2.30 each and a total nominal value of PLN 1,315,199.80, constituting a 25.01% stake in the share capital of Zakłady Chemiczne Alwernia S.A., headquartered in Alwernia ("Alwernia Shares");

At the same time, pursuant to the agreement, the State Treasury undertook that:

- up to the date of registration by the registration court of the increase in CIECH S.A. share capital through issue of the New Issue Shares or
 - up to 31 December 2011, dependent on which of these events occurs first,
- the State Treasury would not accept, either unconditionally, conditionally or with stipulation of a deadline, an irrevocable proposal for purchase of the Zachem Shares or an irrevocable proposal for purchase of the Organika-Sarzyna Shares, pursuant to which in 2006 CIECH S.A. submitted a proposal to the State Treasury for purchase from

the latter of these shares on the terms and conditions specified in such proposals. The increase in share capital was registered in the National Court Register on 10 August 2011.

In order to perform the obligations resulting from the Agreement, on 27 July 2011 the Company concluded an agreement with the State Treasury of the Republic of Poland on acquisition of shares and provision of an in-kind contribution. Details of the agreement are provided in section III.7 hereof.

Liabilities connected with the purchase of Soda Deutschland Ciech Group companies.

Soda Deutschland Ciech Group has shown in its balance sheet the obligation to repurchase Elektrociepłownia. Elektrociepłownia was sold on 1 September 1999 by KWG GmbH (a subsidiary of Soda Deutschland Ciech) for the benefit of VASA Kraftwerke – Pool for EUR 115.8 million. KWG is contractually required to repurchase the power plant by 31 December 2014. KWG also retains the option to purchase the power plant, which can be implemented on 1 January each year during the term of the option, i.e. until 31 December 2014. As at 30 September 2011 this liability amounted to PLN 152,905 thousand (EUR 34,663 thousand).

Investment and optimisation projects, together with activities connected with acquiring subsidies.

In the first six months of 2011 optimal assets investment plans for specific Group companies were finally agreed. Ciech Group Companies are allocating close to PLN 322 million to investment projects in 2011, including close to PLN 120 million on innovation ventures aimed at improving production efficiency and product quality. The plan is compliant with the Ciech Group financial model adopted for 2011 - 2015.

In 2011 under activities consisting of the restructuring of Ciech Group finances by banks, schedules for the implementation of key investment projects were optimised and agreed, together with the level of expenditures in specific years of implementation.

The "Modernisation of Boiler Plant CKTI 75 - Boiler no. 1" was completed, the second of 3 boilers modernised under the Large-Scale Modernisation of Energy Infrastructure at Soda Polska Ciech.

A new chlorine liquefaction installation with elimination of freon R-22 as a cooling agent was activated at ZACHEM S.A.

In accordance with the work schedule, progress on implementation of the following key projects was also noted:

- Construction of an innovative MCPA and MCPP-P manufacturing system in Z.Ch. "Organika-Sarzyna" S.A.,
- Construction of a system and implementation of an innovative technology of producing epichlorohydrin (EPI) out of glycerine in ZACHEM S.A.,
- BravaGlass Packaging Glass project implementation at VITROSILICON S.A.
- Intensification of baking soda production,
- Salt project - modern warehouses.

In the third quarter of 2011 the Group continued the realisation of enterprises conducted together with specialised advisory companies, all these were aimed at optimising operating costs in the area of maintaining operations in Ciech Group production companies. Implementation of a project connected with implementation of an energy efficient management system was also continued at the Ciech Group.

In three quarters of 2011 the Ciech Group generated inflows exceeding PLN 14.2 million under implementation of 9 projects co-financed from EU and central government funds. These funds are allocated for the timely and efficient completion of key projects at the Ciech Group and at the same time confirm their innovativeness and compliance with national and EU development and environmental priorities.

6. Consolidated entities

Organisational description of the Ciech Group

CIECH Spółka Akcyjna is Ciech Group's parent, having its registered office in Warsaw, ul. Puławska 182, registered by the Regional Court for Warsaw, 13th Commercial Division of the National Court Register, under number 0000011687.

The Ciech Group is a group of domestic and foreign manufacturing, distribution and trade companies operating in the chemical industry. As at 30 September 2011, it comprised of 46 business entities, including:

- the parent company CIECH S.A.,
- 32 subsidiaries, including:
 - 21 domestic subsidiaries,
 - 11 foreign subsidiaries,
- 11 domestic affiliates,
- 1 foreign affiliated entity.
- 1 foreign jointly-controlled entity.

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

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

When preparing the consolidated financial statements for Q3 2011, the following companies underwent consolidation:

List of consolidated entities measured under the equity method in Q3 2011 and in the comparable period

Company/Group	Consolidation method as at 30.09.2011 and CIECH S.A.'s control.	Consolidation method as at 30.09.2010 and CIECH S.A.'s control.	Business
1) CIECH S.A.	Parent	Parent	According to the Statute, the core business of the parent entity includes: economic 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. presented as assets held for sale.	Fully consolidated subsidiary of CIECH S.A.	<ul style="list-style-type: none"> - wholesale of pharmaceutical goods, - wholesale of chemical products, - wholesale of perfumes and cosmetics, - retail sale of medical and orthopaedic goods.
CIECH FINANCE Group			
3) CIECH FINANCE Spółka z ograniczoną odpowiedzialnością	Fully consolidated subsidiary of CIECH S.A.	Fully consolidated subsidiary of CIECH S.A.	<ul style="list-style-type: none"> - implementing disinvestment projects concerning unnecessary fixed assets (real property) - and financial assets (stocks and shares in capital companies).
3.1.) Cheman S.A.	Indirect subsidiary of CIECH S.A. – full consolidation at the level of the Ciech Group.	Indirect subsidiary of CIECH S.A. – full consolidation at the level of the Ciech Group.	<ul style="list-style-type: none"> - wholesale and distribution of solid inorganic and organic chemicals, - wholesale and distribution of raw materials for household chemicals, - wholesale and distribution of raw materials for cosmetic and pharmaceutical products, - wholesale and distribution of builders, pigments, raw materials for paints and varnishes, - wholesale and distribution of food and feed additives, - wholesale and distribution of acids, bases and other liquid chemicals.
SODA MĄTWY Group			
4) SODA MĄTWY S.A.	Fully consolidated lower-tier Group Lower-tier parent (subsidiary of CIECH S.A.)	Fully consolidated lower-tier Group Lower-tier parent (subsidiary of CIECH S.A.)	<ul style="list-style-type: none"> - manufacture of other inorganic basic chemicals, - wholesale of chemical products, - production and distribution of electricity, - transport services of goods shipping.
4.1.) Soda Polska CIECH Sp. z o.o.	Indirect subsidiary of CIECH S.A. - full consolidation at lower tier	Indirect subsidiary of CIECH S.A. - full consolidation at lower tier	
4.1.1) TRANSODA Sp. z o.o.	Indirect subsidiary of CIECH S.A. - full consolidation at lower tier	Indirect subsidiary of CIECH S.A. - full consolidation at lower tier	
4.2) Polskie Towarzystwo Ubezpieczeń Spółka Akcyjna	-	Indirect affiliate of CIECH S.A. measurement under the equity method at lower tier. Company sold on 29 December 2010.	

Company/Group	Consolidation method as at 30.09.2011 and CIECH S.A.'s control.	Consolidation method as at 30.09.2010 and CIECH S.A.'s control.	Business
5) JANIKOSODA S.A.	Lower-tier parent (subsidiary of CIECH S.A.)	Lower-tier parent (subsidiary of CIECH S.A.)	<ul style="list-style-type: none"> - production of salt, - manufacture of industrial gases, - manufacture of other inorganic basic chemicals, - manufacture of other chemical products n.e.c.
FOSFORY Group		Fully consolidated lower-tier Group	<ul style="list-style-type: none"> - manufacture of chemical fertilisers and nitrogen compounds, - manufacture of other inorganic chemicals, - manufacture of other organic chemicals, - manufacture of refined petroleum products, - manufacture of plastics, - wholesale of grain, seeds and animal feed, - transshipment services based on own transshipment and storage base.
6.) GZNF "FOSFORY" Sp. z o.o.		Lower-tier parent (subsidiary of CIECH S.A.)	
6.1) "AGROCHEM" Spółka z ograniczoną odpowiedzialnością – in Dobre Miasto	FOSFORY Group was sold on 27 April 2011.	Indirect subsidiary of CIECH S.A. - full consolidation at lower tier	
6.2) "AGROCHEM" Spółka z ograniczoną odpowiedzialnością – in Człuchów		Indirect subsidiary of CIECH S.A. - full consolidation at lower tier	
7) „Alwernia” S.A.	Fully consolidated subsidiary of CIECH S.A.	Fully consolidated subsidiary of CIECH S.A.	<ul style="list-style-type: none"> - manufacture of other inorganic basic chemicals, - manufacture of dyes and pigments, - manufacture of other organic basic chemicals, - manufacture of chemical fertilisers and nitrogen compounds, - manufacture of gypsum, - production of heat (steam and hot water).
8) CIECH-POLSIN PRIVATE LIMITED*	Fully consolidated subsidiary of CIECH S.A.	Fully consolidated subsidiary of CIECH S.A.	<ul style="list-style-type: none"> - wholesale and retail sale of a variety of goods in the Far East markets
9) DALTRADE Ltd.	Daltrade Ltd. was sold on 19 May 2011.	Fully consolidated subsidiary of CIECH S.A.	<ul style="list-style-type: none"> - distribution and wholesale of chemicals in the UK market.
10) VITROSILICON Spółka Akcyjna	Fully consolidated subsidiary of CIECH S.A.	Fully consolidated subsidiary of CIECH S.A.	<ul style="list-style-type: none"> - manufacture of other inorganic basic chemicals, - manufacture of household and technical glassware, - manufacture of plastic packing goods, - manufacture of other plastic products.
11) Przedsiębiorstwo Transportowo-Uługowe TRANSCLEAN Sp. z o.o.	Fully consolidated subsidiary of CIECH S.A.	Fully consolidated subsidiary of CIECH S.A.	<ul style="list-style-type: none"> - international transport of liquid chemicals, - tank truck and rail tank car wash.
12) Zakłady Chemiczne "Organika-Sarzyna" S.A.	Fully consolidated subsidiary of CIECH S.A.	Fully consolidated subsidiary of CIECH S.A.	<ul style="list-style-type: none"> - manufacture of plastics, - manufacture of pesticides and other chemical products,
ZACHEM Group	Fully consolidated lower-tier Group	Fully consolidated lower-tier Group	<ul style="list-style-type: none"> - manufacture of organic and other non-organic chemicals, - manufacture and sales of plastics, - manufacture of plastic plates, sheets, tubes and profiles, - manufacture of dyes and pigments, - services of installation, repairs and maintenance of general-purpose machinery n.e.c.
13) ZACHEM S.A.	Fully consolidated subsidiary of CIECH S.A.	Fully consolidated subsidiary of CIECH S.A.	
13.1) ZACHEM UCR Spółka z ograniczoną odpowiedzialnością	Indirect subsidiary of CIECH S.A. - full consolidation at lower tier, presented as assets held for sale.	Indirect subsidiary of CIECH S.A. - full consolidation at lower tier	

Company/Group	Consolidation method as at 30.09.2011 and CIECH S.A.'s control.	Consolidation method as at 30.09.2010 and CIECH S.A.'s control.	Business
13.2) BORUTA - ZACHEM Kolor Spółka z ograniczoną odpowiedzialnością	Indirect subsidiary of CIECH S.A. - full consolidation at lower tier	Indirect subsidiary of CIECH S.A. - full consolidation at lower tier	
14) S.C. Uzinele Sodice Govora – Ciech Chemical Group S.A.	Fully consolidated subsidiary of CIECH S.A.	Fully consolidated subsidiary of CIECH S.A.	– 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. - full consolidation at lower tier	Indirect subsidiary of CIECH S.A. - full consolidation at lower tier	
15.1.1.) Sodawerk Stassfurt Verwaltungs GmbH	Indirect subsidiary of CIECH S.A. - full consolidation at lower tier	Indirect subsidiary of CIECH S.A. - full consolidation at lower tier	
15.1.2) Sodawerk Stassfurt GmbH&Co.KG	Indirect subsidiary of CIECH S.A. - full consolidation at lower tier	Indirect subsidiary of CIECH S.A. - full consolidation at lower tier	
15.1.3) KWG GmbH	Indirect subsidiary of CIECH S.A. - full consolidation at lower tier	Indirect subsidiary of CIECH S.A. - full consolidation at lower tier	
15.1.4) Kaverngesellschaft Stassfurt GbmH	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	
16) Ciech Pianki Sp. z o.o.	Fully consolidated subsidiary of CIECH S.A.	-	– manufacture of organic and other non-organic chemicals,

* Formerly known as Polsin Private Limited., on 20 June 2011 the Extraordinary General Meeting adopted a decision on change of the company's name.

7. Impact of changes in Ciech Group's organisational structure in three quarters of 2011, including mergers, acquisitions or divestitures of Group entities, long-term investments, de-mergers, restructuring and discontinuation

Within the structure of Ciech Group concerning companies in which CIECH S.A. directly holds shares, the following changes occurred during three quarters of 2011:

- **Gdańskie Zakłady Nawozów Fosforowych FOSFOR Sp. z o.o.**

As a result of fulfilling the conditions precedent contained in the sales agreement of 16 December 2010, on 27 April 2011 ownership of 51,855 shares in GZNF "FOSFOR" Sp. z o.o. was transferred to Zakłady Azotowe Puławy S.A., and CIECH S.A. ceased to be a shareholder in GZNF "FOSFOR" Sp. z o.o. and indirectly in its subsidiaries (Agrochem Sp. z o.o. in Człuchów and Agrochem Sp. z o.o. in Dobre Miasto). From May 2011 these companies have not been indicated within the Group's structure.

- **ZACHEM S.A. and Z.Ch. "Organika-Sarzyna" S.A.**

In implementing the provisions of the "Social Package" constituting an element of the agreement on sale of shares in ZACHEM S.A. of 29 March 2006 by Nafta Polska S.A. to CIECH S.A., CIECH S.A. is successively buying back shares in ZACHEM S.A. held by company employees who purchased shares in ZACHEM S.A. for free on the basis of the Act on Commercialisation and Privatisation of Corporations. On 25 April 2011, after finalising a subsequent phase in purchase of employee shares, CIECH S.A. became the owner of 239,316 shares in ZACHEM S.A., which were acquired for a total of PLN 1,213,332.12. As at 30 September 2011 CIECH S.A. is the owner of 13,659,026 registered shares in ZACHEM S.A., which constitutes a 92.29% stake in the company's share capital. In the case of ZACHEM S.A., repurchase of "employee" shares in 2011 was the last obligatory buyback. In accordance with the agreement, CIECH S.A. is no longer required to repurchase remaining employee shares in this company.

In implementing the provisions of the "Social Package", constituting an element of the agreement for sale by Nafta Polska S.A. of shares in Z.Ch. "Organika-Sarzyna" S.A. to CIECH S.A. of 29 March 2006, CIECH S.A. is successively repurchasing shares in Z.Ch. "Organika-Sarzyna" S.A. held by company employees, who acquired shares in Z.Ch. "Organika-Sarzyna" S.A. for free pursuant to the Act on Commercialisation and Privatisation of Corporations. After finalising subsequent stages of the repurchasing of "employee" shares conducted in 2011, CIECH S.A. became the owner of the following shares:

- 35,880 shares, constituting a 0.42% stake in the company's share capital, as at 15 June 2011,
 - 555 shares, constituting a 0.0065% stake in the company's share capital, as at 22 June 2011,
- and as at 30 June 2011 holds 7,936,582 shares, constituting a 93.48% stake in the company's share capital.

- **ZACHEM S.A., "Z.Ch. „Organika-Sarzyna" S.A., ALWERNIA S.A.**

On 27 July 2011 CIECH S.A. executed an Agreement on Acquisition of Shares and Transfer of an In-Kind Contribution with the State Treasury of Poland under which:

1. The State Treasury of Poland acquired 1,699,909 ordinary series E bearer shares in the increased share capital of CIECH S.A., with a nominal value of PLN 5 and with total nominal value of PLN 8,499,545.
2. The State Treasury has transferred onto CIECH, as a contribution in kind, covering series E shares, from the increase of share capital of CIECH S.A. and CIECH has acquired:
 - **Alwernia S.A.** - 571,826 series A ordinary bearer shares with a nominal value of PLN 2.30 each, with the total nominal value of PLN 1,315,199.80, representing 25.01% of the share capital of the Company. This increased CIECH S.A. share in the share capital of the Company from 73.75% to 98.76%.
 - **ZACHEM S.A.** - 762,224 series A ordinary bearer shares with a nominal value of PLN 10.00 each, with the total nominal value of PLN 7,622,240.00, representing 5.15% of the share capital of the Company. This increased CIECH S.A. share in the share capital of the Company from 92.29% to 97.44%.
 - **Z. Ch. "Organika-Sarzyna" S.A.** - 429,388 series A ordinary bearer shares with a nominal value of PLN 10.00 each, with the total nominal value of PLN 4,293,880.00, representing 5.06 % of the share capital of the Company. This increased CIECH S.A. share in the share capital of the Company from 93.48% to 98.54%.

The total value of transferred shares accounts for PLN 44,299,635.84.

The Agreement has been executed in order to perform the obligations arising from the Agreement entered into between CIECH S.A. and the State Treasury on 26 May 2011 and in connection with the adoption by the Ordinary General Meeting of CIECH S.A., on 30 June 2011, of Resolution No 32 on an increase in the share capital of the Company by issue of series E shares with exclusion of the pre-emptive rights of series E shares of the current shareholders, on an amendment to the Company's Statute, application for admission and introduction of series E shares into trading in the regulated market and their dematerialisation.

Additionally, in performance of the Resolution No. 9 of the Ordinary General Meeting of Alwernia S.A. dated 21 June 2011 on the obligatory buyback of Alwernia S.A.'s shares held by MAGNUS S.A. under art. 4181 of Commercial Companies Code, on 28 July 2011 CIECH S.A. acquired 19,558 series A ordinary bearer shares with a nominal value of PLN 2.30 each, representing 0.86% of the share capital. Sale price of one share in the amount of PLN 33.75

represents the value per one share of assets disclosed in the financial statements for 2010. Total sale price of the shares (obligatory buyback) was PLN 660,082.50. This increased CIECH S.A. share in the share capital of Alwernia S.A. from 98.76% to 99.62%.

- **SODA MAŁY S.A. and JANIKOSODA S.A.**

Initiatives adopted in 2007 aimed at streamlining management of the soda segment within domestic Ciech Group companies and acquiring synergy through better coordination of business processes ended with the establishment of Soda Polska CIECH Sp. z o.o., to which SODA MAŁY S.A. and JANIKOSODA S.A. transferred their property, with the exception of shares in PTU S.A. as a contribution-in-kind in exchange for shares. It is planned that the further operations of SODA MAŁY S.A. and JANIKOSODA S.A. will be continued until such time as shares in Polskie Towarzystwo Ubezpieczeń S.A. are sold by the above companies. Since on 29 December 2010 an agreement on sale of shares in PTU S.A. was finalised, initiatives were adopted to streamline the restructuring of both companies, aimed at consolidating the businesses within one capital group. For this reason, the aim of streamlining the operations of SODA MAŁY S.A. and JANIKOSODA S.A. and accelerating decision-making processes within the companies, together with limiting expenses. On 28 February 2011 the Extraordinary General Meetings of SODA MAŁY S.A. and JANIKOSODA S.A. adopted resolutions concerning forced buyback of shares held by minority shareholders in SODA MAŁY S.A. and JANIKOSODA S.A. by majority shareholder CIECH S.A. As a result of the forced buyback of 10,820 shares held by minority shareholders in SODA MAŁY S.A. and 17,000 shares from minority shareholders in JANIKOSODA S.A., carried out with the intermediation of TRIGON Dom Maklerski S.A., on 23 May 2011 CIECH S.A. became a 100% shareholder in SODA MAŁY S.A. and JANIKOSODA S.A.

On 1 June 2011 a decision was taken on the commencement of actions aiming to merge the companies: CIECH S.A., SODA MAŁY S.A. and JANIKOSODA S.A. in accordance with the principles described in Art. 492 § 1 (1) and Art. 516 § 6 of the Code of Commercial Companies, where CIECH S.A. will be the target company and the merger of the companies will take place by transfer of assets of Companies being taken over onto CIECH S.A.

On August 29th, 2011 the Management Boards of CIECH S.A., SODA MAŁY S.A. and JANIKOSODA S.A. adopted the plan of merger of the companies, which was announced in Monitor Sądowy i Gospodarczy No. 175 of 9 September 2011 and in Monitor Sądowy i Gospodarczy No. 186 of 26 September 2011. The Extraordinary General Meetings of the above companies on the approval of the merger of the above companies were held on 7 November 2011. The merger will be carried out without increasing the share capital of CIECH S.A. as the value of both soda companies (acquired companies) is already included in CIECH S.A.'s assets as long term investments and no shares will be created in accordance with the provisions of Art. 514 § 1 of the Code of Commercial Companies. The above is the last stage of the process of concentration of the soda segment of the domestic Group's companies, which began in 2007, in order to gain the synergy effect through a better coordination of business processes.

- **TRANSCLEAN Sp. z o.o.**

Under a share sales agreement, on 10 June 2011 CIECH S.A. acquired 4,322 shares in TRANSCLEAN Sp. z o.o. from ZACHEM S.A., constituting a 50% stake in the company's share capital, for a total sales price of PLN 7,450 thousand. Ownership of the shares was transferred to CIECH S.A. on 22 June 2011 after fulfilment of the conditions precedent found in the above sales Agreement. As at 30 June 2011 CIECH S.A. is the direct owner of 100% of shares in TRANSCLEAN Sp. z o.o.

- **Ciech Pianki Sp. z o.o.**

Under a share sales agreement, on 27 June 2011 CIECH S.A. acquired 55,005 shares in Ciech Pianki Sp. z o.o. from ZACHEM S.A., constituting a 100% stake in the company's share capital, for a total sales price of PLN 57,451 thousand. Ownership of the shares was transferred to CIECH S.A. on the agreement execution date, i.e. 27 June 2011. As at 30 June 2011 CIECH S.A. is the direct owner of 100% of shares in Ciech Pianki Sp. z o.o.

- **Daltrade Ltd. (UK)**

On 19 May 2011 an agreement was executed concerning sale by CIECH S.A. of 615,000 shares of a nominal value of GBP 0.01 each in Daltrade Ltd., having its registered office in the United Kingdom, for a total price of GBP 20 thousand. The shares were purchased by DAL Towarzystwo Handlu Międzynarodowego SA. Before the transaction, CIECH S.A.'s stake in the share capital of Daltrade Ltd. was 61.2%. As a result of the transaction, CIECH S.A. is no longer in possession of shares in Daltrade Ltd.

- **CIECH America Latina Ltda. (Brazil) - no operating activity has been carried out from halfway through 2009**

On 20 June 2011 a conditional agreement on sale by CIECH S.A. of 599,999 shares of a nominal value of BRL 1 each in Ciech America Latina Ltda., having its registered office in Brazil, was executed for a total amount of PLN 10. The shares were purchased by Ciech Finance Sp. z o.o. Before the transaction, CIECH S.A.'s stake in the share capital of Ciech America Latina Ltda. was 99.9998%. After fulfilment of the conditions precedent, as a result of the transaction CIECH S.A. will not hold any shares in Ciech America Latina Ltda.

- **POLFA Sp. z o.o.**

On July 15th, 2011 CIECH S.A. and Invest Pharma sp. z o. o. entered into a contract for sale of 3,820 shares of Polfa sp. z o.o. The share sale price accounts for PLN 8.1 million. The conditions precedent for the Agreement are: consent of UOKiK, consent of banks, members of the consortium financing the Ciech Group, and repayment of loans to CIECH S.A. accounting for approximately PLN 5.5 million. Until the fulfilment of the above conditions CIECH S.A. remains the owner of the Company. The ownership of the shares will be transferred to the Buyer upon the payment

of the purchase price and repayment of borrowings granted. As at 30 September 2011 CIECH S.A. still holds 100% shares in POLFA Sp. z o.o.

The following changes took place during three quarters of 2011 concerning companies in which CIECH S.A. holds shares indirectly:

- **ZACHEM S.A.**

Bydgoski Park Przemysłowo - Technologiczny Sp. z o.o. – through its ruling of 25 January 2011, the District Court registered the resolution of the Extraordinary General Meeting of 25 November 2010 on increase of share capital to PLN 37,673,000 through the creation of 538 shares which were subscribed for by the Mayor of Bydgoszcz in exchange for an in-kind contribution in the form of real property. ZACHEM S.A.'s stake in the Company's share capital decreased from 9.46% to 9.32%. Furthermore, the Extraordinary General Meeting changed the company's trading name from Bydgoski Park Przemysłowy Sp. z o.o. to Bydgoski Park Przemysłowo-Technologiczny Sp. z o.o.

BORUTA-KOLOR Sp. z o.o. – BORUTA-KOLOR Sp. z o.o. was removed from the Register of Companies on 9 June 2011 as a result of the adoption by the Extraordinary General Meeting of shareholders in BORUTA-KOLOR Sp. z o.o. and the Extraordinary General Meeting of Shareholders of ZACHEM Barwniki Sp. z o.o. on 20 November 2009 of a resolution concerning the merger of these companies, where ZACHEM Barwniki Sp. z o.o. was the acquirer and BORUTA-KOLOR Sp. z o.o. the company being merged. Registration of the merger in the National Court Register (as a result of an increase in the share capital of ZACHEM - Barwniki Sp. z o.o.) occurred on 1 December 2009.

ZACHEM UCR Sp. z o.o. – On 27 September 2011 an Agreement for sale of 6,495 shares in ZACHEM UCR Sp. z o.o. to the consortium of the companies: PETRO MECHANIKA S.A., PETRO Re Mont Sp. z o.o., PETROELTECH S.A. The Agreement is implemented in two stages:

1st stage - sale of 4,869 shares constituting 74.97% of the share capital. The payment for the shares shall be made within 7 days from the date of delivery by ZACHEM S.A. to the Buyer the documents confirming:

a/ Creditor's consent to release the shares from all collaterals, hedges and restrictions established by the Seller in relation to the existing Loan Agreement and Creditors Agreement or replacement of appropriate financial and registered pledges on the shares concluded by the Seller in relation with the existing Loan Agreement and the new Loan Agreement, pursuant to which the Seller will no longer be the pledgor under these pledges,

b/ removal of the registered pledges established by the seller on the shares in relation to the existing Loan Agreement and the new Loan Agreement from the registry of pledges or removal of the Seller from the registry of pledges as a pledgor under in relation to registered pledges established by the Seller on the shares in relation to the existing Loan Agreement and the new Loan Agreement,

- the shares will be transferred to the Buyer upon the payment of the entire purchase price.

2nd stage - sale of 1,626 (25.03%) shares, no later than 30 September 2013, payment will be made on the same conditions as in the 1st stage.

MEDICAL-TURIST Sp. z o.o. – ZACHEM S.A. sold to MEDICAL-TURIST Sp. z o.o., pursuant to share sale agreement dated 7 September 2011, 2 shares (the Company buys its own shares for redemption) for the total price of PLN 310 thousand. The purchase price will be paid in 30 monthly instalments. The ownership of shares was transferred to the Buyer upon the execution of the sale Agreement. The company was removed from the ZACHEM Group.

- **ORGANIKA-SARZYNA S.A.**

Zakład Chemiczny Silikony Polskie Sp. z o.o. – on 24 February 2011 the District Court registered redemption of shares in accordance with the resolution of the Extraordinary General Meeting of 29 December 2010. Share capital after redemption amounts to PLN 17,363,000 and is divided into 16,148 shares. Z.Ch. Organika-Sarzyna S.A. sold 1,215 shares to Zakłady Chemiczne Silikony Polskie Sp. z o.o. for redemption pursuant to sale agreement dated 30 December 2010. Z.Ch. "Organika-Sarzyna" S.A. currently, after the redemption, holds 3,994 shares, which constitutes 24.73% of share capital.

Przedsiębiorstwo Handlowo-Uslugowe NS Automatyka Sp. z o.o. – on 10 February 2011 Z. Ch. "Organika-Sarzyna" S.A. executed an agreement on sale of all shares held in Przedsiębiorstwo Handlowo-Uslugowe NS Automatyka Sp. z o.o., i.e. 1,147 shares, constituting 22.44% of share capital. The Company is no longer included in the Group's structure.

Organika International Transport Sp. z o.o. in liquidation - on 24 November 2010, the District Court Decision on completing bankruptcy proceedings including liquidation of assets was validated. The Company was removed from the Register of Companies as of 9 February 2011. The Company is no longer included in the Group's structure.

Zakład Doświadczalny Organika Sp. z o.o. – on 1 August 2011, Z.Ch. „Organika-Sarzyna” S.A. signed an Agreement for sale of 510 shares in Zakład Doświadczalny Organika Sp. z o.o., constituting 51% of the share capital of the Company upon the date of payment of the purchase price, i.e. 7 September 2011. Z.Ch. „Organika-Sarzyna” S.A. transferred the ownership of shares to the Buyer. The total share sale price amounted to PLN 970 thousand. The company was removed from the Ciech Group.

- **ALWERNIA S.A.**

SOC-AL Sp. z o.o. - SOC-AL Sp. z o.o. acquired 1,000 shares in AL-BAU Sp. z o.o., constituting a 100% stake in the company's share capital of PLN 50 thousand, divided into 1,000 shares.

- **CIECH FINANCE Sp. z o.o.**

Zakłady Tworzyw Sztucznych PRONIT S.A. (in bankruptcy) – through the agreement of 3 February 2011 CIECH S.A. sold CIECH FINANCE Sp. z o.o. a block of 13,141 shares in PRONIT S.A. The right to ownership of the shares was transferred to CIECH FINANCE Sp. z o.o. on 7 February 2011 and CIECH S.A. is no longer a shareholder in the company.

Stocznia Gdynia S.A. – CIECH FINANCE SP. z o.o., through a sales agreement of 1 April 2011, purchased 447 shares in Stocznia Gdynia S.A. from ZACHEM S.A., constituting a 0.0005% of the company's share capital, increasing its stake in the share capital of Stocznia Gdynia S.A. to 0.005%.

Polfa Nigeria S.A.R.L. - CIECH S.A. through a sales agreement of 20 June 2011 sold CIECH FINANCE Sp. z o.o. 800,000 shares in Polfa Nigeria Ltd for the total price of PLN 10. Polfa Nigeria Ltd is out of business since 2000. The ownership of shares in Polfa Nigeria was effectively transferred to CIECH FINANCE Sp. z o.o. in July 2011, i.e. upon the payment of the sales price.

Comapol S.A.R.L. - CIECH S.A. through a sales agreement of 20 June 2011 sold CIECH FINANCE Sp. z o.o. 1,882 shares in Polfa Comapol S.A.R.L. for the total price of PLN 10. Comapol S.A.R.L. is out of business since 2003. The ownership of shares in Comapol was effectively transferred to CIECH FINANCE Sp. z o.o. in July 2011, i.e. upon the payment of the sales price.

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

As at 31 December 2010 Artur Osuchowski – Member of the Management Board, held 2,100 shares in CIECH S.A.

On 7 March 2011, a Member of the Management Board of CIECH S.A., Mr Artur Osuchowski, informed of his purchase of 1,725 Issuer's shares Series "D", having made a subscription to perform the pre-emptive right for Issuer's shares Series "D" (while at the day of lodging the information, the Issuer's shares Series "D" were represented in the regulated market trade conducted by Giełda Papierów Wartościowych w Warszawie S.A. by rights to Issuer's shares Series "D"). Purchase price of 1 Issuer's share Series "D" was equal to the issuance price, i.e. PLN 19.20. The transaction was accounted for on 3 March 2011. The purchase and registration transaction was performed on the regulated market. In connection with the above, as at 30 September 2011 Mr Artur Osuchowski – Member of the Management Board, held 3,825 shares in CIECH S.A.

Other persons holding managerial and supervisory positions did not hold any shares in CIECH S.A. or shares of related entities.

9. CIECH S.A. shareholders with at least 5% of votes at the General Meeting

Company shares are listed on Giełda Papierów Wartościowych w Warszawie S.A. As at the day of publication, the share capital is PLN 263,500,965 and it is divided into 52,699,909 shares of face value PLN 5 each, including:

- 20,816 A series ordinary bearer shares,
- 19,775,200 B series ordinary bearer shares;
- 8,203,984 C series ordinary bearer shares;
- 23,000,000 D series ordinary bearer shares;
- 1,699,909 E series ordinary bearer shares,

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

1. State Treasury represented by the State Treasury Ministry - 38.72 % share in share capital,
2. Customers of Pioneer Pekao Investment Management S.A., including Pioneer FIO and SFIO of Telekomunikacja Polska - 9.99% share in share capital,
3. Otwarty Fundusz Emerytalny (Open Pension Fund) PZU "Złota Jesień" - 6.12% share in share capital,
4. ING Otwarty Fundusz Emerytalny (Open Pension Fund) - 5.33% share in share capital,

10. Provisions and write-downs on assets from 01.07.2011 to 30.09.2011

The Ciech Group's consolidated financial statements for Q3 2011 disclosed the following changes (creation, use and release) of provisions and write-downs on assets.

Provision increase from 01.07. to 30.09.2011	<i>PLN thousand</i>
Income tax provision	19,198
Provision for retirement gratuities, annual leaves, bonuses, compensation payments, etc.	2,765
Provision for environmental protection	1,196
Provision for liabilities (costs)	578
Total	23,737
Provision decrease (use and release) from 01.07. to 30.09.2011	<i>PLN thousand</i>
Income tax provision	10
Provision for retirement gratuities, annual leaves, bonuses, compensation payments, etc.	6,666
Provision for environmental protection	4,373
Provision for expected losses	873
Total	11,922
Write-downs on assets (increase) from 01.07.-30.09.2011	<i>PLN thousand</i>
Write-downs on tangible assets	2,485
Write-downs on current receivables	5,236
Write-downs on inventory	660
Total	8,381
Write-downs on assets (decrease) (use and release) from 01.07.-30.09.2011	<i>PLN thousand</i>
Write-downs on tangible assets	572
Write-downs on current receivables	7,299
Write-downs on inventory	2,016
Write-downs on non-current financial assets	35
Write-downs on current financial assets	45
Total	9,967
Deferred tax assets from 01.07.-30.09.2011	<i>PLN thousand</i>
Increase	20,026
Decrease	1,842

11. Notes to Ciech Group's Consolidated Statement of Comprehensive Income

Tax effect of each component of other comprehensive income of Ciech Group

<i>in PLN thousands</i>	01.01.-30.09.2011			01.01.-30.09.2010		
	Before tax	Tax	Net after tax	Before tax	Tax	Net after tax
Exchange differences on translation of foreign companies	(16,221)	-	(16,221)	8,112	-	8,112
Revaluation of available-for-sale financial assets	-	-	-	7,015	(2,242)	4,773
Cash flow hedges	(9,646)	1,833	(7,813)	(18,343)	5,038	(13,305)
Exchange differences on net investment in foreign entities	31,563	-	31,563	(8,484)	-	(8,484)
Other components of other comprehensive income	1,829	-	1,829	(76)	-	(76)
Other net comprehensive income	7,525	1,833	9,358	(11,776)	2,796	(8,980)

Income tax corrections and reclassification adjustments in total other comprehensive income

<i>Other gross comprehensive income</i> <i>in PLN thousands</i>	change in the period	01.01.-30.09.2011	change in the period	01.01.-30.09.2010
Exchange differences on translation of foreign companies	-	(16,221)	-	8,112
- measurement for the current period	(16,221)	-	8,112	-
Revaluation of available-for-sale financial assets	-	-	-	7,015
- measurement at fair value in the period	-	-	7,015	-
Exchange differences on net investment in foreign entities	-	31,563	-	(8,484)
- measurement at fair value in the period	31,563	-	(8,484)	-
Cash flow hedges	-	(9,646)	-	(18,343)
- measurement at fair value in the period	(5,001)	-	17,437	-
- reclassification adjustment of profit/loss presented in the income statement	(4,645)	-	(35,780)	-
Other	1,829	1,829	(76)	(76)
Income tax attributable to other components of comprehensive income	-	1,833	-	2,796
- for the current period	950	-	(5,554)	-
- reclassification adjustment to the income statement	883	-	8,350	-
Other net comprehensive income	-	9,538	-	(8,980)

12. Purchase and disposal of tangible fixed assets

During the period from 1 January to 30 September 2011 the following tangible fixed assets purchase and sale transactions were executed at the Ciech Group:

01.01.-30.09.2011 <i>in PLN thousands</i>	Land	Buildings, offices and land and water engineering facilities	Machinery and equipment	Means of transport	Other fixed assets	Fixed assets under construction	Total fixed assets
Gross value of fixed assets at the beginning of period	77,343	879,240	1,832,467	126,570	44,490	139,708	3,099,818
Acquisition	-	933	6,967	964	1,558	165,218	175,640
Reclassification	-	18,922	95,648	5,392	428	(131,075)	(10,685)
Capitalised external borrowing costs	-	-	-	-	-	6,707	6,707
Transfer from/to assets held for sale	68	(2,743)	(1,564)	(2,276)	(861)	(960)	(8,336)
FX differences	8,365	17,891	65,239	1,132	876	1,786	95,290
Sales	(161)	(599)	(10,365)	(1,389)	(156)	-	(12,670)
Disposal	-	(1,625)	(7,595)	(226)	(214)	(331)	(9,991)
Change in the Group structure	-	26,537	26,172	457	193	-	53,359
Other increases/decreases	-	(28,119)	(26,209)	(575)	(192)	(899)	(55,995)
Gross value of fixed assets at the end of period	85,616	910,436	1,980,761	130,049	46,121	180,155	3,333,137

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

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

<i>in PLN thousands</i>	30.09.2011	31.12.2010
1. Contingent receivables	8,286	-
- guarantees and sureties received	7,665	-
- other off-balance sheet receivables	621	-
2. Contingent liabilities	85,045	99,071
- guarantees and sureties granted	39,952	39,952
- other off-balance sheet liabilities	38,570	36,046
- other	6,523	23,073
Total off-balance sheet items	93,331	99,071

As at 30 September 2011 contingent receivables from Z. Ch. "Organika – Sarzyna" S.A. occurred at the Ciech Group. The amount of PLN 7,665 thousand is the total amount of 6 bank and insurance guarantees received by the Company as a performance bond from the companies implementing the MCPA investment for the Company. PLN 621 thousand is the amount up to which the Company may issue a promissory note received from the company implementing the investment as a performance bond.

Contingent liabilities as at 30 September 2011 amounted to PLN 85,045 thousand, a decrease of PLN 14,026 thousand in relation to the figure recorded as at 31 December 2010.

The change in contingent liabilities in relation to the figure recorded as at 31 December 2010 results from:

- expiry of a contingent liability of PLN 17,253 thousand for non-achievement of a target ratio defined in the share purchase agreement for ZACHEM S.A.,
- change in the EUR exchange rate at the Soda Deutschland Ciech Group for translation of items including the potential provision for reclamation of bodies of water, which will be set up in the event of it being necessary to apply water management regulations,
- change in the RON exchange rate at S.C. Uzinele Sodice Govora - Ciech Chemical Group S.A. for off-balance-sheet liabilities towards CET Govora.

14. Procedures pending before courts, in arbitration proceedings or public administration bodies as at September 30th, 2011.

14.1 CIECH S.A.

Significant liabilities of CIECH S.A. (domestic and foreign) claimed in court or arbitration proceedings as at September 30th, 2011

Action by Enapharm

In June 2004, the Liquidator for Enapharm in Algeria filed a claim, which now amounts to USD 222.1 thousand. (equivalent of PLN 723 thousand), as damages concerning deliveries of expired medications by CIECH S.A. between 1985 and 1991. In the plaintiff's opinion, CIECH S.A. failed to replace the medications unsold by the customer. 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 1,212 thousand). 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. In September 2009, Enapharm filed a motion for resumption of proceedings and rejection of the latest expert witness's opinion. On 2 November 2010 a new expert was appointed. By 9.11.2011 the Company didn't receive any information from the Court on commencement of actions by the expert. 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 723 thousand was created in CIECH S.A. for the above liabilities.

Significant CIECH S.A. claims (domestic and foreign)

Claims submitted to court or arbitration proceedings

CIECH S.A. is currently seeking in court a total of PLN 10 thousand from its Polish trade and other debtors. The Company created a write-down in the full amount.

Claim of Polska Żegluga Morska

On December 31st, 2009, CIECH S.A. received a claim of Polska Żegluga Morska p.p. and Polstream Shipping Company Limited against CIECH S.A. for compensation amounting to USD 583 thousand, i.e. in accordance with the average currency exchange rate table of the Polish National Bank no. 240/A/NBP/2009 of December 9th, 2009 - PLN 1,630 thousand.

The claim was based on art. 160 § 3 of the naval code and refers to a compensation allegedly due to the plaintiff on account of CIECH S.A.'s non performance of the entirety of the charter agreement of 15 October 2007 regarding transport of phosphates to Morocco. The case is pending before the Court of Arbitration at the National Chamber of Commerce in Warsaw. A contingent liability amounting to PLN 1,899 thousand was created on account of this claim.

Claim of 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 S.A. (the Privatisation Agreement) and charged CIECH S.A. with contractual penalties. AVAS filed a petition against CIECH S.A. in the said case. 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 CIECH S.A.'s failure to fulfil its information obligations under paragraph 13.2.1 of the Privatisation Agreement with regard to claims incurring potential penalties in USD (USD 376 thousand + USD 10 thousand = USD 386 thousand) – medium to high probability;
- For non-performance of information obligations arising from section 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 or medium probability;
- For non-performance of information obligations arising from section 15.4 of the Privatisation Agreement by CIECH S.A. with regard to charges threatened with a penalty of RON 1,669,334.23 – after the wording of the claim was changed, medium probability;

At the beginning of October 2010, CIECH S.A. received a first instance court verdict dated 1 October 2010, dismissing all claims filed by AVAS on the basis of lack of grounds.

As expected, AVAS submitted an appeal against the ruling of the court of first instance to the appeals court (second instance). This was done within the deadline, i.e. within 15 days from the date of receiving a statement of reasons issued by the court of first instance (2 March 2011).

On 8 September 2011 the first trial was held before the Court of Appeal and in the first week of October 2011, the second instance Court dismissed the AVAS' appeal entirely, upholding the decision of the first instance.

AVAS is left with the last option - that is to refer the case to the supreme court (third instance). Should this happen, the first trial before the supreme court will be held no sooner than at the beginning of 2012, after the decision of the second instance has been justified.

Provision in the amount of PLN 1,257 thousand was created in CIECH S.A. for the above liabilities and contingent liabilities amounting to PLN 3,387 thousand were disclosed.

Claims for bankruptcy proceedings

Receivables totalling PLN 7,180 thousand are being claimed in domestic bankruptcy proceedings. The forecasts as for the bankruptcy proceedings are unfavourable due to the fact that the claims of CIECH S.A. are not preferential. The Company has created a write-down for all pending proceedings.

Claims due to enforcement and conciliatory proceedings

CIECH S.A. is claiming PLN 8,902 thousand from domestic debtors. The forecasts as for these proceedings vary depending on the debtor's assets. The Company has created a 100% write-down for the aforesaid receivables.

Foreign bankruptcy and enforcement proceedings

For foreign recovery proceedings, CIECH S.A. allocated claims in the amount of EUR 3.3 thousand (equivalent of PLN 14.5 thousand) for trade receivables and for foreign bankruptcy proceedings, the Company allocated claims in the amount of USD 315 thousand (equivalent of PLN 1,026 thousand) and EUR 799.5 thousand (in total equivalent of PLN 3,527 thousand), as well as PLN 181 thousand, whereof the largest portion includes the following bankruptcy proceedings:

- Chemapol – Prague (PLN 1,148 thousand);
- Euroftal N.V. Belgium (PLN 921 thousand).

A claim of EUR 27,000 (equivalent of PLN 119 thousand) is pending in a foreign enforcement proceeding, while a settlement proceeding was requested with regard to a receivable in the aggregate amount of EUR 457 thousand (equivalent to PLN 2,159 thousand), whereof the largest portion includes the settlement proceedings with EQUUS SPOL S.R.O. for the amount of EUR 443 thousand (equivalent to PLN 1,954 thousand)

In connection with CIECH S.A. entering into agreements with Euler Hermes and Coface regarding debt recovery services, files of foreign cases were handed to the aforesaid companies. However, both companies refused to accept

the order although all debts from foreign cases were submitted by CIECH S.A. on time. Consequently, the Company is conducting those cases on their own account.

Other cases with CIECH S.A.'s participation

On 15 October 2010, CIECH S.A. received a subpoena to appear in a hearing conducted by the President of the Commercial Court in Rennes (France). The subpoena was also sent to Zakłady Chemiczne Siarkopol in Tarnobrzeg. The subpoena is linked to a claim filed by Citis (a company with registered office in Colombes - France) and its insurer which were sued by two French manufacturers of animal food products. An expert witness appointed in the course of proceedings performed a number of evaluations in order to finally estimate the amount of damage borne by the French manufacturers, the supplier's liability and the compliance of French manufacturers with European and French food production procedures. As results from the initial expert opinion drawn up on 20 July 2011, the claim was estimated at a level of approx. EUR 619 thousand (equivalent to PLN 2,731 thousand). CIECH S.A. sold oiled ground sulphur to Citis in 2009; the product was manufactured by Zakłady Chemiczne Siarkopol in Tarnobrzeg. Pursuant to section 331 of the French code of civil proceedings, CIECH S.A. has the status of defendant sued by Citis, and with regards to the French food products manufacturers CIECH S.A. has the third party status. CIECH S.A. appointed a legal representative in France for the purpose of litigation. The insurer of CIECH S.A. also acceded to the case.

Claims regarding the property located in Warsaw at Powązkowska 46/50

1. Case is currently pending before the Local Government Appeals Court in Warsaw, Case 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 a new charge as of 1 January 2009 amounting to PLN 590 thousand.

In conjunction with the aforesaid new charge, on January 28th, 2009, CIECH S.A. lodged a motion to the Local Government Appeals Court in Warsaw for declaring 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 representative of CIECH S.A. upheld the motion of October 2009 for proceedings suspension until the proceedings held in the Regional Court in Warsaw, 25th Civil Division under case file no. XXV C 1388/09 is completed.

On 4 May 2010, the motion for proceedings suspension was refilled and, additionally, an Opinion of the Arbitration Commission of the Polish Federation of Valuers was added to the case file, the subject matter of the opinion was the appraisal study being the base for amendment of the perpetual usufruct charge. The aforementioned appraisal study was given a negative evaluation. The Local Appeals Court has not ruled in this case.

2. The case is currently being heard by the District Court in Warsaw, 25th Civil Division under Case File No. XXV C 1388/09 (file number for the case heard by the Local Government Appeals Court: KOX/584/Po/04).

By virtue of a letter of 17 December 2003, delivered to CIECH S.A. on 6 January 2004, the President of the Capital City of Warsaw cancelled as of 31 December 2003 the previous charge for the perpetual usufruct of land located in Warsaw at ul. Powązkowska 46/50, being the property of the State Treasury, marked as plot no. 41, precinct 7-02-09. The new charge as of January 1st, 2004 amounted to PLN 500 thousand (previously PLN 26 thousand). As a result of a motion/appeal lodged by CIECH S.A., the Local Government Appeals Court in Warsaw, pursuant to the decision of January 9th, 2009 (Case 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 409 thousand starting from January 1st, 2005. On 29 January 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.

A court decision of 10 March 2010 allowed evidence from expert witness's opinion regarding property evaluation. At the beginning of May 2010, the District Court in Warsaw delivered an appraisal study of the aforementioned plot prepared in the course of court proceedings, CIECH S.A. accepted the study without reservations. During a hearing on December 3rd, 2010, the court accepted a motion of Ciech S.A. that the appraisal study be evaluated by the Arbitration Commission of the Polish Federation of Valuers.

An opinion of 20 June 2011 issued by the Arbitration Commission of the Polish Federation of Valuers was included in the case files, in which it was stated that the assessment drawn up during the proceedings correctly specifies the value of the property as at 1 January 2005. A hearing in the above case was held on 23 September 2011 during which the Court accepted the motion of the Lawyer's Office running the case to include the current user of the plot No. 41 in the proceedings - MARVIPOL S.A. The hearing was adjourned without scheduling another hearing and the new term will be scheduled automatically after the completion of tasks related to summoning the above company and presenting by the Lawyer's Office running the case specific questions to the authors of the above opinion dated 20.06.2011.

Due to the aforesaid proceedings (in connection with perpetual usufruct charges on the plot in Powązkowska Street), CIECH S.A. created a provision amounting to PLN 1,890 thousand.

14.2 Subsidiaries – significant positions

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 and the total amount of liabilities claimed by creditors amounts to PLN 500 thousand. 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. Receivables (trade and other) pursued in a number of various proceedings amount to PLN 26,733 thousand, out of which Soda Polska has claimed a total PLN 854 thousand from its debtors in several dozen bankruptcies. The amount of receivables claimed in enforcement proceedings is PLN 25,853 thousand, including the largest item - PLN 25,514 thousand - the claimed receivable of PHU "STARTER" B. Lepiarz.

TRANSODA Sp. z o.o. is litigating for a total PLN 16.6 thousand in receivables, PLN 8.2 thousand of which is sought in court and enforcement proceedings, and PLN 8.4 thousand in a bankruptcy proceeding .

Soda Polska has acquired the receivables of PHU "STARTER" B. Lepiarz from JANIKOSODY S.A. and SODA MAŁTY S.A. However, no assets were revealed in the procedure before the Regional Court in Czestochowa. The enforcement officer informed about the ineffectiveness of enforcement due to considerable debt and inability to satisfy the creditor's demands.

Soda Polska CIECH Sp. z o.o. Group has created a PLN 100 thousand provision for all on-going proceedings and created write-downs for the respective receivables.

"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 629 thousand from trade debtors, including the largest claim pursued through enforcement proceedings for PLN 435 thousand and through bankruptcy proceedings for PLN 151 thousand. "VITROSILICON" Spółka Akcyjna has 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 a total of PLN 447 thousand due to trade receivables in court actions and enforcement proceedings. A total of PLN 2,071 thousand is claimed in bankruptcy proceedings. One employee lawsuit is pending against the Company, seeking reinstatement of employment. There are also proceedings in progress brought by the Head of the Chrzanów County concerning agreement of the status of a land and mortgage register. "Alwernia" S.A. has created a write-down for problematic receivables under litigation.

CHEMAN S.A.

No claims (liabilities) have been lodged against Cheman S.A. which might significantly affect its business activity. Cheman S.A. is litigating for payment of trade receivables from several dozen debtors. The receivables sum up to PLN 4,868 thousand, including PLN 1,920 thousand pending in an enforcement proceeding. Receivables totalling PLN 976 thousand are being claimed in bankruptcies. Cheman S.A. has created a write-down for all pending proceedings.

CIECH FINANCE Sp. z o.o.

No claims (liabilities) are sought from Ciech Finance Sp. z o.o. that could materially affect its business. Proceedings are in progress against the company for PLN 100 thousand concerning a dispute relating to refund of a deposit being twice the payment made for purchase of the property.

A provision of PLN 120 thousand was created at Ciech Finance Sp. z o.o. for the above liability.

POLFA Sp. z o.o.

No claims (liabilities) have been lodged against the company POLFA Sp. z o. o. which might affect its business activity. The Company is seeking payment of trade receivables amounting to USD 683 thousand (equivalent to PLN 2,225 thousand) and EUR 842 thousand (equivalent to PLN 3,714 thousand) in trade receivables. Bankruptcy proceedings include receivables amounting to EUR 529 thousand (equivalent to PLN 2,334 thousand).

ZAKŁADY CHEMICZNE "ORGANIKA-SARZYNA" Spółka Akcyjna

No material claims (liabilities) have been lodged against Z.Ch. Organika – Sarzyzna S.A. which might affect its business activity. Z.Ch. "Organika – Sarzyzna" S.A. is seeking PLN 4,970 thousand in receivables in court, bankruptcy, enforcement as well as settlement proceedings from more than a dozen domestic companies. The largest amount, PLN 3,846 thousand, is being claimed as trade and other receivables in court. PLN 866 thousand is being claimed as receivables in enforcement proceedings, while PLN 258 thousand is sought in settlement and bankruptcy proceedings. 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 against ZACHEM S.A. is the case filed by Bydgoszcz City Office regarding the release of property located in Toruńska Street. The value of the subject of controversy is PLN 1,064 thousand. Furthermore, private persons filed against the Company a claim for payment of PLN 13 thousand on account of non-contractual usage of property (prescriptive easement of land). A claim for payment of PLN 1,896 thousand for the payment of remuneration for performance of contract and several employee claims in the total amount of PLN 99 thousand are pending. The amount of receivables pursued by ZACHEM Group in commercial, bankruptcy, enforcement and other cases amount to PLN 14,503 thousand, the largest item being bankruptcy (PLN 9,806 thousand) and settlement

(PLN 972 thousand) proceedings. A debt amounting to PLN 1,562 thousand is being claimed in enforcement proceedings. The Group created a write-down for all pending proceedings in the amount of PLN 14,503 thousand.

TRANSCLEAN Sp. z o.o.

There were no significant claims (liabilities) filed against TRANSCLEAN Sp. z o.o. which might affect its business activity. The company filed court claims against several dozen of trade debtors for a total of PLN 16.5 thousand, including PLN 13.7 thousand claimed in court and enforcement proceedings. Receivables amounting to PLN 2.8 thousand were lodged to the bankruptcy proceedings. TRANSCLEAN Sp. z o.o. created a write-down for the aforementioned liabilities.

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 4,165 thousand (equivalent of PLN 18,373 thousand) due to the unpaid electricity bills from 2008. On 24 March 2011 the Regional Court in Magdenburg decided that SWS KG is to pay overdue principal and interest for 2008. SWS appealed the decision at the 2nd instance court.

Irrespective of the court dispute in progress, the parties are in the process of negotiating the terms and conditions for repayment of the EUR 14,000 thousand in disputed liabilities (equivalent to PLN 61,757 thousand) net for 2008-2010 and for the first half of 2011. As a result of the negotiations SWS paid VASA EUR 4,000 thousand (equivalent of PLN 17,645 thousand).

Another EUR 3,000 thousand (equivalent of PLN 13,234 thousand) will be paid by 31.03.2012. In exchange for the approval of the above amount and deadlines CASA agreed to decrease the energy liabilities SWS by EUR 7,000 thousand.

Moreover, an employee claim is pending, lodged by a former Member of the Management Board of a distribution subsidiary Sodachem GmbH for unlawful termination of work agreement. The claimant is demanding EUR 1,400 thousand (equivalent to PLN 6,176 thousand) in damages, plus interest. After the company won its case in the labour appeals court, it decided to decrease the provision for the above liability by half and now amounts to EUR 708 thousand.

Provision in the amount of EUR 365 thousand was created for the above liabilities (equivalent of PLN 1,610 thousand).

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. 9 employee-related proceedings are pending against the Company for the total amount of RON 131 thousand (equivalent to PLN 133 thousand), however with no substantial impact on the Company's business results.

S.C. Uzinele Sodice Govora – Ciech Chemical Group S.A. is seeking the payment of its receivables in 26 court cases, where the enforcement proceedings against companies in liquidation amount to RON 245 thousand (equivalent to PLN 248 thousand). The company is also seeking claims from various debtors with total value of RON 956 thousand (equivalent to PLN 970 thousand), of which the highest value proceedings - at RON 723 thousand (equivalent to PLN 733 thousand) concern a penalty for management of the river basin and proceedings against the National Environmental Guard concerning a RON 100 thousand fine (equivalent to PLN 101 thousand) for the excessive use of ammonia.

As at 30 September 2011, the company created provisions for all 26 cases, however, due to their low value, these provisions are of no importance to the financial statement.

Furthermore there are proceedings in progress initiated by the company against one of the company's previous directors, valued at a total of RON 2,037 thousand (equivalent to PLN 2,066 thousand).

S.C. Uzinele Sodice Govora - Ciech Chemical Group S.A. filed a motion to the Court of Appeals in Bucharest for annulment of the Decision no. 75/26.02.2010 issued by ANAF (Tax Administration Authority) after an audit performed in USG. The total amount is RON 7,969 thousand (equivalent to PLN 8,084 thousand) in VAT paid following an audit by ANAF as well as accrued interest. Currently the amount is RON 7,115 thousand (equivalent of PLN 7,217 thousand). RON 424 thousand (equivalent to PLN 430 thousand) has been recovered from the remaining RON 854 thousand (equivalent to PLN 866 thousand) and the amount of RON 429 thousand (equivalent to PLN 435 thousand) remains to be recovered. The case is pending.

S.C. Uzinele Sodice Govora - Ciech Chemical Group S.A. has created a provision of RON 3,582 for the above liabilities (excluding tax paid), an equivalent to PLN 3,634 thousand.

Applied exchange rate:

USD 1 = PLN 3.2574

EUR 1 = PLN 4.4112

RON 1 = PLN 1.0144

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

During three quarters of 2011 there were no transactions executed within the Ciech Group between Group companies on terms and conditions other than market terms and conditions.

16. Information about loan and borrowing sureties or guarantees granted by CIECH S.A. or its subsidiaries.
Sureties and guarantees granted as at 30 September 2011

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	in PLN thousands				
CIECH S.A.						
Commerzbank	EUR 25,000	110,280	September 30th, 2014	To the loan agreement of 23 January 2008 for EUR 75 million	Soda Deutschland GmbH	Subsidiary
Bank Consortium	EUR 10,856	47,886	March 31st, 2016	Fixed % of the surplus of granted surety over the surety required to hedge the actual amount of financing	S.C. Uzinele Sodice Govora – Ciech Chemical Group S.A. - Romania	Subsidiary
Total CIECH S.A.		158,166				
ZACHEM S.A.						
Bank PEKAO S.A.		18,160	until August 31st, 2014	None	Spółka Wodna Kapuściska	None
Nordea Bank		18,160	until August 31st, 2014	None	Spółka Wodna Kapuściska	None
Total ZACHEM S.A.		36,320				
Total amount of loans covered by surety		194,486				

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	in PLN thousands				
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 own guarantees issued guaranteed 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	in PLN thousands				
CIECH S.A.						
PKN ORLEN S.A.	-	1,200	for an unspecified period of time	Payment to CIECH S.A. equal to 1% of the surety value	Chemana S.A.	Subsidiary
SG Equipment Leasing Polska Sp. z o.o. - Warsaw	EUR 478	2,107	September 1st, 2012	To the lease agreement concluded between S.C. Uzinele Sodice Govora and ECS International Polska Sp. z o.o. of July 10th, 2007	S.C. S.C. Uzinele Sodice Govora – Ciech Chemical Group S.A. - Romania	Subsidiary
Air Products, LLC and Air Products Chemicals Europe B.V.	USD 46,966	153,085	by the payment of all liabilities under the delivery contract expiring on 31.12.2011	The surety was estimated on the basis of half-yearly deliveries under the contract concluded by ZACHEM S.A. in 2004, and annexed in October 2007. The value of annual supplies amounts to USD 77 million	ZACHEM S.A.	Subsidiary
GATX Rail Poland Sp. z o.o.	EUR 64	282	November 30th, 2012	Guarantee of payment of lease fee for tanks	ZACHEM S.A.	Subsidiary
ING Lease Romania IFN S.A.	EUR 1,644	7,254	April 30th, 2013	Payment collateral to lease agreements	S.C. S.C. Uzinele Sodice Govora – Ciech Chemical Group S.A. - Romania	Subsidiary
Total amount of guarantees granted		163,928				

17. Sureties granted by Ciech Group Companies to Banks Organisers and Medium-Exposure Banks

The Companies granted sureties for the loans issued by the Bank Consortium to CIECH S.A. and S.C. Uzinele Sodice Govora – Ciech Chemical Group S.A. under the loan agreement signed on 10 February 2011. The funds under the loan agreement were made available on 29 September 2011.

The total limit of sureties granted to Banks Organisers and Medium-Exposure Banks, as at 30.09.2011 is presented in the table below:

Beneficiary's (company's) name	Amount of loans covered by surety	Granted surety limit	Surety period	Financial terms, including surety fee due to the company	Principal	Nature of relations between CIECH S.A. and the company which granted the surety
CIECH S.A.						
Bank Consortium: Bank Handlowy S.A., Bank Polska Kasa Opieki S.A., BRE Bank S.A., Powszechna Kasa Oszczędności Bank Polski S.A., ING Bank Śląski S.A., Bank Millennium S.A., Bank DNB NORD POLSKA S.A., European Bank for Reconstruction and Development.	Amount of loans covered by sureties as at 30.09.2011: EUR 10.9 million	Surety limit under the loan agreement: PLN 1,309 million	Full repayment of liabilities under guarantee	fixed % of the surplus of granted surety over the surety required to hedge the actual amount of financing	S.C.Uzinele Sodice Govora S.A.	-
Polfa Sp. z o.o						
Loan Bank Consortium: Bank Handlowy S.A., Bank Polska Kasa Opieki S.A., BRE Bank S.A., Powszechna Kasa Oszczędności Bank Polski S.A., ING Bank Śląski S.A., Bank Millennium S.A., Bank DNB NORD POLSKA S.A., European Bank for Reconstruction and Development.	Amount of loans covered by sureties as at 30.09.2011: PLN 621 million and EUR 39.6 million	Surety limit under the loan agreement: PLN 1,309 million	Full repayment of liabilities under guarantee	fixed % of the surplus of granted surety over the surety required to hedge the actual amount of financing	CIECH S.A., S.C.Uzinele Sodice Govora S.A.	subsidiary
Janikosoda S.A.						
Loan Bank Consortium: Bank Handlowy S.A., Bank Polska Kasa Opieki S.A., BRE Bank S.A., Powszechna Kasa Oszczędności Bank Polski S.A., ING Bank Śląski S.A., Bank Millennium S.A., Bank DNB NORD POLSKA S.A., European Bank for Reconstruction and Development.	Amount of loans covered by sureties as at 30.09.2011: PLN 621 million and EUR 39.6 million	Surety limit under the loan agreement: PLN 1,309 million	Full repayment of liabilities under guarantee	-	CIECH S.A., S.C.Uzinele Sodice Govora S.A.	subsidiary
Soda Mątwy S.A.						
Loan Bank Consortium: Bank Handlowy S.A., Bank Polska Kasa Opieki S.A., BRE Bank S.A., Powszechna Kasa Oszczędności Bank Polski S.A., ING Bank Śląski S.A., Bank Millennium S.A., Bank DNB NORD POLSKA S.A., European Bank for Reconstruction and Development.	Amount of loans covered by sureties as at 30.09.2011: PLN 621 million and EUR 39.6 million	Surety limit under the loan agreement: PLN 1,309 million	Full repayment of liabilities under guarantee	-	CIECH S.A., S.C.Uzinele Sodice Govora S.A.	subsidiary
Soda Polska CIECH Sp. z o.o.						

Beneficiary's (company's) name	Amount of loans covered by surety	Granted surety limit	Surety period	Financial terms, including surety fee due to the company	Principal	Nature of relations between CIECH S.A. and the company which granted the surety
Loan Bank Consortium: Bank Handlowy S.A., Bank Polska Kasa Opieki S.A., BRE Bank S.A., Powszechna Kasa Oszczędności Bank Polski S.A., ING Bank Śląski S.A., Bank Millennium S.A., Bank DNB NORD POLSKA S.A., European Bank for Reconstruction and Development.	Amount of loans covered by sureties as at 30.09.2011: PLN 621 million and EUR 39.6 million	Surety limit under the loan agreement: PLN 1,309 million	Full repayment of liabilities under guarantee	fixed % of the surplus of granted surety over the surety required to hedge the actual amount of financing	CIECH S.A., S.C.Uzinele Sodice Govora S.A.	subsidiary
Transclean Sp. z o.o.						
Loan Bank Consortium: Bank Handlowy S.A., Bank Polska Kasa Opieki S.A., BRE Bank S.A., Powszechna Kasa Oszczędności Bank Polski S.A., ING Bank Śląski S.A., Bank Millennium S.A., Bank DNB NORD POLSKA S.A., European Bank for Reconstruction and Development.	Amount of loans covered by sureties as at 30.09.2011: PLN 621 million and EUR 39.6 million	Surety limit under the loan agreement: PLN 1,309 million	Full repayment of liabilities under guarantee	fixed % of the surplus of granted surety over the surety required to hedge the actual amount of financing	CIECH S.A., S.C.Uzinele Sodice Govora S.A.	subsidiary
Alwernia S.A.						
Loan Bank Consortium: Bank Handlowy S.A., Bank Polska Kasa Opieki S.A., BRE Bank S.A., Powszechna Kasa Oszczędności Bank Polski S.A., ING Bank Śląski S.A., Bank Millennium S.A., Bank DNB NORD POLSKA S.A., European Bank for Reconstruction and Development.	Amount of loans covered by sureties as at 30.09.2011: PLN 621 million and EUR 39.6 million	PLN 31.5 million.	Full repayment of liabilities under guarantee	fixed % of the surplus of granted surety over the surety required to hedge the actual amount of financing	CIECH S.A., S.C.Uzinele Sodice Govora S.A.	subsidiary
Organika-Sarzyna S.A.						
Loan Bank Consortium: Bank Handlowy S.A., Bank Polska Kasa Opieki S.A., BRE Bank S.A., Powszechna Kasa Oszczędności Bank Polski S.A., ING Bank Śląski S.A., Bank Millennium S.A., Bank DNB NORD POLSKA S.A., European Bank for Reconstruction and Development.	Amount of loans covered by sureties as at 30.09.2011: PLN 621 million and EUR 39.6 million	PLN 300 million.	Full repayment of liabilities under guarantee	fixed % of the surplus of granted surety over the surety required to hedge the actual amount of financing	CIECH S.A., S.C.Uzinele Sodice Govora S.A.	subsidiary
Vitrosilicon S.A.						
Loan Bank Consortium: Bank Handlowy S.A., Bank Polska Kasa Opieki S.A., BRE Bank S.A., Powszechna Kasa Oszczędności Bank Polski S.A., ING Bank Śląski S.A., Bank Millennium S.A., Bank DNB NORD POLSKA S.A., European Bank for Reconstruction and	Amount of loans covered by sureties as at 30.09.2011: PLN 621 million and EUR 39.6 million	Surety limit under the loan agreement: PLN 1,309 million	Full repayment of liabilities under guarantee	fixed % of the surplus of granted surety over the surety required to hedge the actual amount of financing	CIECH S.A., S.C.Uzinele Sodice Govora S.A.	subsidiary

Beneficiary's (company's) name	Amount of loans covered by surety	Granted surety limit	Surety period	Financial terms, including surety fee due to the company	Principal	Nature of relations between CIECH S.A. and the company which granted the surety
Development.						
ZACHEM S.A.						
Loan Bank Consortium: Bank Handlowy S.A., Bank Polska Kasa Opieki S.A., BRE Bank S.A., Powszechna Kasa Oszczędności Bank Polski S.A., ING Bank Śląski S.A., Bank Millennium S.A., Bank DNB NORD POLSKA S.A., European Bank for Reconstruction and Development.	Amount of loans covered by sureties as at 30.09.2011: PLN 621 million and EUR 39.6 million	Surety limit under the loan agreement: PLN 1,309 million	Full repayment of liabilities under guarantee	fixed % of the surplus of granted surety over the surety required to hedge the actual amount of financing	CIECH S.A., S.C.Uzinele Sodice Govora S.A.	subsidiary
Chemana S.A.						
Loan Bank Consortium: Bank Handlowy S.A., Bank Polska Kasa Opieki S.A., BRE Bank S.A., Powszechna Kasa Oszczędności Bank Polski S.A., ING Bank Śląski S.A., Bank Millennium S.A., Bank DNB NORD POLSKA S.A., European Bank for Reconstruction and Development.	Amount of loans covered by sureties as at 30.09.2011: PLN 621 million and EUR 39.6 million	Surety limit under the loan agreement: PLN 1,309 million	Full repayment of liabilities under guarantee	fixed % of the surplus of granted surety over the surety required to hedge the actual amount of financing	CIECH S.A., S.C.Uzinele Sodice Govora S.A.	subsidiary

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

In Q1 2011, CIECH S.A. issued ordinary bearer shares Series "D" with pre-emptive right. Basic information concerning the offering is presented below.

1. Issue Price

On 25 January 2011, acting pursuant to § 2 of the Resolution on Increase, in agreement with the Co-Managers (through the signing of an Agreement concerning the Issue Price to the Share Placement Agreement) and with the consent of the Supervisory Board, the Management Board established the Share Issue Price at PLN 19.20 per Share of a nominal value of PLN 5 each.

2. Final number of Shares included in the Offering

The Management Board did not take advantage of the authorisation to specify the final number of Shares in the Offering which resulted from the Resolution on Increase. In connection with the above and in accordance with the Resolution on Increase and the provisions of the Prospectus (see in particular the section "Terms and Conditions of the Offering – Final Number of Shares Included in the Offering"), the final number of Shares Offered amounts to 23,000,000 ordinary series D bearer shares of a nominal value of PLN 5 each.

3. Final number of Shares Offered with a Pre-Emptive Right

Pursuant to the above, one Pre-Emptive Right entitled to acquire 23/28 of an Offered Share, which when rounded amounts to 0.82142857143 of Offered Share. In connection with the above, in order to acquire one Offered Share, two Pre-Emptive Rights would have to have been held.

4. Allocation of Shares

On March 2nd, 2011, the Management Board of CIECH S.A. informed that the subscribers were allocated 23,000,000 ordinary bearer shares Series D with face value of PLN 5 each and that the issuance of Series D shares with pre-emptive right conducted by way of public offering pursuant to Resolution no. 3 of the Extraordinary Meeting of October 28th, 2010 regarding the raise of Company's share capital and amendments of the Company's Statute was completed.

The commencement date for accepting subscriptions for exercise of pre-emptive rights and additional subscriptions was 3 February 2011, whereas the final date for acceptance of subscriptions in exercise of pre-emptive rights and additional subscriptions was 16 February 2011. The share allocation date was 25 February 2011.

Number of shares covered by subscription: 23,000,000 Series D Shares. Reduction under additional subscriptions: 94.2%. Number of shares subscribed for:

- o under exercise of pre-emptive rights: 21,825,287 Series D Shares,
- o under additional subscriptions: 20,322,318 Series D Shares,

Number of shares allocated under subscription: 23,000,000 Series D Shares,

Issue price at which shares were acquired: PLN 19.20

Number of persons who submitted subscriptions for shares under subscriptions and the number of persons to whom shares were allocated:

- o under exercise of pre-emptive rights a total of 3,451 subscriptions were made for Series D Shares,
- o under additional subscriptions a total of 533 subscriptions were made for Series D Shares.

Series D Shares were not subscribed for by underwriters – the Company did not execute underwriting agreements.

5. Value of the issue

Value of the issue (i.e. the product of the number of shares being subject to subscription and the issue price per share): PLN 441,600 thousand

6. Total issue costs

The total cost of issuing Series D Shares is specified in the prospectus under the section "Proceeds from the Issue" and amounts to: PLN 5,893 thousand, including:

- o preparation and execution of the issue: PLN 3,327 thousand,
- o preparation of the issue prospectus: PLN 2,300 thousand,
- o promotion of the issue: PLN 266 thousand.

Method for recognising in the accounts and means of inclusion in the financial statements: the costs of issuing Series D Shares, adjusted by income tax on the costs of issue recognised as tax expenses decreasing the capital from the issue of shares over nominal value, created from the issue premium over nominal value. The average per-share cost of issuing Series D Shares under the subscription: PLN 0.26.

Moreover, on 27 July 2011 CIECH S.A. executed an Agreement on Acquisition of Shares and Transfer of an In-Kind Contribution with the State Treasury of Poland. Details of the agreement are provided in section III.7 hereof.

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

Considering the net loss incurred in 2010, CIECH S.A. did not pay any dividend in 2011. By the resolution of 30 June 2011 the Annual General Meeting of CIECH S.A. decided to cover the loss from the Company's supplementary capital.

Considering the net loss incurred in 2009, CIECH S.A. did not pay any dividend in 2010. By the resolution of 21 June 2010 the Annual General Meeting of CIECH S.A. decided to cover the loss from the Company's supplementary capital.

20. Discontinued activities and assets and liabilities classified as held for sale.

As at 30 September 2011, the Ciech Group recognised the following items under "Non-current assets held for sale":

- CIECH S.A. recognised shares in POLFA Sp z o.o. in relation to the execution of the share sale agreement on 15 July 2011. 3,820 shares were sold, constituting 100% of the share capital of POLFA Sp. z o.o. Assets held for sale recognised in the separate financial statements include also the value of borrowings granted by CIECH S.A. to POLFA Sp. z o.o. In the consolidated financial statements, pursuant to the above transaction, POLFA Sp. z o.o. recognised all its balance sheet items as assets or liabilities held for sale. These assets are categorised in the "other" segment.
- Pursuant to the execution by ZACHEM S.A. on 27 September 2011 of the agreement for sale of shares in ZACHEM UCR Sp. z o.o., the consolidated financial statements of ZACHEM Group includes all balance sheet items related to ZACHEM UCR Sp. z o.o. recognised as assets or liabilities held for sale. These assets are categorised in the organic segment.
- VITROSILICON Spółka Akcyjna disclosed fixed assets amounting to PLN 821 thousand, including:
 - land – PLN 368 thousand,
 - buildings and structures – PLN 132 thousand,
 - machinery and equipment - PLN 321 thousand.

The Company is currently seeking a buyer through announcements in the media and meetings with potential clients and purchasers. These assets are classified in the silicates and glass segment.

- At Z.Ch. "Organika - Sarzyna" S.A., the value of investment property together with rights to perpetual usufruct of land is PLN 2,227 thousand. The Company classified non-current assets which are currently leased to companies located within its site for sale, together with plots of land which it does not plan to develop. The sale of non-current assets is anticipated during 2011. These assets are categorised in the organic segment.

The consolidated income statement, under the item of discontinued operations the data concerning the companies that were sold in 2011 (GZNF "FOSFORNY" Sp. z o.o. and Daltrade Ltd.) or are held for sale (POLFA Sp. z o.o. and ZACHEM UCR Sp. z o.o.) were disclosed. A reporting adjustment was also made in the statements for Q3 2010 (comparable data).

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

No loan agreement was called to maturity and there were no deadlines of repaying capital or interest due to financial liabilities recognised in the balance sheet violated in the period covered by this statement. As at 30 September 2011 there had been no significant violation of financial ratios required in accordance with loan agreements.

22. Recognition of the consortium loan in accordance with IAS 39

Information concerning the Loan Agreement of 26 April 2010 and the Loan Agreement of 10 February 2011 has been presented in section III.2.8 of this Report under "Group Debt Financing".

Recognition of the consortium loan in accordance with IAS 39

In accordance with IAS 39, point 40, the Company analysed the terms and conditions of the loan agreement of 10 February 2011 (the section concerning refinancing of the loan) in relation to the provisions of the loan agreement of 26 April 2010. Since all key terms and conditions for acquisition of refinancing had already been agreed between the parties in February 2011, the Company recognised that all analysis constituting the basis for a decision on treating this loan as renegotiation of a financial liability or as the expiry of the previous financial liability and inclusion of a new financial liability had been conducted as at 10 February 2011. Pursuant to the results of this analysis referred to above, the Company recognised that, in accordance with IAS 39, the loan agreement executed in February constitutes a modification of the previous loan agreement and does not replace the previous loan agreement with a new agreement.

In accordance with the Company's accounting policy applied in similar transactions, the key criterion for inclusion of a new loan as renegotiation of a previous loan is quantitative analysis.

Quantitative analysis, namely the "10% test", was carried out on 10 February 2011 on the basis of point 62 of IAS 39. The results of the analysis confirmed inclusion of the new loan agreement as renegotiation of the previous loan agreement.

Details of the quantitative test

The "10% test" quantitative analysis was performed on the basis of the loan agreement provisions, the Company's adopted budget and current Management Board estimates relating to:

- anticipated cash flows connected with potential early repayment of part of the loan,
- the margin applied in calculating the costs of loan servicing,
- the share of foreign currency loans in the total debt.

In accordance with the Management Board's current estimates:

- the loan will not be repaid in periods earlier than specified in the agreement,
- the applied bank margin has a downward tendency in accordance with the Loan Agreement and with the Company's anticipated results confirmed by the adopted budget,
- 25% will be used as a foreign currency loan,
- the base rate and currency exchange rates were adopted as spot values as at the date on which the test was carried out.

The following assumptions were used in the 10% test while forecasting cash flows:

- during the period 10 February 2011 to 30 September 2011 cash flows will result from the loan agreement as before entry of the provisions of the modified loan agreement and have been adjusted by loan agreement arrangement costs borne as at 10 February 2011,
- the company will refinance the liability under the loan agreement of 26 April 2010 as at 30 September 2011,
- during the period from 1 October 2011 to 31 March 2016 cash flows will result from the modified loan agreement.

The result of the 10% test enabled inclusion of the new loan as renegotiation of the previous agreement which, in accordance with the accounting policy adopted by the Company, provides the possibility to include all costs of acquiring the new loan (both external costs, e.g. advisers and lawyers, and the costs of commission paid to banks) in the new calculation of amortised cost and for these to be settled in accordance with the term of the extended loan agreement. Furthermore, non-settled costs concerning the previous loan agreement will also be settled in accordance with the term of the modified loan agreement. In accordance with the above, the consortium loan was presented with division into long- and short-term parts in accordance with IAS 1, point 73.

23. Information about non-consolidated subsidiaries and affiliates

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

The table below presents total data of subsidiaries not covered by consolidation under the full method compared to total values for the Ciech Group for the period 01.01-30.09.2011:

Total value in PLN thousands	Non-consolidated entities	Ciech Group (without eliminations)	% share
Balance sheet totals	16,506	7,674,227	0.22%
Net sales and financial operations	44,642	5,209,435	0.84%

The following table present information on affiliates which were not evaluated under the equity method.

Total value	Affiliates not evaluated under the equity method	Equity of Ciech Group	% share
Share in net assets	19,891	1,323,514	1.50%

IV. Condensed Individual Financial Statements of CIECH S.A. for Q3 2011 Prepared in Accordance with the International Financial Reporting Standards

1. Individual Income Statement of CIECH S.A.

	01.01.-30.09.2011*	01.01.-30.09.2010*	01.07.-30.09.2011*	01.07.-30.09.2010*
<i>in PLN thousands</i>	Continued operations	Continued operations	Continued operations	Continued operations
Net sales revenue	1,738,819	1,663,736	591,667	544,587
Cost of sales	(1,532,793)	(1,420,457)	(520,308)	(469,236)
Gross profit on sales	206,026	243,279	71,359	75,351
Other operating revenue	2,740	1,791	537	506
Selling costs	(110,087)	(106,138)	(37,602)	(35,277)
General and administrative expenses	(30,196)	(35,718)	(9,769)	(10,639)
Other operating costs	(15,665)	(12,552)	(10,104)	(6,791)
Profit on operating activities	52,818	90,662	14,421	23,150
Finance income	309,786	83,004	97,960	25,903
Finance costs	(111,675)	(177,963)	(33,972)	(76,217)
Net finance income / costs	198,111	(94,959)	63,988	(50,314)
Profit before tax	250,929	(4,297)	78,409	(27,164)
Income tax	(31,348)	(3,936)	(11,461)	8,732
Net profit	219,581	(8,233)	66,948	(18,432)
Earnings per share (in PLN):				
Basic	4.86	(0.29)	1.29	(0.65)
Diluted	4.86	(0.29)	1.29	(0.65)

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

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

	01.01.-30.09.2011*	01.01.-30.09.2010*
<i>in PLN thousands</i>	Continued operations	Continued operations
Net profit/loss for the financial year	219,581	(8,233)
Other gross comprehensive income	(7,647)	(21,153)
Available-for-sale financial assets (measurement recognised under revaluation reserve)	-	11,801
Hedge accounting (measurement recognised under hedge accounting provision)	(7,647)	(32,954)
Income tax attributable to other components of comprehensive income	1,453	4,019
Other net comprehensive income	(6,194)	(17,134)
TOTAL COMPREHENSIVE INCOME	213,387	(25,367)

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

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

<i>in PLN thousands</i>	30.09.2011	31.12.2010	30.09.2010
ASSETS			
Non-current assets			
Tangible fixed assets	10,360	8,778	9,323
Intangible assets	7,479	8,070	7,648
Investment property	3,630	3,630	3,629
Non-current receivables	28,602	32,363	32,091
Long-term borrowings granted	1,094,170	525,702	857,725
Other long-term investments	1,047,065	936,224	948,414
Deferred income tax assets	-	8,244	17,028
Total non-current assets	2,191,306	1,523,011	1,875,858
Current assets			
Inventories	28,190	28,704	31,710
Current investments - borrowings granted	504	334,308	73,826
Deferred tax receivables	1,299	2,027	2,111
Trade and other receivables	417,978	359,898	422,638
Cash and cash equivalents	250,084	35,131	32,926
Non-current assets held for sale	8,031	141,499	938
Total current assets	706,086	901,567	564,149
Total Assets	2,897,392	2,424,578	2,440,007
EQUITY AND LIABILITIES			
Equity			
Share capital	287,614	164,115	164,115
Share premium	508,122	151,328	151,328
Other reserve capitals	76,199	76,199	76,199
Hedge accounting provision	-	6,194	10,220
Retained profits	312,643	93,062	89,867
Total equity	1,184,578	490,898	491,729
Liabilities			
Non-current liabilities			
Borrowings including credit, loans and other debt instruments	926,313	299,936	299,919
Employee benefits	1,875	1,712	1,910
Other non-current liabilities	33,397	33,170	32,985
Deferred income tax provision	14,052	-	-
Total non-current liabilities	975,637	334,818	334,814
Current liabilities			
Borrowings including credit, loans and other debt instruments	122,518	1,167,117	1,187,838
Trade and other payables	607,299	423,568	418,545
Provisions (short-term provisions for employee benefits and other)	7,305	8,177	6,917
Liabilities related to non-current assets held for sale	55	-	164
Total current liabilities	737,177	1,598,862	1,613,464
Total liabilities	1,712,814	1,933,680	1,948,278
Total Equity and Liabilities	2,897,392	2,424,578	2,440,007

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

<i>in PLN thousands</i>	01.01-30.09.2011	01.01-30.09.2010
Cash flows from operating activities		
Net profit (loss) for the period	219,581	(8,233)
Depreciation / amortisation	3,556	3,559
Creation / reversal of revaluation write-downs	9,467	27,299
Currency exchange profit / loss	(79,368)	21,680
Profit / loss on investing activities	(82,349)	8,096
Profit / loss on disposal of fixed assets	(454)	(78)
Interest and profit sharing	(63,107)	29,645
Income tax accrued	31,348	3,936
Operating profit / loss before changes in working capital and provisions	38,674	85,904
Change in receivables	(52,709)	(60,198)
Change in inventories	514	(5,394)
Change in current liabilities	144,002	45,815
Change in employee benefit provisions and liabilities	(709)	3,043
Net cash generated from operating activities	129,772	69,170
Interest paid	(65,153)	(56,714)
Income tax paid	(6,870)	2,697
Change in liabilities from loan arrangement commission	(7,331)	-
Valuation of derivative financial instruments	(7,647)	(48,888)
Net cash from operating activities	42,771	(33,735)
Cash flows from investing activities		
Inflows (in "+")		
Disposal of intangible assets and tangible fixed assets	8	78
Disposal of a subsidiary	106,829	276
Disposal of financial assets	-	41,600
Dividends received	3,850	5,020
Interest received	5,775	4,570
Proceeds from repayment of borrowings	127,170	31,245
Outflows (in "-")		
Purchase of intangible assets and tangible fixed assets	(1,819)	(1,493)
Purchase of subsidiary (less cash acquired)	(5,157)	(7,309)
Equity increase and contributions	-	(6,293)
Borrowings granted	(159,888)	(19,345)
Net cash from investing activities	76,768	48,349
Cash flows from financing activities		
Inflows (in "+")		
Net inflows from issue of shares and other equity instruments, and equity contributions	435,994	-
Proceeds from borrowings incurred	6,833	442,346
Outflows (in "-")		
Repayment of loans and borrowings	(349,010)	(471,700)
Payment of finance lease liabilities	(354)	-
Net cash from financing activities	93,463	(29,354)
Total net cash flows	213,002	(14,740)
Cash as at the beginning of period	35,131	46,448
Effect of foreign exchange differences	1,951	1,218
Cash at the end of the period	250,084	32,926

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

<i>in PLN thousands</i>	Share capital	Share premium	Revaluation reserve	Hedge accounting provision	Other reserve capitals	Retained profits	Total equity
Equity as at (beginning of period) 01/01/2011							
Previously	164,115	151,328	-	6,194	76,199	93,062	490,898
Equity (restated) as at: 01/01/2011	164,115	151,328	-	6,194	76,199	93,062	490,898
Issue of shares	123,499	356,794	-	-	-	-	480,293
Comprehensive income for 9 months of 2011	-	-	-	(6,194)	-	219,581	213,387
Equity as at (end of period) 30/09/2011	287,614	508,122	-	-	76,199	312,643	1,184,578

<i>in PLN thousands</i>	Share capital	Share premium	Revaluation reserve	Hedge accounting provision	Other reserve capitals	Retained profits	Total equity
Equity as at (beginning of period) 01/01/2010:							
Previously	164,115	151,328	(9,559)	36,913	76,199	98,100	517,096
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	-	-	9,559	(30,719)	-	(5,038)	(26,198)
Equity as at (end of period) 31/12/2010	164,115	151,328	-	6,194	76,199	93,062	490,898

<i>in PLN thousands</i>	Share capital	Share premium	Revaluation reserve	Hedge accounting provision	Other reserve capitals	Retained profits	Total equity
Equity as at (beginning of period) 01/01/2010:							
Previously	164,115	151,328	(9,559)	36,913	76,199	98,100	517,096
Equity (restated) as at: 01/01/2010	164,115	151,328	(9,559)	36,913	76,199	98,100	517,096
Comprehensive income for 9 months of 2010	-	-	9,559	(26,693)	-	(8,233)	(25,367)
Equity as at (end of period) 30/09/2010	164,115	151,328	-	10,220	76,199	89,867	491,729

6. Notes to the financial statements prepared for Q3 2011 ending on 30 September 2011

6.1. Basis and accounting principles (policy)

On January 31st, 2007, the Extraordinary General Meeting of Shareholders of CIECH S.A. 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 equity 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 2010, publicly disclosed on 22 April 2011.

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.

in PLN thousands	30.09.2011	30.09.2010
Net profit (loss) on continued operations attributed to the controlling shareholders	219,581	(8,233)
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	219,581	(8,233)
Net profit (loss) attributed to the controlling shareholders, applied to calculate diluted earnings per share	219,581	(8,233)
<i>pcs.</i>	30.09.2011	30.09.2010
Weighted average number of issued ordinary shares, applied to calculate basic earnings per share	45,173,609	28,000,000
Weighted average number of issued ordinary shares, applied to calculate diluted earnings per share	45,173,609	28,000,000

6.3. Seasonality and cyclicity of operations

Information on seasonality and cyclicity has been presented in section III.3 of this report.

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 section III.18 of this report.

6.6. Information about dividends paid

Information on dividends paid has been presented in section II.19 of this report.

6.7. Financial figures by business segment
01.01.-30.09.2011

<i>in PLN thousands</i>	Soda Segment - Soda Division	Organic Segment - Organic Division	Agricultural Chemicals Segment Agro-Silicon Division	Silicates and Glass Segment	Other activity	Corporate Functions - reconciliatory item	TOTAL
Revenues from third parties	644,472	608,975	91,752	149,271	1,049	-	1,495,519
Revenues from inter-segment transactions	46,995	61,197	121,670	12,690	748	-	243,300
Total revenues	691,467	670,172	213,422	161,961	1,797	-	1,738,819
Cost of sales	(571,553)	(624,656)	(202,778)	(133,679)	(127)	-	(1,532,793)
Gross profit/loss on sales	119,914	45,516	10,644	28,282	1,670	-	206,026
Selling costs	(57,172)	(25,942)	(1,574)	(23,521)	(1,878)	-	(110,087)
General and administrative expenses	(266)	(132)	(94)	(2)	(2)	(29,700)	(30,196)
Receivables management result	(11,444)	(1,778)	-	-	-	(500)	(13,722)
Result on other operating activities	64	63	16	452	1,094	(892)	797
Operating profit/loss	51,096	17,727	8,992	5,211	884	(31,092)	52,818
The balance of f/x differences and interest on trade settlements	(7,819)	(26,918)	(10,634)	(5,714)	(71)	(7,097)	(58,253)
Group financing costs	-	-	-	-	-	(13,706)	(13,706)
Result on financial activity (non-attributable to segments)	-	-	-	-	-	270,070	270,070
Profit/loss before tax	43,277	(9,191)	(1,642)	(503)	813	218,175	250,929
Tax							(31,348)
Net profit/loss							219,581
Profit on discontinued operations							-
Net profit/loss for the financial year							219,581
Depreciation / amortisation	206	142	27	24	-	3,157	3,556
EBITDA	51,302	17,869	9,019	5,235	884	(27,935)	56,374

01.01.-30.09.2010

<i>in PLN thousands</i>	Soda Segment - Soda Division	Organic Segment - Organic Division	Agricultural Chemicals Segment Agro-Silicon Division	Silicates and Glass Segment	Other activity	Corporate Functions - reconciliatory item	TOTAL
Revenues from third parties	612,964	630,965	47,659	142,444	292	-	1,434,324
Revenues from inter-segment transactions	42,336	29,658	154,097	3,217	104	-	229,412
Total revenues	655,300	660,623	201,756	145,661	396	-	1,663,736
Cost of sales	(535,405)	(581,755)	(188,112)	(115,071)	(114)	-	(1,420,457)
Gross profit/loss on sales	119,895	78,868	13,644	30,590	282	-	243,279
Selling costs	(54,090)	(27,019)	(2,189)	(22,811)	(6)	(23)	(106,138)
General and administrative expenses	(1,074)	(1,297)	(422)	(784)	-	(32,141)	(35,718)
Receivables management result	(5,751)	169	1	-	(824)	-	(6,405)
Result on other operating activities	200	68	1	526	(159)	(4,992)	(4,356)
Operating profit/loss	59,180	50,789	11,035	7,521	(707)	(37,156)	90,662
The balance of f/x differences and interest on trade settlements	(22,651)	(55,561)	(8,363)	(7,846)	(3,276)	-	(97,697)
Group financing costs	-	-	-	-	-	(37,640)	(37,640)
Result on financial activity (non-attributable to segments)	-	-	-	-	-	40,378	40,378
Profit/loss before tax	36,529	(4,772)	2,672	(325)	(3,983)	(34,418)	(4,297)
Tax							(3,936)
Net profit/loss							(8,233)
Profit on discontinued operations							-
Net profit/loss for the financial year							(8,233)
Depreciation / amortisation	277	253	81	114	-	2,834	3,559
EBITDA	59,457	51,042	11,116	7,635	(707)	(34,322)	94,221

30.09.2011

<i>in PLN thousands</i>	Soda Segment - Soda Division	Organic Segment - Organic Division	Agricultural Chemicals Segment Agro-Silicon Division	Silicates and Glass Segment	Other activity	Corporate Functions - reconciliatory item	TOTAL
Tangible fixed assets	599	412	79	71	-	9,199	10,360
Intangible assets	432	298	57	51	-	6,641	7,479
Inventories	14,454	13,393	343	-	-	-	28,190
Trade receivables	168,561	123,940	15,011	19,514	40	-	327,066
Other assets	-	-	-	-	-	2,524,297	2,524,297
Total assets	184,046	138,043	15,490	19,636	40	2,540,137	2,897,392

<i>in PLN thousands</i>	Soda Segment - Soda Division	Organic Segment - Organic Division	Agricultural Chemicals Segment Agro-Silicon Division	Silicates and Glass Segment	Other activity	Corporate Functions - reconciliatory item	TOTAL
Trade liabilities	251,700	208,555	23,533	38,324	59	-	522,171
Other liabilities	-	-	-	-	-	1,190,643	1,190,643
Total liabilities	251,700	208,555	23,533	38,324	59	1,190,643	1,712,814

30.09.2010

<i>in PLN thousands</i>	Soda Segment - Soda Division	Organic Segment - Organic Division	Agricultural Chemicals Segment Agro-Silicon Division	Silicates and Glass Segment	Other activity	Corporate Functions - reconciliatory item	TOTAL
Tangible fixed assets	725	663	212	298	-	7,425	9,323
Intangible assets	595	544	174	245	-	6,090	7,648
Inventories	8,337	22,167	1,206	-	-	-	31,710
Trade receivables	168,099	122,329	34,657	16,648	213	-	341,946
Other assets	-	-	-	-	-	2,049,380	2,049,380
Total assets	177,756	145,703	36,249	17,191	213	2,062,895	2,440,007

<i>in PLN thousands</i>	Soda Segment - Soda Division	Organic Segment - Organic Division	Agricultural Chemicals Segment Agro-Silicon Division	Silicates and Glass Segment	Other activity	Corporate Functions - reconciliatory item	TOTAL
Trade liabilities	220,293	112,769	44,289	14,431	531	-	392,313
Other liabilities	-	-	-	-	-	1,555,965	1,555,965
Total liabilities	220,293	112,769	44,289	14,431	531	1,555,965	1,948,278

01.01.-30.09.2011

<i>in PLN thousands</i>	Soda Segment - Soda Division	Organic Segment - Organic Division	Agricultural Chemicals Segment Agro-Silicon Division	Silicates and Glass Segment	Other activity	Corporate Functions - reconciliatory item	TOTAL
Recognised impairment losses	11,841	1,873	(45)	-	512	-	14,181
Reversed impairment losses	394	217	95	-	12	-	718
Recognised impairment losses (non-attributable to the segment)	-	-	-	-	-	12,543	12,543
Reversed impairment losses (non-attributable to the segment)	-	-	-	-	-	6,745	6,745

01.01.-30.09.2010

<i>in PLN thousands</i>	Soda Segment - Soda Division	Organic Segment - Organic Division	Agricultural Chemicals Segment Agro-Silicon Division	Silicates and Glass Segment	Other activity	Corporate Functions - reconciliatory item	TOTAL
Recognised impairment losses	5,755	-	139	-	828	-	6,722
Reversed impairment losses	4	169	15	-	1,907	-	2,095
Recognised impairment losses (non-attributable to the segment)	-	-	-	-	-	27,577	27,577
Reversed impairment losses (non-attributable to the segment)	-	-	-	-	-	33	33

INFORMATION ON GEOGRAPHICAL AREAS
30.09.2011

<i>in PLN thousands</i>	Poland	European Union	Other European countries	Africa	Asia	Other regions	TOTAL
Total assets	1,998,305	823,917	30,296	13,161	28,776	2,937	2,897,392
Net sales revenue	701,749	629,558	142,081	109,704	116,068	39,659	1,738,819

30.09.2010

<i>in PLN thousands</i>	Poland	European Union	Other European countries	Africa	Asia	Other regions	TOTAL
Total assets	1,660,664	709,552	26,233	11,710	25,813	6,035	2,440,007
Net sales revenue	661,988	590,419	46,807	125,767	162,805	75,950	1,663,736

6.8. Information about material events that occurred after the end of Q3 2011 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 1 January to 30 September 2011 occurred after 30 September 2011.

6.9. Changes in the structure of the entity

In Q3 2011 changes in the portfolio of shares held have occurred, as described in section III.7 hereof.

6.10. Information about changes in contingent liabilities or contingent assets

OFF-BALANCE SHEET ITEMS

<i>in PLN thousands</i>	30.09.2011	31.12.2010
1. Contingent receivables	-	-
2. Contingent liabilities	327,380	303,585
2.1. Towards other entities	322,094	281,519
- guarantees and sureties granted	322,094	281,519
2.2.- other	5,286	22,066
Total off-balance sheet items	327,380	303,585

As at September 30th, 2011, contingent receivables did not occur in CIECH S.A.

The value of contingent liabilities and other off-balance sheet liabilities as at 30 September 2011 amounted to PLN 327,380 thousand, which is an increase in comparison to December 2010 by PLN 23,795 thousand.

The difference is mainly due to an increase in a guarantee for ZACHEM SA's liabilities by USD 8,496 thousand, a decrease in a guarantee for subsidiary GOVORA's liabilities by EUR 1,759 thousand, a decrease in a guarantee for subsidiary GOVORA's liabilities to EUR 10,856 thousand and the expiry of a PLN 17,253 thousand conditional liability in connection with the achievement of the specific ratio contained in the agreement on acquisition of shares in ZACHEM S.A. The remaining variance results from amendments in exchange rates adopted for valuation of liabilities. Other contingent liabilities in the amount of PLN 5,286 thousand include:

- contingent liability of PLN 1,899 thousand in connection with claims filed by Polska Żegluga Morska (Polish naval authority),
- contingent liability of PLN 3,387 thousand due to non-compliance by CIECH S.A. with information obligations under the agreement with AVAS regarding the purchase of S.C. Uzinele Sodice Govora-Ciech Chemical Group.

6.11. Sureties granted by Ciech Group Companies to Banks Organisers and Medium-Exposure Banks

Information on the guarantees issued by Ciech Group Companies to Banks Organisers and Medium Exposure Banks is presented under section III.17 of this Report.

6.12. Information on write-downs on assets and provisions in the reporting period, i.e. 01.07. – 30.09.2011**01.07.-30.09.2011**

<i>in PLN thousands</i>	as at the beginning of period	increase	decrease	as at the end of period
Long-term investments	76,645	217,842	35	294,452
Inventories	268	-	16	252
Receivables	34,863	12,444	-	47,307
Short-term investments	227,212	5,332	217,886	14,658

01.07.-30.09.2011

<i>in PLN thousands</i>	as at the beginning of period	increase	decrease	as at the end of period
Income tax provision	10,819	15,458	-	26,277
Provision for retirement gratuities, annual leaves, bonuses, compensation payments, etc.	5,670	183	1,864	3,989
Provision for expected losses	6,938	308	-	7,246
Provision for liabilities (costs)	3,947	7	411	3,543

01.07.-30.09.2011

<i>in PLN thousands</i>	as at the beginning of period	increase	decrease	as at the end of period
Deferred tax asset	7,411	4,814	-	12,225

01.07.-30.09.2010

<i>in PLN thousands</i>	as at the beginning of period	increase	decrease	as at the end of period
Tangible fixed assets	238	-	-	238
Investment property	12,784	-	-	12,784
Long-term investments	85,816	-	387	85,429
Inventories	438	-	145	293
Receivables	25,488	5,613	267	30,834
Short-term investments	219,586	4,010	39	223,557

01.07.-30.09.2010

<i>in PLN thousands</i>	as at the beginning of period	increase	decrease	as at the end of period
Income tax provision	17,229	-	5,349	11,880
Provision for retirement gratuities, annual leaves, bonuses, compensation payments, etc.	8,272	1,381	1,392	8,261
Provision for expected losses	6,580	176	-	6,756
Provision for liabilities (costs)	2,549	-	1,239	1,310

01.07.-30.09.2010

<i>in PLN thousands</i>	as at the beginning of period	increase	decrease	as at the end of period
Deferred tax asset	23,898	5,010	-	28,908

6.13. Notes to CIECH S.A. Consolidated Statement of Comprehensive Income

Tax effect of every component of other comprehensive income <i>in PLN thousands</i>	01.01.-30.09.2011			01.01.-30.09.2010		
	Before tax	Tax	Net after tax	Before tax	Tax	Net after tax
Available-for-sale financial assets (measurement recognised under revaluation reserve)	-	-	-	11,801	(2,242)	9,559
Hedge accounting (measurement recognised under hedge accounting provision)	(7,647)	1,453	(6,194)	(32,954)	6,261	(26,693)
Other net comprehensive income	(7,647)	1,453	(6,194)	(21,153)	4,019	(17,134)

Other Gross Comprehensive Income	change in the period	01.01-30.09.2011	change in the period	01.01-30.09.2010
Available-for-sale financial assets (measurement recognised under revaluation reserve)	-	-	-	11,801
- measurement at fair value in the period	-	-	11,801	-
- reclassification adjustment of profit presented in the income statement	-	-	-	-
Hedge accounting provision	-	(7,647)	-	(32,954)
- measurement at fair value in the period	-	-	15,622	-
- reclassification adjustment of profit/loss presented in the income statement	(7,647)	-	(48,576)	-
Income tax on other components of Comprehensive Income, including:	-	1,453	-	4,019
- for the current period	-	-	(5,210)	-
- reclassification adjustment to the income statement	1,453	-	9,229	-
Other net comprehensive income		(6,194)		(17,134)

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

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

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

01.01.-30.09.2011

<i>in PLN thousands</i>	land, buildings, premises and civil engineering structures	machinery and equipment	means of transport	other fixed assets	fixed assets under construction	Total
purchase	25	5,860	44	10	179	6,118
disposal	-	9,116	-	50	-	9,166

CIECH S.A. purchased tangible fixed assets for the total of PLN 6,118 thousand. The purchase was financed from the Company's own funds and through the financial lease.

01.01.-30.09.2010

<i>in PLN thousands</i>	land, buildings, premises and civil engineering structures	machinery and equipment	means of transport	other fixed assets	fixed assets under construction	Total
purchase	-	133	-	16	428	577
disposal	-	382	-	4	-	386

CIECH S.A. purchased tangible fixed assets for the total of PLN 577 thousand. The purchase was financed from the Company's own funds.

6.16. Court cases**Liabilities of CIECH S.A. (domestic and foreign) claimed in court or arbitration proceedings as at September 30th, 2011**

Information has been presented in section III.14.1 of this report.

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

Information on the shareholders of CIECH S.A. holding at least 5% of shares/votes at the General Shareholders' Meeting has been presented in section III .9 of this report.

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

Information on the changes in the shares of CIECH S.A. held by the Members of the Management Board and Supervisory Board has been presented in section III.8 of this report.

6.19. Corrections of errors from previous periods

No adjustments of errors from previous periods were made.

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

No loan agreement was called to maturity and there were no deadlines of repaying capital or interest due to financial liabilities recognised in the balance sheet violated in the period covered by these statements. As at 30 September 2011 there had been no significant violation of financial ratios required in accordance with loan agreements.

6.21. Recognition of the consortium loan in accordance with IAS 39

Information on the recognition of the consortium loan in accordance with IAS 39 was presented in section III .22 of this Report.

6.22. Transactions with associates

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

<i>in PLN thousands</i>	Sales revenue 01.01.- 30.09.2011	Purchase of goods and services 01.01.- 30.09.2011	Financial revenues 01.01.-30.09.2011	Receivables as at 30.09.2011	Liabilities as at 30.09.2011
Consolidated entities	243,300	1,228,338	138,914	101,028	516,723
Non-consolidated entities	56,597	5,305	602	8,730	1,771

<i>in PLN thousands</i>	Sales revenue 01.01.- 30.09.2010	Purchase of goods and services 01.01.- 30.09.2010	Financial revenues 01.01.-30.09.2010	Receivables as at 30.09.2010	Liabilities as at 30.09.2010
Consolidated entities	229,413	1,171,319	30,803	85,111	338,560
Non-consolidated entities	47,483	6,820	227	8,809	1,448

6.23. Events occurring after the balance-sheet date

- On 7 November 2011 the Extraordinary General Meeting of CIECH S.A. approved the Merger Plan of 29 August 2011 concerning the merger of CIECH S.A., SODA MAŁY S.A. and JANIKOSODA S.A. The merger will take place through the takeover of SODA MAŁY S.A. and JANIKOSODA S.A. by CIECH S.A.

V. Statement of the Management Board.

This extended consolidated quarterly report of the Ciech Group for Q3 2011 was approved by the Management Board of CIECH S.A. in its registered office on 9 November 2011 to be published on 10 November 2011.

Warsaw, 9 November 2011

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

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Andrzej Bąbaś - Member of the Management Board of CIECH Spółka Akcyjna

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

.....
Rafał Rybkowski – Member of the Management Board of CIECH Spółka Akcyjna

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Katarzyna Rybacka – Chief Accountant of CIECH Spółka Akcyjna