



**EXTENDED CONSOLIDATED  
REPORT  
OF THE CIECH GROUP  
FOR THE FIRST HALF OF 2015**

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## I. Condensed Interim Consolidated Financial Statements of the CIECH Group

### 1. Condensed Consolidated Statement of Profit or Loss of the CIECH Group

PLN '000	01.01-30.06.2015	01.01-30.06.2014**
<b>CONTINUING OPERATIONS</b>		
Sales revenues	1,658,124	1,659,030
Cost of sales	(1,224,304)	(1,302,169)
<b>Gross profit/(loss) on sales</b>	<b>433,820</b>	<b>356,861</b>
Other operating income	22,282	26,124
Selling costs	(100,161)	(108,732)
General and administrative expenses	(66,171)	(71,856)
Other operating expenses	(48,986)	(50,292)
<b>Operating profit/(loss)</b>	<b>240,784</b>	<b>152,105</b>
Financial income	2,476	4,182
Financial expenses	(64,696)	(83,622)
<b>Net financial income/expenses</b>	<b>(62,220)</b>	<b>(79,440)</b>
Share of profit / (loss) of equity-accounted investees	182	401
<b>Profit/(loss) before tax</b>	<b>178,746</b>	<b>73,066</b>
Income tax	(39,963)	(38,278)
<b>Net profit/(loss) on continuing operations</b>	<b>138,783</b>	<b>34,788</b>
<b>DISCONTINUED OPERATIONS</b>		
<b>Net profit/(loss) on discontinued operations*</b>	-	<b>(8,242)</b>
<b>Net profit / (loss)</b>	<b>138,783</b>	<b>26,546</b>
including:		
Net profit/(loss) attributable to shareholders of the parent company	138,457	27,025
Net profit/(loss) attributed to non-controlling interest	326	(479)
<b>Earnings per share (in PLN):</b>		
Basic	2.63	0.51
Diluted	2.63	0.51
<b>Earnings/(loss) per share (in PLN) from continuing operations:</b>		
Basic	2.63	0.67
Diluted	2.63	0.67

\*The detailed information on profit/loss from discontinued operations has been presented in point II.15 of this Report.

\*\*Restated data, the details of the changes are presented in Note II.2.

The condensed consolidated statement of profit or loss of the CIECH Group should be analysed together with the notes which constitute an integral part of the condensed interim consolidated financial statements.

**Condensed Consolidated Statement of Profit or Loss of the CIECH Group**

<i>PLN '000</i>	<b>01.04-30.06.2015</b>	<b>01.04-30.06.2014**</b>
<b>CONTINUING OPERATIONS</b>		
<b>Sales revenues</b>	<b>840,765</b>	<b>814,075</b>
Cost of sales	(616,999)	(631,228)
<b>Gross profit/(loss) on sales</b>	<b>223,766</b>	<b>182,847</b>
Other operating income	9,462	13,981
Selling costs	(54,613)	(54,458)
General and administrative expenses	(37,345)	(37,163)
Other operating expenses	(17,618)	(22,041)
<b>Operating profit/(loss)</b>	<b>123,652</b>	<b>83,166</b>
Financial income	1,443	(1,145)
Financial expenses	(16,232)	(43,191)
<b>Net financial income/expenses</b>	<b>(14,789)</b>	<b>(44,336)</b>
Share of profit / (loss) of equity-accounted investees	78	208
<b>Profit/(loss) before tax</b>	<b>108,941</b>	<b>39,038</b>
Income tax	(23,381)	(17,264)
<b>Net profit/(loss) on continuing operations</b>	<b>85,560</b>	<b>21,774</b>
<b>DISCONTINUED OPERATIONS</b>		
<b>Net profit/(loss) on discontinued operations</b>	<b>-</b>	<b>(814)</b>
<b>Net profit / (loss)</b>	<b>85,560</b>	<b>20,960</b>
including:		
Net profit/(loss) attributable to shareholders of the parent company	86,248	20,588
Net profit/(loss) attributed to non-controlling interest	(688)	372
<b>Earnings per share (in PLN):</b>		
Basic	1.64	0.39
Diluted	1.64	0.39
<b>Earnings/(loss) per share (in PLN) from continuing operations:</b>		
Basic	1.64	0.41
Diluted	1.64	0.41

*\*\*Restated data, the details of the changes are presented in Note II.2.*

The condensed consolidated statement of profit or loss of the CIECH Group should be analysed together with the notes which constitute an integral part of the condensed interim consolidated financial statements.

## 2. Condensed Consolidated Statement of Other Comprehensive Income of the CIECH Group

<i>PLN '000</i>	<b>01.01-30.06.2015</b>	<b>01.01-30.06.2014*</b>
<b>Net profit/(loss) on continuing operations</b>	<b>138,783</b>	<b>34,788</b>
Net profit/(loss) on discontinued operations	-	(8,242)
<b>Net profit / (loss)</b>	<b>138,783</b>	<b>26,546</b>
<b>Other comprehensive income before tax that may be reclassified to profit or loss</b>	<b>14,940</b>	<b>(3,350)</b>
Currency translation differences (foreign companies)	(2,211)	(1,556)
Cash flow hedge	17,165	(1,890)
Other components	(14)	96
<b>Other comprehensive income before tax that may not be reclassified to profit or loss</b>	<b>-</b>	<b>-</b>
<b>Income tax attributable to other comprehensive income</b>	<b>(3,777)</b>	<b>463</b>
Income tax attributable to other comprehensive income that may be reclassified to profit or loss	(3,777)	463
Income tax attributable to other comprehensive income that may not be reclassified to profit or loss	-	-
<b>Other comprehensive income net of tax</b>	<b>11,163</b>	<b>(2,887)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>149,946</b>	<b>23,659</b>
<b>Comprehensive income including attributable to:</b>	<b>149,946</b>	<b>23,659</b>
Shareholders of the parent company	148,814	24,504
Non-controlling interest	1,132	(845)

*\*Restated data, the details of the changes are presented in Note II.2.*

Detailed information on the components of Other Comprehensive Income has been presented in point II.12 of this Report.

The condensed consolidated statement of other comprehensive income of the CIECH Group should be analysed together with the notes which constitute an integral part of the condensed interim consolidated financial statements.

**Condensed Consolidated Statement of Other Comprehensive Income of the CIECH Group**

<i>PLN '000</i>	<b>01.04-30.06.2015</b>	<b>01.04-30.06.2014*</b>
<b>Net profit/(loss) on continuing operations</b>	<b>85,560</b>	<b>21,774</b>
Net profit/(loss) on discontinued operations	-	(814)
<b>Net profit / (loss)</b>	<b>85,560</b>	<b>20,960</b>
<b>Other comprehensive income before tax that may be reclassified to profit or loss</b>	<b>(24,281)</b>	<b>(1,992)</b>
Currency translation differences (foreign companies)	(1,789)	(2,921)
Cash flow hedge	(22,484)	833
Other components	(8)	96
<b>Other comprehensive income before tax that may not be reclassified to profit or loss</b>	<b>-</b>	<b>-</b>
<b>Income tax attributable to other comprehensive income</b>	<b>5,073</b>	<b>(238)</b>
Income tax attributable to other comprehensive income that may be reclassified to profit or loss	5,073	(238)
Income tax attributable to other comprehensive income that may not be reclassified to profit or loss	-	-
<b>Other comprehensive income net of tax</b>	<b>(19,208)</b>	<b>(2,230)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>66,352</b>	<b>18,730</b>
<b>Comprehensive income including attributable to:</b>	<b>66,352</b>	<b>18,730</b>
Shareholders of the parent company	67,345	18,690
Non-controlling interest	(993)	40

*\*Restated data, the details of the changes are presented in Note II.2.*

Detailed information on the components of Other Comprehensive Income has been presented in point II.12 of this Report.

The condensed consolidated statement of other comprehensive income of the CIECH Group should be analysed together with the notes which constitute an integral part of the condensed interim consolidated financial statements.

## 3. Condensed Consolidated Statement of Financial Position of the CIECH Group

PLN '000	30.06.2015	31.12.2014
<b>ASSETS</b>		
Property, plant and equipment	2,082,750	2,036,738
Right of perpetual usufruct	31,953	32,357
Intangible assets, including:	111,930	116,516
- goodwill	61,633	62,387
Investment property	36,233	42,567
Non-current receivables	82,261	78,264
Investments in associates and jointly-controlled entities measured under the equity method	5,050	4,944
Other long-term investments	46,412	46,404
Deferred income tax assets	113,208	128,282
<b>Total non-current assets</b>	<b>2,509,797</b>	<b>2,486,072</b>
Inventory	268,502	257,770
Income tax receivables	4,048	25,109
Trade and other receivables	484,111	383,962
Cash and cash equivalents	52,688	49,162
Non-current assets held for sale	3,383	3,622
<b>Total current assets</b>	<b>812,732</b>	<b>719,625</b>
<b>Total assets</b>	<b>3,322,529</b>	<b>3,205,697</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	287,614	287,614
Share premium	470,844	470,844
Cash flow hedge	(14,350)	(28,254)
Actuarial gains	(114)	(114)
Other reserve capitals	78,521	78,521
Currency translation reserve	(52,757)	(47,716)
Retained earnings	373,799	233,879
<b>Equity attributable to shareholders of the parent company</b>	<b>1,143,557</b>	<b>994,774</b>
Non-controlling interest	(8,555)	(9,300)
<b>Total equity</b>	<b>1,135,002</b>	<b>985,474</b>
Loans, borrowings and other debt instruments	1,163,313	1,176,455
Finance lease liabilities	16,886	15,825
Other non-current liabilities	82,511	92,819
Employee benefits	12,960	12,720
Provisions (other long-term)	74,715	75,244
Deferred income tax liability	100,438	98,481
<b>Total non-current liabilities</b>	<b>1,450,823</b>	<b>1,471,544</b>
Loans, borrowings and other debt instruments	79,143	27,707
Finance lease liabilities	3,998	4,190
Trade and other liabilities	508,536	619,639
Income tax liabilities	49,504	34,813
Provisions (short-term provisions for employee benefits and other provisions)	95,523	62,330
<b>Total current liabilities</b>	<b>736,704</b>	<b>748,679</b>
<b>Total liabilities</b>	<b>2,187,527</b>	<b>2,220,223</b>
<b>Total equity and liabilities</b>	<b>3,322,529</b>	<b>3,205,697</b>

The condensed consolidated statement of financial position of the CIECH Group should be analysed together with the notes which constitute an integral part of the condensed interim consolidated financial statements.

## 4. Condensed Consolidated Statement of Cash Flows of the CIECH Group

PLN '000	01.01-30.06.2015	01.01-30.06.2014
<b>Cash flows from operating activities</b>		
<b>Net profit/(loss) for the period</b>	<b>138,783</b>	<b>26,546</b>
Adjustments		
Amortisation/depreciation	110,457	100,718
Recognition of impairment allowances	(30)	41,159
Foreign exchange (profit) /loss	8,775	5,377
Investment property revaluation	6,347	-
(Profit) / loss on investment activities	2,845	(7,827)
(Profit) / loss on disposal of property, plant and equipment	(477)	(249)
Dividends and interest	50,539	67,820
Income tax	39,963	23,178
(Profit) / loss on the settlement of construction contracts (caverns)	(3,163)	(4,717)
Share of (profit) / loss on equity accounted investees	(182)	(401)
Change in liabilities due to loan arrangement fee	4,418	2,856
Other adjustments	(7,558)	(2,469)
<b>Cash from operating activities before changes in working capital and provisions</b>	<b>350,717</b>	<b>251,991</b>
Change in receivables	(84,607)	81,745
Change in inventory	(4,786)	3,114
Change in current liabilities	(40,577)	(24,982)
Change in provisions and employee benefits	29,618	(2,889)
<b>Cash generated from operating activities</b>	<b>250,365</b>	<b>308,979</b>
Interest paid	(51,277)	(58,611)
Inflows from construction contracts (caverns)	(2,175)	(1,947)
Income tax paid	5,795	(7,417)
<b>Net cash from operating activities</b>	<b>202,708</b>	<b>241,004</b>
<b>Cash flows from investment activities</b>		
<b>Inflows</b>	<b>2,777</b>	<b>2,235</b>
Disposal of intangible assets and property, plant and equipment	890	402
Disposal of investment property	310	538
Dividends received	233	1,164
Interest received	1,344	131
<b>Outflows</b>	<b>(208,089)</b>	<b>(118,518)</b>
Cash outflow due to the loss of control of subsidiaries*	(3,390)	(11,387)
Acquisition of intangible assets and property, plant and equipment	(200,445)	(106,026)
Acquisition of investment property	-	(33)
Research and development expenditures	(4,248)	(509)
Other outflows	(6)	(563)
<b>Net cash from investment activities</b>	<b>(205,312)</b>	<b>(116,283)</b>
<b>Cash flows from financial activities</b>		
<b>Inflows</b>	<b>57,904</b>	<b>2,971</b>
Proceeds from loans and borrowings	50,171	-
Subsidies received	4,901	2,971
Other financial inflows	2,832	-
<b>Outflows</b>	<b>(51,748)</b>	<b>(161,586)</b>
Repayment of "silent partnerships"	(49,609)	-
Redemption of debt securities	-	(160,000)
Payments of finance lease liabilities	(2,124)	(1,586)
Other financial outflows	(15)	-
<b>Net cash from financial activities</b>	<b>6,156</b>	<b>(158,615)</b>
<b>Total net cash flows</b>	<b>3,552</b>	<b>(33,894)</b>
<b>Cash and cash equivalents as at the beginning of the period</b>	<b>49,162</b>	<b>105,593</b>
<i>Impact of foreign exchange differences</i>	<i>(26)</i>	<i>(2,642)</i>
<b>Cash and cash equivalents as at the end of the period</b>	<b>52,688</b>	<b>69,057</b>

*\* This item includes also cash and cash equivalents deconsolidated as a result of liquidating CIECH Polsin Pte. Ltd. in first half of 2015 and loss of control over Infrastruktura Kapuściska S.A. w upadłości likwidacyjnej (the consequence of the bankruptcy of the company) in first half of 2014.*

The condensed consolidated statement of cash flows of the CIECH Group should be analysed together with the notes which constitute an integral part of the condensed interim consolidated financial statements.

## 5. Condensed Consolidated Statement of Changes in Equity of the CIECH Group

<i>PLN'000</i>	Share capital	Share premium	Cash flow hedge	Other reserve capitals	Actuarial gains	Currency translation reserve	Retained earnings	Equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
<b>Equity as at 01/01/2015</b>	<b>287,614</b>	<b>470,844</b>	<b>(28,254)</b>	<b>78,521</b>	<b>(114)</b>	<b>(47,716)</b>	<b>233,879</b>	<b>994,774</b>	<b>(9,300)</b>	<b>985,474</b>
<b>Transactions with shareholders of the parent company recognised in equity</b>	-	-	-	-	-	<b>(1,508)</b>	<b>1,477</b>	<b>(31)</b>	<b>(387)</b>	<b>(418)</b>
Change in the Group's structure	-	-	-	-	-	(1,508)	1,477	(31)	(387)	(418)
<b>Total comprehensive income for the period</b>	-	-	<b>13,904</b>	-	-	<b>(3,533)</b>	<b>138,443</b>	<b>148,814</b>	<b>1,132</b>	<b>149,946</b>
Net profit/(loss)	-	-	-	-	-	-	138,457	<b>138,457</b>	326	<b>138,783</b>
Other comprehensive income	-	-	13,904	-	-	(3,533)	(14)	<b>10,357</b>	806	<b>11,163</b>
<b>Equity as at 30/06/2015</b>	<b>287,614</b>	<b>470,844</b>	<b>(14,350)</b>	<b>78,521</b>	<b>(114)</b>	<b>(52,757)</b>	<b>373,799</b>	<b>1,143,557</b>	<b>(8,555)</b>	<b>1,135,002</b>

The condensed consolidated statement of changes in equity of the CIECH Group should be analysed together with the notes which constitute an integral part of the condensed interim consolidated financial statements.

## Condensed Consolidated Statement of Changes in Equity of the CIECH Group

<i>PLN'000</i>	Share capital	Share premium	Cash flow hedge	Other reserve capitals	Actuarial gains	Currency translation reserve	Retained earnings	Equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
<b>Equity as at 01/01/2014</b>	<b>287,614</b>	<b>470,844</b>	<b>(6,395)</b>	<b>78,521</b>	<b>74</b>	<b>(76,951)</b>	<b>157,781</b>	<b>911,488</b>	<b>(14,199)</b>	<b>897,289</b>
<b>Transactions with shareholders of the parent company recognised in equity</b>	-	-	-	-	-	-	(59,551)	(59,551)	79	(59,472)
Dividends	-	-	-	-	-	-	(59,551)	(59,551)	-	(59,551)
Change in the Group's structure	-	-	-	-	-	-	-	-	79	79
<b>Total comprehensive income for the period</b>	-	-	<b>(1,531)</b>	-	-	<b>(1,086)</b>	<b>27,121</b>	<b>24,504</b>	<b>(845)</b>	<b>23,659</b>
Net profit/(loss)	-	-	-	-	-	-	27,025	27,025	(479)	26,546
Other comprehensive income	-	-	(1,531)	-	-	(1,086)	96	(2,521)	(366)	(2,887)
<b>Equity as at 30/06/2014</b>	<b>287,614</b>	<b>470,844</b>	<b>(7,926)</b>	<b>78,521</b>	<b>74</b>	<b>(78,037)</b>	<b>125,351</b>	<b>876,441</b>	<b>(14,965)</b>	<b>861,476</b>

The condensed consolidated statement of changes in equity of the CIECH Group should be analysed together with the notes which constitute an integral part of the condensed interim consolidated financial statements.

## II. Notes to the Condensed Interim Consolidated Financial Statements of the CIECH Group

### 1. Basis for preparation of the condensed interim consolidated financial statements of the CIECH Group

The presented condensed interim consolidated financial statements for the period from 1 January to 30 June 2015, were approved by the Management Board of CIECH S.A. on 21 August 2015 to be published on 24 August 2015.

The presented consolidated financial statements have been prepared on a going concern basis by the CIECH Group.

These consolidated financial 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 associates.

The presented interim consolidated financial statements were drawn up in compliance with IAS 34 "Interim Financial Reporting" as approved by the European Union and the Regulation of the Minister of Finance dated 19 February 2009, with further amendments, on current and periodic information published by issuers of securities and the conditions of recognizing as equivalent the information required by the legal provisions of a country which is not a member state (Journal of Laws No. 33, item 259 from 2009).

The preparation of financial statements in compliance with International Financial Reporting Standards ("IFRS") requires the Management Board to exercise professional judgement, estimates and assumptions that impact the adopted accounting principles and the value of assets, liabilities, income and expenses presented. All estimates and related assumptions are based on historical experience and various other factors considered reasonable under the given circumstances, and the results of such estimates are the basis for professional judgement of the carrying amount of assets and liabilities, which does not result directly from other sources. Actual results may differ from these estimates.

The estimates and related assumptions are subject to regular verification. Revisions to accounting estimates are recognized in the period in which the estimates are revised, if such revisions apply solely to that period, or in the current period and future periods, if such revisions apply both to the current and future periods.

The Management Board's professional judgements, which have a significant impact on the consolidated financial statements, and the estimates bearing a risk of significant changes in future periods, have been presented in points II.11 and II.14 of this Report. During the current interim period there were no significant revisions to the estimated values presented in the previous reporting periods.

The Management Board of the Parent Company used its best judgement in selecting and interpreting the applicable standards, as well as in the selection of measurement methods and principles for particular items of the CIECH Group's consolidated financial statements as at 30 June 2015. Due diligence was exercised in preparing the tables and notes presented below. The financial statements as at 30 June 2015 present truly and fairly the financial position and the financial performance of the CIECH Group. Management Report gives a true view of the development and achievements and position of CIECH Group, including a description of the main threats and risks.

The Management Board of CIECH S.A. declares that PricewaterhouseCoopers Sp. z o.o. with its registered office in Warsaw, entered into the list of entities authorised to audit financial statements under the registry no. 144 kept by the National Chamber of Statutory Auditors was chosen in accordance with the binding legal regulations for the review of the Group's financial statements for the period from 1 January 2015 to 30 June 2015. The above entity, including the certified auditors performing the audit, satisfy all the conditions required in order to issue an unbiased and independent review opinion, pursuant to the applicable legal regulations.

### 2. Adopted accounting principles

The CIECH Group's accounting principles are described in the Consolidated Annual Report of the CIECH Group for the year 2014, published on 23 March 2015. The aforementioned Report includes detailed information regarding the principles and methods of valuation of assets and liabilities and measurement of the financial result, as well as the method of preparing the financial statements and comparative information. These principles have been applied on a continuous basis with relation to currently published data, the last annual financial statements and comparative data, except for changes described below.

In the first half of 2015, the CIECH Group organized its assets in line with their current operating activity. From 1 January 2015, the CIECH Group introduced a new classification of its companies into reporting segments – a new transport segment was identified which includes two companies dedicated to road and rail transport in the CIECH Group – CIECH Cargo Sp. z o.o. and CIECH Transclean Sp. z o.o. So far, the results and assets of these companies were presented in the Soda Segment (CIECH Cargo Sp. z o.o.) and the Organic Segment (CIECH Transclean Sp. z o.o.). The CIECH Group restated corresponding figures, respectively. The accounting principles applied in segment reporting are in line with the Group's accounting policy based on the IFRS.

Additionally, the presentation of discontinued operations was changed and its results are presented in aggregate as 'Net profit (loss) from discontinued operations' in the Consolidated Statement of Profit or Loss. The CIECH Group has changed the respective comparatives as well.

The amendments to the IFRS which came into force from 1 January 2015 have had no significant impact on the consolidated financial statements of the CIECH Group.

The Group intends to adopt amendments to the IFRS that are published but not effective as at the date of publication of these consolidated financial statements in accordance with their effective date. The estimated impact of amendments to the IFRS on the CIECH Group's future consolidated financial statements was presented in note II.3.3 of the Consolidated Annual Report of the CIECH Group for the year 2014 published on 23 March 2015. In the assessment of the Group, amendments to the IFRS that came into force between the date of publication of the consolidated financial statements for the year 2014 and the date of publication of this Report will not have a significant impact on the financial statements.

### 3. Functional and presentation currency and conversion principles

The Polish zloty (PLN) is the reporting currency of these consolidated financial statements. Unless indicated otherwise, the information in the consolidated financial statements has been presented in thousands of PLN (PLN '000). The functional currency of the parent company CIECH S.A. is the Polish zloty.

The functional currencies for significant foreign subsidiaries are:

- SDC Group and Ciech Group Financing AB – functional currency – EUR; presentation currency in the CIECH Group's consolidated financial statements – PLN
  - EUR exchange rate as at the balance sheet date 30 June 2015 PLN 4.1944 (30 June 2014 PLN 4.1609),
  - EUR average exchange rate (calculated as the arithmetic average of the average EUR exchange rates determined by the National Bank of Poland as at the last day of every month, i.e. from January to June) for the period from 1 January to 30 June 2015 PLN 4.1341 (comparable period: PLN 4.1784).
- CIECH Soda Romania S.A. – functional currency - RON; presentation currency in the CIECH Group consolidated financial statements – PLN
  - RON exchange rate as at the balance sheet date 30 June 2015 PLN 0.9349 (30 June 2014 PLN 0.9488),
  - RON average exchange rate (calculated as the arithmetic average of the average RON exchange rates determined by the National Bank of Poland as at the last day of every month, i.e. from January to June) for the period from 1 January to 30 June 2015 PLN 0.9312 PLN (comparable period: PLN 0.9392).

### 4. Consolidated entities

#### Description of the organization of the CIECH Group

The parent of the CIECH Group is CIECH Spółka Akcyjna, with its registered office in Warsaw, Puławska 182 Street, registered under number 0000011687 at the Regional Court for the capital city of Warsaw in Warsaw, 13th Commercial Department of the National Court Register.

The CIECH Group is a group of domestic and foreign manufacturing, distribution and trade companies operating in the chemical industry. As at 30 June 2015, it was composed of 37 business entities, including:

- the parent company CIECH S.A.,
- 31 subsidiaries, including:
  - 22 domestic subsidiaries,
  - 9 foreign subsidiaries,
- 2 domestic associates,
- 2 foreign associates,
- 1 foreign jointly-controlled entity.

The parent company has a branch CIECH S.A. in Romania, branch CIECH S.A. in Germany and conducts operations through its offices in Inowrocław and Nowa Sarzyna. A subsidiary Ciech Trading S.A. has a branch in Bydgoszcz.

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

The actual core business of the CIECH Group comprises the production of chemical products and sales of chemical products manufactured by the CIECH Group. Apart from that, the CIECH Group sells chemical products acquired outside the Group.

Commercial activities are primarily conducted by CIECH S.A. and domestic and foreign commercial companies, which are CIECH S.A.'s subsidiaries while manufacturing activities are carried out by manufacturing plants which are CIECH S.A.'s subsidiaries.

In preparing the consolidated financial statements for the first half of 2015, the following companies were consolidated.

**List of consolidated companies and companies measured under the equity method for the first half of 2015 and in the comparable period**

Company/Group name	Consolidation method as at 30.06.2015 and CIECH S.A.'s control	Consolidation method as at 30.06.2014 and CIECH S.A.'s control	Share in equity as at 30.06.2015	Share in equity as at 30.06.2014	Business
1) CIECH S.A.	Parent	Parent	-	-	<ul style="list-style-type: none"> <li>- the actual core business of the parent entity is sales of chemical products manufactured within the CIECH Group.</li> <li>- apart from that CIECH S.A. sells chemical products acquired outside the Group.</li> <li>- additionally, CIECH S.A. as a Parent Company conducts holding activity, manages a portfolio of subsidiaries, provides support services (in the area of sales, purchases, finance, IT) for selected companies in the Group, as well as conducts financial activity in the form of direct lending to the companies in the Group.</li> </ul>
2) CIECH FINANCE Spółka z ograniczoną odpowiedzialnością	Subsidiary of CIECH S.A. – fully consolidated.	Subsidiary of CIECH S.A. – fully consolidated.	100%	100%	- implementing divestment projects concerning redundant fixed assets (property) and financial assets (shares in companies).
3) CIECH R&D Sp. z o.o. (until 31 March 2015 under the name Ciech Trademarks Sp. z o.o.)	Subsidiary of CIECH S.A. – fully consolidated on the level of the CIECH Group.	Subsidiary of CIECH S.A. – fully consolidated on the level of the CIECH Group.	100%	100%	<ul style="list-style-type: none"> <li>- granting licence to the CIECH Group companies to use the trademarks: 'Ciech', 'Ciech Trading' and 'Sól Kujawska naturalna czysta' for business activity purposes.</li> <li>- research and developments activities</li> </ul>
4) CIECH NIERUCHOMOŚCI S.A. (until 18 June 2014 under the name Inowrocławskie Zakłady Chemiczne SODA MĄTWY S.A.)	Subsidiary of CIECH S.A. – fully consolidated.	Subsidiary of CIECH S.A. – fully consolidated.	100%	100%	- real property agency, real property management, public relations and communications, service activity related to office support, other 'out-of-school' forms of education, not elsewhere classified.

Company/Group name	Consolidation method as at 30.06.2015 and CIECH S.A.'s control	Consolidation method as at 30.06.2014 and CIECH S.A.'s control	Share in equity as at 30.06.2015	Share in equity as at 30.06.2014	Business
the CIECH Trading Group					
5) CIECH Trading S.A. (so far under the name Ciech Trading S.A., until the date of approval of this report, the new name of the company has not yet been registered by the Court)	Subsidiary of CIECH S.A. – fully consolidated on the level of the CIECH Group.	Indirect subsidiary of CIECH S.A. - fully consolidated on the level of the CIECH Group.	100%	100%	<ul style="list-style-type: none"> <li>– wholesale and distribution of solid inorganic and organic chemicals,</li> <li>– wholesale and distribution of raw materials for household chemicals,</li> <li>– wholesale and distribution of raw materials for cosmetic and pharmaceutical products,</li> <li>– wholesale and distribution of fillers, pigments, raw materials for paints and varnishes,</li> <li>– wholesale and distribution of feed additives and fodder,</li> <li>– wholesale and distribution of acids, bases and other liquid chemicals</li> </ul>
5.1) Janikowskie Zakłady Sodowe JANIPOSODA S.A.	Indirect subsidiary of CIECH S.A. - fully consolidated on the level of the CIECH Group.	Indirect subsidiary of CIECH S.A. - fully consolidated on the level of the CIECH Group.	100%	100%	<ul style="list-style-type: none"> <li>– real property agency, real property management, public relations and communications, service activity related to office support, other 'out-of-school' forms of education, not elsewhere classified</li> </ul>
5.1.1) CIECH Soda Romania S.A. (until 28 April 2015 under the name S.C. Uzinele Sodice Govora – Ciech Chemical Group S.A.)	Indirect subsidiary of CIECH S.A. - fully consolidated on the level of the CIECH Group.	Indirect subsidiary of CIECH S.A. - fully consolidated on the level of the CIECH Group.	93.76%	93.19%	<ul style="list-style-type: none"> <li>– production of other basic inorganic chemicals,</li> <li>– wholesale of chemical products</li> </ul>
CIECH Soda Polska Group					
6) CIECH Soda Polska S.A. (until 20 April 2015 under the name Soda Polska Ciech S.A.)	Subsidiary of CIECH S.A. – fully consolidated on the level of the CIECH Group	Subsidiary of CIECH S.A. – fully consolidated on the level of the CIECH Group	100%	100%	<ul style="list-style-type: none"> <li>- production of other basic inorganic chemicals,</li> <li>- wholesale of chemical products,</li> <li>- power generation and distribution,</li> </ul>
6.1) CIECH Cargo Sp. z o.o. (until 20 April 2015 under the name TRANSODA Sp. z o.o.)	Indirect subsidiary of CIECH S.A. – fully consolidated on the level of the CIECH Group	Indirect subsidiary of CIECH S.A. – fully consolidated on the level of the CIECH Group	100%	100%	<ul style="list-style-type: none"> <li>- freight transport services</li> </ul>

Company/Group name	Consolidation method as at 30.06.2015 and CIECH S.A.'s control	Consolidation method as at 30.06.2014 and CIECH S.A.'s control	Share in equity as at 30.06.2015	Share in equity as at 30.06.2014	Business
6.2) Sagrera Sp. z o.o.	Sold on 18 September 2014	Indirect subsidiary of CIECH S.A. – fully consolidated on the level of the CIECH Group	-	100%	
6.3) Cerium Sp. z o.o.	Indirect subsidiary of CIECH S.A. – fully consolidated on the level of the CIECH Group.	-	100%	-	- the Company is the sole general partner of Cerium Sp. z o.o. SKA, its core operations comprise managing the business of Cerium Sp. z o.o. SKA
6.4) Cerium Sp. z o.o. SKA	Indirect subsidiary of CIECH S.A. – fully consolidated on the level of the CIECH Group.	-	100%	-	- conducting financial activities, in particular comprising direct granting of loans and leasing of non-current assets to the CIECH Group companies.
7) CIECH-POLSIN PRIVATE LIMITED	The Company was deleted from the ACRA Register of Businesses on 11 March 2015	Fully consolidated subsidiary of CIECH S.A. - The company in liquidation	-	98.00%	- wholesale and retail sale of a variety of goods in the Far East markets
8) CIECH Vitrosilicon S.A. (until 20 April 2015 under the name VITROSILICON S.A.)	Subsidiary of CIECH S.A. – fully consolidated	Subsidiary of CIECH S.A. – fully consolidated	100%	100%	- manufacture of other basic inorganic chemicals, - manufacture of hollow glass and technical glassware, - manufacture of plastic packaging goods, - manufacture of other plastic products
9) CIECH Transclean Sp. z o.o. (until 10 April 2015 under the name Przedsiębiorstwo Transportowo-Uslugowe TRASCLEAN Sp. z o.o.)	Subsidiary of CIECH S.A. – fully consolidated	Subsidiary of CIECH S.A. – fully consolidated	100%	100%	- international transport of liquid chemicals, - tank truck and rail cisterns wash
The CIECH Sarzyna Group	Fully consolidated lower-tier Group	Fully consolidated lower-tier Group			
10) CIECH Sarzyna S.A. (until 18 March 2015 under the name Zakłady Chemiczne „Organika-Sarzyna” S.A.)	Lower-tier parent	Lower-tier parent	99.64%	99.64%	- manufacture of plastics, - manufacture of pesticides and other chemical products

Company/Group name	Consolidation method as at 30.06.2015 and CIECH S.A.'s control	Consolidation method as at 30.06.2014 and CIECH S.A.'s control	Share in equity as at 30.06.2015	Share in equity as at 30.06.2014	Business
10.1) Verbis KAPPA 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	99.64%	99.64%	- the company is the sole general partner of Verbis KAPPA Sp. z o.o. SKA, - other financial intermediation
10.2) Verbis KAPPA Sp. z o.o. SKA	Indirect subsidiary of CIECH S.A. - full consolidation at lower tier	Indirect subsidiary of CIECH S.A. - full consolidation at lower tier	99.64%	99.64%	- other monetary intermediation
10.3) Algete 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	99.64%	99.64%	- commissioned property management services
11) CIECH Pianki Sp. z o.o.	Subsidiary of CIECH S.A. – fully consolidated.	Subsidiary of CIECH S.A. – fully consolidated.	100%	100%	– manufacture of organic and other inorganic chemicals.
12) Ciech Group Financing AB	Subsidiary of CIECH S.A. – fully consolidated.	Subsidiary of CIECH S.A. – fully consolidated.	100%	100%	– conducting financial activities, particularly lending of funds by issuing bonds and other financial instruments with institutional and private investors as well as the direct lending of such funds to the companies of the Group and carrying out any other activities in support of such activities and the provision of related services.
13) Verbis ETA Sp. z o.o.	Subsidiary of CIECH S.A. – fully consolidated.	Subsidiary of CIECH S.A. – fully consolidated.	100%	100%	– the Company is the sole general partner of Verbis ETA Sp. z o.o. SKA, – its main objective is to manage the activities of Verbis ETA Sp. z o.o. SKA
14) Verbis ETA Sp. z o.o. SKA	Subsidiary of CIECH S.A. – fully consolidated.	Subsidiary of CIECH S.A. – fully consolidated.	100%	100%	– conducting financial activities, particularly direct lending to the CIECH Group companies.

Company/Group name	Consolidation method as at 30.06.2015 and CIECH S.A.'s control	Consolidation method as at 30.06.2014 and CIECH S.A.'s control	Share in equity as at 30.06.2015	Share in equity as at 30.06.2014	Business
<b>SDC Group</b>	Fully consolidated lower-tier Group	Fully consolidated lower-tier Group			
15) SDC GmbH (until 4 May 2015 under the name Soda Deutschland Ciech GmbH)	Lower-tier parent	Lower-tier parent	100%	100%	- manufacture of other basic inorganic chemicals, wholesale of chemical products, - power generation and distribution.
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	100%	100%	
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	100%	100%	
15.1.2) CIECH Soda Deutschland GmbH&Co. KG (until 11 May 2015 under the name 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	100%	100%	
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	100%	100%	
15.1.4) Kaverngesellschaft Stassfurt GbmH	Indirect associate of CIECH S.A. - measurement under the equity method at lower tier	Indirect associate of CIECH S.A. - measurement under the equity method at lower tier	50%	50%	

## 5. Significant effects of changes to the organizational structure of the CIECH Group in the first half of 2015, including legal mergers, acquisitions or disposals of the group's entities, long-term investments, demergers, restructuring and discontinued operations

In the first half of 2015 the following significant changes occurred in relation to companies in which CIECH S.A. owns a direct share, leading to changes in the structure of the Ciech Group:

### **Ciech-Polsin Private Limited**

On 11 March 2015, Ciech-Polsin Private Limited with its registered office in Singapore was deleted from the register of businesses, as a result of which it was deconsolidated in the financial statements of the CIECH Group.

### **Zach-Ciech Sp. z o.o. w likwidacji**

On 20 January 2015, Zach-Ciech Sp. z o.o. w likwidacji with its registered office in Chorzów was deleted from the Register of Businesses.

### **Cerium Sp. z o.o. Spółka Komandytowo-Akcyjna.**

On 23 January 2015, the Court registered a share capital increase of Cerium Sp. z o.o. S.K.A. The share capital was increased based on the resolution of the Extraordinary General Meeting of Shareholders of Cerium Sp. z o.o. S.K.A. of 23 December 2014. The share capital was increased by PLN 1,369 thousand by issuing 1,368,625 B-series registered shares with a face value of PLN 1.00 each. The newly-issued shares were taken up by CIECH Soda Polska S.A. by private subscription, in exchange for a non-monetary contribution in the form of ownership rights to movables. The market value of the ownership rights to movables is PLN 136,863 thousand. The fair value of the ownership right to movables was determined based on the valuation of the non-monetary contribution performed by a property surveyor and the registered auditor's opinion. Share premium on the B-series shares of PLN 135,494 thousand was transferred to the Company's supplementary capital.

### **Ciech Trademarks Sp. z o.o. / Centrum Badawczo-Rozwojowe Ciech Sp. z o.o. / CIECH R&D Sp. z o.o.**

On 27 January 2015, the Extraordinary Meeting of Shareholders of Ciech Trademarks Sp. z o.o. (currently CIECH R&D Sp. z o.o.) increased the Company's share capital by PLN 35,495 thousand, i.e. from PLN 5 thousand to PLN 35,500 thousand, by issuing 709,900 shares with a face value of PLN 50 each. The Meeting made a decision to cancel the pre-emptive rights of the current shareholders and granted the right to take up all the new shares to CIECH S.A., in exchange for a cash contribution of PLN 35,495 thousand. CIECH S.A. accepted the offer and made a statement on acceding Ciech Trademarks Sp. z o.o. and taking up the new shares in the increased share capital. The capital increase was registered by the Court on 25 February 2015. Thus, CIECH S.A. became the direct owner of 99.986% shares in the share capital, whereas the other shareholder Ciech Finance Sp. z o.o. held 0.014% interest in the share capital. Pursuant to the contract concluded on 26 March 2015, CIECH S.A. acquired from Ciech Finance Sp. z o.o. the remaining 0.014% shares for PLN 20 thousand. As a result of these transactions, CIECH R&D Sp. z o.o. is fully owned by CIECH S.A.

### **CIECH Trading S.A.**

On 9 April 2015 an agreement was signed between: CIECH S.A. and CIECH FINANCE Sp. z o.o., under which the shares of CIECH Trading S.A. were sold in the amount of 1,880,864 shares, representing 15.75% of the share capital of the Company. The price for the shares amounted to PLN 3,668 thousand. Ownership of the shares was transferred to CIECH S.A. on the date of signing the Agreement, i.e. on 9 April 2015 and as of this CIECH S.A. became 100% shareholder of CIECH Trading S.A.

### **CIECH Soda Romania S.A.**

On 15 January 2015, the Extraordinary Meeting of Shareholders of CIECH Soda Romania S.A. decided to withdraw the Company's shares from trading on the capital market, with the possibility of waiving by the shareholders from the Company on the terms set by law, and to increase the share capital by RON 45,000 thousand through the issue of 180,000,000 shares with a value of RON 0.25 per share. Proceeds from the share issue will be used to implement the Company's strategic development plans. Decision of Autoritatea de Supraveghere Financiara (the equivalent of the Financial Supervisory Commission) with effect from 26 June 2015, the shares of Ciech Soda Romania S.A. were withdrawn from trading on the capital market and stricken from the record of Autoritatea de Supraveghere Financiara.

### **CIECH Cerium Sp. z o.o. Sp. k.**

On 22 June 2015 CIECH S.A. and the other companies of the CIECH Group formed the company CIECH Cerium spółka z ograniczoną odpowiedzialnością sp. k. The founding partners are:

- CIECH S.A.,
- Janikowskie Zakłady Sodowe JANIKOSODA S.A.,
- Cerium sp. z o.o.

The general partner, responsible for the liabilities of the Company without limitation, is Cerium sp. z o.o., limited partners responsible for the obligations of the Company corresponding to the amount of the sum of the partnership are: CIECH S.A. and Janikowskie Zakłady Sodowe JANIKOSODA S.A. On 30 June 2015 the company was registered in the register of business commercial. CIECH Cerium sp. z o.o. sp. k. is a special purpose entity to restructure the equity of Ciech Soda Romania S.A. located in Romania.

The remaining changes which occurred in the CIECH Group in the first half of 2015 resulted among other things from unifying the names of the Group companies for marketing and image-related purposes of the CIECH Group. The changes included the following companies:

**Zakłady Chemiczne „Organika-Sarzyna” S.A. / CIECH Sarzyna S.A.**

On 6 March 2015, the Extraordinary General Meeting of “Organika-Sarzyna” S.A. changed the Company’s name from Zakłady Chemiczne “Organika-Sarzyna” S.A. to CIECH Sarzyna S.A. The new name is valid from the date of its registration by the Court, i.e. from 18 March 2015.

**Soda Polska CIECH S.A. / CIECH Soda Polska S.A.**

On 23 February 2015, the Extraordinary General Meeting of Soda Polska CIECH S.A. changed the Company’s name from Soda Polska CIECH S.A. to CIECH Soda Polska S.A. The new name is valid from the date of its registration by the Court, i.e. from 20 April 2015.

**TRANSCLEAN Sp. z o.o. / CIECH Transclean Sp. z o.o.**

On 27 February 2015, the Extraordinary Meeting of Shareholders of TRANSCLEAN Sp. z o.o. changed the Company’s name from TRANSCLEAN Sp. z o.o. to CIECH Transclean Sp. z o.o. The new name is valid from the date of its registration by the Court, i.e. from 10 April 2015.

**Ciech Trademarks Sp. z o.o. / Centrum Badawczo-Rozwojowe Ciech Sp. z o.o. / CIECH R&D Sp. z o.o.**

On 7 January 2015, the Extraordinary Meeting of Shareholders of Ciech Trademarks Sp. z o.o. changed the Company’s name from Ciech Trademarks Sp. z o.o. to Centrum Badawczo-Rozwojowe Ciech Sp. z o.o. The new name is valid from the date of its registration by the Court, i.e. from 25 February 2015. On 27 February 2015, the Extraordinary Meeting of Shareholders of Centrum Badawczo-Rozwojowe Ciech Sp. z o.o. made a decision to change the Company’s name from Centrum Badawczo-Rozwojowe Ciech Sp. z o.o. to CIECH R&D Sp. z o.o. The new name is valid from the date of its registration by the Court, i.e. from 31 March 2015.

**Vitrosilicon S.A. / CIECH Vitrosilicon S.A.**

On 23 February 2015, the Extraordinary General Meeting of Vitrosilicon S.A. changed the Company’s name from Vitrosilicon S.A. to CIECH Vitrosilicon S.A. The new name is valid from the date of its registration by the Court, i.e. from 20 April 2015.

**TRANSODA Sp. z o.o. / CIECH Cargo Sp. z o.o.**

On 1 April 2015, the Extraordinary Meeting of TRANSODA Sp. z o.o. changed the Company’s name to CIECH Cargo Sp. z o.o. The new name is valid from the date of its registration by the Court, i.e. from 20 April 2015.

**Sodawerk Stassfurt GmbH & Co. KG / CIECH Soda Deutschland GmbH & Co. KG**

On 16 April 2015, the Shareholders’ Meeting made a decision to change the Company’s name to CIECH Soda Deutschland GmbH & Co. KG. New Company’s name is valid from the date of registration by the Court i.e. from 11 May 2015.

**Soda Detschland Ciech GmbH / SDC GmbH**

On 16 April 2015, the Shareholders’ Meeting made a decision to change the Company’s name to SDC GmbH. The new name is valid from the date of its registration by the Court, i.e. from 4 May 2015.

**Uzinele Sodice Govora Ciech Chemical Group S.A. / CIECH Soda Romania S.A.**

On 28 April 2015, the Court registered the Company’s new name CIECH Soda Romania S.A.

**Ciech Trading S.A. / CIECH Trading S.A.**

On 26 June 2015, the Extraordinary General Meeting of Ciech Trading S.A. decided to change the spelling of the name of the company from Ciech Trading S.A. to CIECH Trading S.A. Until the date of approval of this report, the new name of the company has not yet been registered by the Court

In 2015 by decision of the Management Board of CIECH S.A. there have been made changes in the organizational structure of CIECH S.A. consisting of the creation of:

- Office in Nowa Sarzyna,
- Branch of CIECH S.A. in Germany.

which are providing services to companies in the following areas: purchasing, accounting, controlling, finance, HR and payroll, organizational and legal, IT.

## 6. Financial data by operating segments

In CIECH Group operating segments were determined on the basis of internal reports concerning components of the Group that are subject to regular review by the Board, which is responsible for making operational decisions aim of allocating resources to each segment and assessing its performance. To the particular operating segment can be also classified a sale of products and goods that are a key assortment of other segments. These values however are not important from the point of view of controlling reporting for particular segments. Financing of the Group (including financial income and expenses and excluding interest on trade receivables and payables) and income tax are monitored at Group level and are not allocated to individual segments. The results of operating segments are evaluated by the Management Board of CIECH S.A. based on the level of sales, EBIT operating results and EBITDA level. The tables below present data concerning revenues and costs as well as assets and liabilities of particular operating segments of the CIECH Group in the periods covered by the financial statements:

<b>CIECH Group OPERATING SEGMENTS 01.01.-30.06.2015 PLN'000</b>	<b>Soda Segment</b>	<b>Organic Segment</b>	<b>Silicates and Glass Segment</b>	<b>Transport Segment</b>	<b>Other operations Segment</b>	<b>Corporate functions – items not allocated to other segments</b>	<b>Eliminations (consolidation adjustments)</b>	<b>TOTAL</b>
Revenues from third parties	1,078,476	431,919	86,370	6,335	55,024	-	-	1,658,124
Revenue from inter-segment transactions	13,618	1,318	10	56,042	13,698	-	(84,686)	-
<b>Total revenues</b>	<b>1,092,094</b>	<b>433,237</b>	<b>86,380</b>	<b>62,377</b>	<b>68,722</b>	<b>-</b>	<b>(84,686)</b>	<b>1,658,124</b>
Cost of sales	(749,729)	(360,749)	(63,632)	(54,538)	(60,186)	-	64,530	(1,224,304)
<b>Gross profit/(loss) on sales</b>	<b>342,365</b>	<b>72,488</b>	<b>22,748</b>	<b>7,839</b>	<b>8,536</b>	<b>-</b>	<b>(20,156)</b>	<b>433,820</b>
Selling costs	(83,189)	(28,068)	(10,248)	-	(89)	(4,080)	25,513	(100,161)
General and administrative expenses	(26,263)	(9,913)	(2,870)	(2,792)	(2,200)	(16,805)	(5,328)	(66,171)
Result on management of receivables	(30)	1,885	66	11	77	-	-	2,009
Result on other operating activities	(14,403)	(2,578)	817	343	(7,419)	(3,794)	(1,679)	(28,713)
<b>Operating profit/(loss)</b>	<b>218,480</b>	<b>33,814</b>	<b>10,513</b>	<b>5,401</b>	<b>(1,095)</b>	<b>(24,679)</b>	<b>(1,650)</b>	<b>240,784</b>
Exchange differences and interest on trade settlements	(5,081)	(2,141)	67	(168)	(700)	-	(1,489)	(9,512)
Group borrowing costs	-	-	-	-	-	(49,451)	-	(49,451)
Result on financial activity (non-attributable to segments)	-	-	-	-	-	(3,257)	-	(3,257)
Share in net profit in subsidiaries under the equity method	182	-	-	-	-	-	-	182
<b>Profit/(loss) before tax</b>	<b>213,581</b>	<b>31,673</b>	<b>10,580</b>	<b>5,233</b>	<b>(1,795)</b>	<b>(77,387)</b>	<b>(3,139)</b>	<b>178,746</b>
Income tax								(39,963)
<b>Net profit/(loss) on continuing operations</b>								<b>138,783</b>
Net profit/(loss) on discontinued operations								-
<b>Net profit/(loss) for the period</b>								<b>138,783</b>
Amortisation/depreciation	80,199	17,348	7,496	3,080	184	2,150	-	110,457
EBITDA	298,679	51,162	18,009	8,481	(911)	(22,529)	(1,650)	351,241
<i>Normalised EBITDA*</i>	<i>315,868</i>	<i>50,568</i>	<i>17,900</i>	<i>8,145</i>	<i>6,926</i>	<i>(18,737)</i>	<i>(65)</i>	<i>380,605</i>

\*Normalised EBITDA for the 6-months ended 30 June 2015 is calculated as EBITDA adjusted by one-off events: change in provisions: PLN -18.9 million, valuation of investment property: PLN -6.3 million, result on liquidation of CIECH Polsin Pte. Ltd.: PLN -2.8 million, other: PLN -1.4 million.

CIECH Group OPERATING SEGMENTS 01.01.-30.06.2014** PLN'000	Soda Segment	Organic Segment	Silicates and Glass Segment	Transport Segment	Other operations Segment	Corporate functions – items not allocated to other segments	Eliminations (consolidation adjustments)	TOTAL
Revenues from third parties	990,913	441,950	184,134	5,813	36,220	-	-	1,659,030
Revenue from inter-segment transactions	12,296	15	6,285	44,015	10,518	-	(73,129)	-
<b>Total revenues</b>	<b>1,003,209</b>	<b>441,965</b>	<b>190,419</b>	<b>49,828</b>	<b>46,738</b>	<b>-</b>	<b>(73,129)</b>	<b>1,659,030</b>
Cost of sales	(758,279)	(364,561)	(148,581)	(42,912)	(37,953)	-	50,117	(1,302,169)
<b>Gross profit/(loss) on sales</b>	<b>244,930</b>	<b>77,404</b>	<b>41,838</b>	<b>6,916</b>	<b>8,785</b>	<b>-</b>	<b>(23,012)</b>	<b>356,861</b>
Selling costs	(79,421)	(22,863)	(27,308)	-	493	(5,128)	25,495	(108,732)
General and administrative expenses	(30,249)	(11,579)	(2,824)	(2,398)	(2,279)	(20,133)	(2,394)	(71,856)
Result on management of receivables	(3,092)	(7,261)	(248)	7	(248)	-	-	(10,842)
Result on other operating activities	(1,375)	(2,378)	(176)	(2,385)	(6,789)	-	(223)	(13,326)
<b>Operating profit/(loss)</b>	<b>130,793</b>	<b>33,323</b>	<b>11,282</b>	<b>2,140</b>	<b>(38)</b>	<b>(25,261)</b>	<b>(134)</b>	<b>152,105</b>
Exchange differences and interest on trade settlements	(4,433)	(1,779)	(7,235)	(17)	785	-	2,036	(10,643)
Group borrowing costs	-	-	-	-	-	(71,578)	-	(71,578)
Result on financial activity (non-attributable to segments)	-	-	-	-	-	2,781	-	2,781
Share in net profit in subsidiaries under the equity method	401	-	-	-	-	-	-	401
<b>Profit/(loss) before tax</b>	<b>126,761</b>	<b>31,544</b>	<b>4,047</b>	<b>2,123</b>	<b>747</b>	<b>(94,058)</b>	<b>1,902</b>	<b>73,066</b>
Income tax								(38,278)
<b>Net profit/(loss) on continuing operations</b>								<b>34,788</b>
Net profit/(loss) on discontinued operations								(8,242)
<b>Net profit/(loss) for the period</b>								<b>26,546</b>
Amortisation/depreciation	74,696	15,331	5,762	2,784	19	2,126	-	100,718
EBITDA	205,489	48,654	17,044	4,924	(19)	(23,135)	(134)	252,823
Normalised EBITDA*	216,878	48,713	17,021	7,290	11,981	(28,589)	(134)	273,160

\*Normalised EBITDA for the 6-months ended 30 June 2014 is calculated as EBITDA adjusted by one-off events: impairment allowances of assets: PLN -18.8 million, restructuring costs: PLN -1.4 million, other: PLN -0.1 million.

\*\*Restated data, the details of the changes are presented in Note II.2.

**CIECH Group**  
**ASSETS AND LIABILITIES BY OPERATING SEGMENTS**

30.06.2015 <i>PLN'000</i>	Soda Segment	Organic Segment	Silicates and Glass Segment	Transport Segment	Other operations Segment	Corporate functions – items not allocated to other segments	Eliminations (consolidation adjustments)	TOTAL
Property, plant and equipment	1,627,302	331,211	75,661	42,038	433	6,105	-	2,082,750
Intangible assets, of which:	77,158	28,362	1,282	-	663	4,465	-	111,930
- goodwill	46,524	15,070	39	-	-	-	-	61,633
Investment in associates and jointly controlled entities under the equity method	5,050	-	-	-	-	-	-	5,050
Inventory	128,371	106,330	31,826	117	2,597	-	(739)	268,502
Trade receivables	234,414	92,630	24,444	18,999	16,266	-	(39,751)	347,002
Assets held for sale	-	-	368	-	3,015	-	-	3,383
Other assets	-	-	-	-	-	503,912	-	503,912
<b>Total assets</b>	<b>2,072,295</b>	<b>558,533</b>	<b>133,581</b>	<b>61,154</b>	<b>22,974</b>	<b>514,482</b>	<b>(40,490)</b>	<b>3,322,529</b>

30.06.2015 <i>PLN'000</i>	Soda Segment	Organic Segment	Silicates and Glass Segment	Transport Segment	Other operations Segment	Corporate functions – items not allocated to other segments	Eliminations (consolidation adjustments)	TOTAL
Trade liabilities	195,626	99,935	14,080	13,016	17,911	-	(39,138)	301,430
Other liabilities	-	-	-	-	-	1,886,097	-	1,886,097
<b>Total liabilities</b>	<b>195,626</b>	<b>99,935</b>	<b>14,080</b>	<b>13,016</b>	<b>17,911</b>	<b>1,886,097</b>	<b>(39,138)</b>	<b>2,187,527</b>

**CIECH Group**  
**ASSETS AND LIABILITIES BY OPERATING SEGMENTS**

31.12.2014* PLN'000	Soda Segment	Organic Segment	Silicates and Glass Segment	Transport Segment	Other operations Segment	Corporate functions – items not allocated to other segments	Eliminations (consolidation adjustments)	TOTAL
Property, plant and equipment	1,569,417	343,415	77,907	42,703	200	3,096	-	2,036,738
Intangible assets, of which:	79,440	29,454	1,544	-	634	5,444	-	116,516
- goodwill	47,278	15,070	39	-	-	-	-	62,387
Investment in associates and jointly controlled entities under the equity method	4,944	-	-	-	-	-	-	4,944
Inventory	109,052	118,840	28,136	96	2,319	-	(673)	257,770
Trade receivables	175,330	77,175	16,172	11,468	16,495	-	(28,620)	268,020
Assets held for sale	-	-	368	-	3,254	-	-	3,622
Other assets	-	-	-	-	-	518,087	-	518,087
<b>Total assets</b>	<b>1,938,183</b>	<b>568,884</b>	<b>124,127</b>	<b>54,267</b>	<b>22,902</b>	<b>526,627</b>	<b>(29,293)</b>	<b>3,205,697</b>

31.12.2014* PLN'000	Soda Segment	Organic Segment	Silicates and Glass Segment	Transport Segment	Other operations Segment	Corporate functions – items not allocated to other segments	Eliminations (consolidation adjustments)	TOTAL
Trade liabilities	209,406	96,870	17,039	12,888	14,784	-	(28,808)	322,179
Other liabilities	-	-	-	-	-	1,898,044	-	1,898,044
<b>Total liabilities</b>	<b>209,406</b>	<b>96,870</b>	<b>17,039</b>	<b>12,888</b>	<b>14,784</b>	<b>1,898,044</b>	<b>(28,808)</b>	<b>2,220,223</b>

\*Restated data, the details of the changes are presented in Note II.2.

**CIECH Group**  
**OTHER FINANCIAL DATA BY OPERATING SEGMENTS**

<b>01.01.-30.06.2015</b>								
<i>PLN'000</i>	<b>Soda Segment</b>	<b>Organic Segment</b>	<b>Silicates and Glass Segment</b>	<b>Transport Segment</b>	<b>Other operations Segment</b>	<b>Corporate functions – items not allocated to other segments</b>	<b>Eliminations (consolidation adjustments)</b>	<b>TOTAL</b>
Recognised impairment losses	(556)	(738)	(415)	(2)	(21)	-	-	(1,732)
Reversed impairment losses	1,837	3,233	1,540	13	243	-	-	6,866
Recognised impairment losses (non-attributable to segments)	-	-	-	-	-	(146)	-	(146)
Reversed impairment losses (non-attributable to segments)	-	-	-	-	-	650	-	650
Interest income attributable to segments	359	93	62	-	9	-	(301)	222
Interest income recognised under Corporate Functions	-	-	-	-	-	1,436	-	1,436
Interest expense attributable to segments	(255)	(255)	-	-	(33)	-	301	(242)
Interest expense recognised under Corporate Functions	-	-	-	-	-	(47,882)	-	(47,882)
<b>01.01.-30.06.2014*</b>								
<i>PLN'000</i>	<b>Soda Segment</b>	<b>Organic Segment</b>	<b>Silicates and Glass Segment</b>	<b>Transport Segment</b>	<b>Other operations Segment</b>	<b>Corporate functions – items not allocated to other segments</b>	<b>Eliminations (consolidation adjustments)</b>	<b>TOTAL</b>
Recognised impairment losses	(17,036)	(8,355)	(520)	(2,374)	(6,987)	-	-	(35,272)
Reversed impairment losses	3,852	868	2,606	33	158	-	-	7,517
Recognised impairment losses (non-attributable to segments)	-	-	-	-	-	(1,994)	-	(1,994)
Reversed impairment losses (non-attributable to segments)	-	-	-	-	-	371	-	371
Interest income attributable to segments	74	1,501	-	-	466	-	-	2,041
Interest income recognised under Corporate Functions	-	-	-	-	-	2,000	-	2,000
Interest expense attributable to segments	(1,303)	(2)	(2)	-	(2)	-	-	(1,309)
Interest expense recognised under Corporate Functions	-	-	-	-	-	(66,551)	-	(66,551)

\*Restated data, the details of the changes are presented in Note II.2.

**CIECH Group  
INFORMATION ON GEOGRAPHICAL AREAS**

<b>SALES REVENUES</b> <i>PLN'000</i>	<b>Poland</b>	<b>European Union (excluding Poland)</b>	<b>Other European countries</b>	<b>Africa</b>	<b>Asia</b>	<b>Other regions</b>	<b>Total</b>
01.01-30.06.2015	661,865	805,413	106,221	12,185	60,115	12,325	<b>1,658,124</b>
01.01-30.06.2014	661,557	786,234	89,072	87,819	19,008	15,340	<b>1,659,030</b>

<b>30.06.2015</b> <i>PLN'000</i>	<b>Poland</b>	<b>European Union (excluding Poland)</b>	<b>Other European countries</b>	<b>Africa</b>	<b>Asia</b>	<b>Other regions</b>	<b>TOTAL</b>
Non-current assets other than financial instruments	1,261,966	894,643	-	-	-	-	2,156,609
Deferred income tax assets	108,693	4,515	-	-	-	-	113,208
Other assets	682,930	288,926	35,693	3,251	41,083	829	1,052,712
<b>Total assets</b>	<b>2,053,589</b>	<b>1,188,084</b>	<b>35,693</b>	<b>3,251</b>	<b>41,083</b>	<b>829</b>	<b>3,322,529</b>

<b>31.12.2014</b> <i>PLN'000</i>	<b>Poland</b>	<b>European Union (excluding Poland)</b>	<b>Other European countries</b>	<b>Africa</b>	<b>Asia</b>	<b>Other regions</b>	<b>TOTAL</b>
Non-current assets other than financial instruments	1,255,034	795,957	-	-	-	-	2,050,991
Deferred income tax assets	124,315	3,967	-	-	-	-	128,282
Other assets	565,172	397,107	39,688	3,357	19,671	1,429	1,026,424
<b>Total assets</b>	<b>1,944,521</b>	<b>1,197,031</b>	<b>39,688</b>	<b>3,357</b>	<b>19,671</b>	<b>1,429</b>	<b>3,205,697</b>

## 7. Significant risk factors

In connection with its operational activities, CIECH group is exposed to a number of risks, including financial risks. The most important risk factors are detailed presented in the Annual Consolidated Report of the CIECH group for the year 2014 in the point I.4, which was published on 23 March 2015.

During the first half of 2015, there have been no new risks identified, as well as no significant changes in the previously identified factors, except:

- Decrease of risk for trade unions to initiate collective dispute in Soda Deutschland CIECH Group in connection with the signing on 23 April 2015 an agreement introducing new rules of remuneration and bonuses.
- Elimination of risk in the environment protection area, due to the fact that on 8 June 2015, the Marshal of Kujawsko-Pomorskie voivodeship, issued a decision for extending the term of the integrated permit for EC Inowrocław for an indefinite period.

During the first half of 2015, there were no significant changes in relation to the Group's policy for risk management.

### Exposure to currency risk

The table below presents the estimated balance-sheet currency exposure of the CIECH Group in euro as at 30 June 2015 due to financial instruments (excluding figures of the SDC Group and Ciech Group Financing AB, because Euro is their functional currency):

Exposure to currency risk in EUR	(EUR '000)	Impact on statement of profit or loss	Impact on statement of other comprehensive income
<b>Assets</b>			
Loans granted to SDC Group*	53,919	X	
Trade and other receivables	22,626	X	
Cash including bank deposits	1,854	X	
<b>Liabilities</b>			
Trade and other liabilities	(18,389)	X	
Bond liabilities (subject to hedge accounting)	(245,000)		X
Loans and borrowings	(12,701)	X	
Hedging Instruments: forward contracts (subject to hedge accounting)	(33,900)		X
<b>Total exposure</b>	<b>(231,591)</b>		

\* The loan granted to the SDC Group is eliminated in the consolidated financial statements, nevertheless it exposes CIECH Group to currency risk because the Group's functional currency is PLN.

The table contains an analysis of the sensitivity of individual items of statement of financial position to foreign exchange rate changes as at 30 June 2015:

Analysis of sensitivity to foreign exchange rate changes	(PLN '000)*	Impact on statement of profit or loss	Impact on statement of other comprehensive income
Currency items of statement of financial position	(1,977)	473	(2,450)
Hedging Instruments: forward contracts	(339)		(339)

\* for exchange rate increase of EUR/PLN rate by 1 grosz

CIECH Group applies hedge accounting principles. There were no changes in the presentation or valuation in this area compared to previous period. The effectiveness tests, which were performed at the balance sheet date, have shown that hedge accounting is effective.

## 8. Information on fair value of financial instruments

### a) Financial instruments measured at fair value

As at 30 June 2015, the CIECH Group had the following financial instruments measured at fair value: interest rate swap, USD/PLN forward and EUR/PLN forward.

The fair value of interest rate swap is measured as the difference between discounted interest cash flows (cash flows based on the variable interest rate, the so-called floating leg, and cash flows based on the fixed interest rate, the so-called fixed leg). The input data is the market interest rate from Reuters. The fair value of the currency forward is determined as the difference between the transaction rate and the forward rate at the valuation date multiplied by the nominal value of the contract in the foreign currency. Input data to the valuation is the market interest rate and spot exchange rate from Reuters, based on which the forward rate is calculated.

The fair value of the interest rate swap as at 30 June 2015 was negative and amounted to PLN -2,628 thousand net (PLN 1,364 thousand – other non-current liabilities; PLN 1,264 thousand – other current liabilities).

The fair value of the USD/PLN forward as at 30 June 2015 was negative and amounted to PLN -213 thousand, the fair value of the EUR/PLN forward as at 30 June 2015 was negative and amounted to PLN -982 thousand – the fair value of these financial instruments was presented in other current liabilities. According to the fair value hierarchy, it is Level 2.

In the first half of 2015 there were no transfers within the fair value hierarchy of instruments measured at fair value. There were also no changes in the classification of financial instruments, nor changes in business conditions that could affect the fair value of financial assets or liabilities.

### b) Financial instruments not measured at fair value

The CIECH Group issued foreign and domestic bonds, whose carrying amount as of 30 June 2015 amounts to PLN 1,168,903 thousand and fair value to PLN 1,292,960 thousand.

For the remaining financial instruments of the CIECH Group (classified mainly as cash, loans and receivables, financial liabilities measured at amortized cost and financial liabilities) their fair value was close to their carrying amount.

## 9. Information on non-standard and non-routine transactions concluded with related entities by CIECH S.A. or its subsidiaries

No non-standard or non-routine transactions with related parties were concluded within the CIECH Group in the first half of 2015.

## 10. Information on loan and borrowings sureties or guarantees granted by CIECH S.A. or its subsidiaries

### Sureties and guarantees granted as at 30 June 2015

Beneficiary's name	Total amount of liabilities covered by guarantee/surety in whole or in specific part		Guarantee period	Financial terms, including guarantee fee due to the company	Principal	Nature of relationships between CIECH S.A. and the principal
	currency '000	PLN '000				
<b>CIECH S.A. and selected subsidiaries in Poland, Germany and Romania.</b>						
Deutsche Trustee Company Limited; bond holders*	EUR 379,750 (guarantee provided to the amount of 155% of liabilities related to the issuance of foreign bonds in the amount of 245,000 thousand EUR)	1,592,823	Until full redemption of bonds (max term 30.11.2019)	Commission of 0.55% p.a. of the difference between the limit of the guarantee collateralized by assets and a surplus of the guarantee limit; collateral of liabilities due to bonds issued	Ciech Group Financing AB	Subsidiary
<b>CIECH S.A.</b>						
Anwil S.A.	PLN 15,000	15,000	30.06.2016	Commission of 1.5% p.a. of the guaranteed liability; collateral pertaining to liability	CIECH Trading S.A.	Subsidiary
Alwernia S.A.	PLN 1,000	1,000	Liabilities incurred and outstanding up to 31.12.2015	Commission of 1.5% p.a. of the guaranteed liability; collateral pertaining to liability	CIECH Trading S.A.	Subsidiary

Beneficiary's name	Total amount of liabilities covered by guarantee/surety in whole or in specific part		Guarantee period	Financial terms, including guarantee fee due to the company	Principal	Nature of relationships between CIECH S.A. and the principal
	currency '000	PLN '000				
Spolana a.s.	EUR 1,500	6,292	Liabilities incurred and outstanding up to 31.12.2015	Commission of 1.5% p.a. of the guaranteed liability; collateral pertaining to liability	CIECH Trading S.A.	Subsidiary
BASF Polska Sp. z o.o., BASF SE	EUR 10,000	41,944	Maximum until 12.03.2017	Guarantee for certain liabilities and warranties made by Infrastruktura Kapuściska S.A. w upadłości likwidacyjnej within the Agreement for Sale and Transfer of TDI assets to BASF	Infrastruktura Kapuściska S.A. w upadłości likwidacyjnej	-
Bioagra-Oil S.A.	PLN 250	250	30.09.2015	Commission of 1.5% p.a. of the guaranteed liability; collateral pertaining to liability	CIECH Trading S.A.	Subsidiary
Bank Pekao S.A.	EUR 5,000	20,972	23.12.2015	Commission of 0.4% p.a. of the guaranteed liability; collateral pertaining to liability	CIECH Soda Deutschland GmbH&Co.KG	Subsidiary
Siemens Industrial Turbomachinery s.r.o.	EUR 1,753	7,353	Lease instalments outstanding until 30.04.2019	Commission of 0.4% p.a. of the guaranteed liability; collateral pertaining to liability	KWG GmbH	Subsidiary
Grupa Azoty Zakłady Azotowe Kędzierzyn S.A.	EUR 200	839	30.09.2016	Commission of 1.5% p.a. of the guaranteed liability; collateral pertaining to liability	CIECH Trading S.A.	Subsidiary
BZ WBK Faktor Sp. z o.o.	PLN 18,000	18,000	No time limit	Commission of 1.5% p.a. of the guaranteed liability; collateral pertaining to liability	CIECH Trading S.A.	Subsidiary
BZ WBK Faktor Sp. z o.o.	PLN 49,500	49,500	No time limit	Commission of 1.5% p.a. of the guaranteed liability; collateral pertaining to liability	CIECH Finance Sp. z o.o.	Subsidiary
ANDRITZ SEPARATION GmbH	EUR 886	3,716	Surety expired 30.07.2015	Commission of 1.5% p.a. of the guaranteed liability; collateral pertaining to liability	CIECH Soda Polska S.A.	Subsidiary
<b>Total amount of guarantees and sureties granted</b>		<b>1,757,689</b>				

\* The guarantee covered by the mortgages and pledges established on the assets belonging to guarantors.

## 11. Provisions and impairment allowances on assets

In the first half of 2015, there were the following changes (recognition, use and reversal) of provisions and impairment allowances on assets\* in the consolidated financial statements of the CIECH Group:

<b>Provision increase (PLN'000)</b>	<b>01.01-30.06.2015</b>	<b>01.01-30.06.2014</b>
Provision for employee benefits and bonuses	2,612	1,701
Provision for environmental protection	558	251
Provision for liabilities (costs)**	31,117	837
Provision for expected losses	3,994	11
<b>TOTAL</b>	<b>38,281</b>	<b>2,800</b>

<b>Provision decrease (including use and reversal) (PLN'000)</b>	<b>01.01-30.06.2015</b>	<b>01.01-30.06.2014</b>
Provision for employee benefits and bonuses	1,435	1,813
Provision for environmental protection	546	21,348
Provision for expected losses	8	1,890
Provision for liabilities (costs)	2,257	13,960
<b>TOTAL</b>	<b>4,246</b>	<b>39,011</b>

<b>Impairment of assets (increase) (PLN'000)</b>	<b>01.01-30.06.2015</b>	<b>01.01-30.06.2014</b>
Impairment of intangible assets	-	12,145
Impairment of current receivables	1,418	26,381
Impairment of property, plant and equipment	116	2,348
Impairment of short-term financial assets	-	21,810
Impairment of long-term financial assets	-	11
Impairment of inventory	1,264	3,850
<b>TOTAL</b>	<b>2,798</b>	<b>66,545</b>

<b>Decrease of impairment of assets (including use and reversal) (PLN'000)</b>	<b>01.01-30.06.2015</b>	<b>01.01-30.06.2014</b>
Impairment of property, plant and equipment	135	195,816
Impairment of intangible assets***	-	6,077
Impairment of current receivables	7,103	14,709
Impairment of short-term financial assets	-	-
Impairment of inventory	9,094	4,642
<b>TOTAL</b>	<b>16,332</b>	<b>221,224</b>

\* including: in first half of 2014 the impairment allowances concerning the change to the Group's structure (loss of control over Infrastruktura Kapuściska S.A. w upadłości likwidacyjnej as a consequence of the Company's bankruptcy).

\*\*including: creation of provision for potential VAT liability in the amount of 7,770 thousand PLN in the company CIECH Soda Romania S.A., the increase of provision for environmental penalty in the SDC Group, in the amount of 17,479 thousand PLN.

\*\*\*in 2014, the impairment of intangible assets included exchange rate differences from currency conversion of goodwill impairment in SDC Group in the amount of PLN 15,397 thousand.

<b>Provision increase (PLN'000)</b>	<b>01.04-30.06.2015</b>	<b>01.04-30.06.2014</b>
Provision for employee benefits and bonuses	1,772	475
Provision for environmental protection	558	125
Provision for liabilities (costs)	23,265	398
Provision for expected losses	3,994	-
<b>TOTAL</b>	<b>29,589</b>	<b>998</b>

<b>Provision decrease (including use and reversal) (PLN'000)</b>	<b>01.04-30.06.2015</b>	<b>01.04-30.06.2014</b>
Provision for employee benefits and bonuses	698	211
Provision for environmental protection	283	828
Provision for expected losses	3	-
Provision for liabilities (costs)	1,758	815
<b>TOTAL</b>	<b>2,742</b>	<b>1,854</b>

<b>Impairment of assets (increase) (PLN'000)</b>	<b>01.04-30.06.2015</b>	<b>01.04-30.06.2014</b>
Impairment of intangible assets	-	12,145
Impairment of current receivables	(393)	(5,884)
Impairment of property, plant and equipment	116	2,348
Impairment of short-term financial assets	-	15,587
Impairment of long-term financial assets	-	-
Impairment of inventory	868	85
<b>TOTAL</b>	<b>591</b>	<b>24,281</b>

<b>Decrease of impairment of assets (including use and reversal) (PLN'000)</b>	<b>01.04-30.06.2015</b>	<b>01.04-30.06.2014</b>
Impairment of property, plant and equipment	135	-
Impairment of intangible assets	-	3,628
Impairment of current receivables	4,606	4,447
Impairment of short-term financial assets	-	-
Impairment of inventory	1,468	2,881
<b>TOTAL</b>	<b>6,209</b>	<b>10,956</b>

## 12. Notes to the Condensed Consolidated Statement of Other Comprehensive Income of the CIECH Group

### Tax effect of each component of other comprehensive income of the CIECH Group

PLN'000	01.01.-30.06.2015			01.01.-31.03.2014		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Currency translation differences (foreign companies)	(2,211)	(516)	(2,727)	(1,556)	104	(1,452)
Cash flow hedge	17,165	(3,261)	13,904	(1,890)	359	(1,531)
Other components of other comprehensive income	(14)	-	(14)	96	-	96
<b>Other comprehensive income net of tax</b>	<b>14,940</b>	<b>(3,777)</b>	<b>11,163</b>	<b>(3,350)</b>	<b>463</b>	<b>(2,887)</b>

### Income tax and reclassification adjustments in other comprehensive income

Other comprehensive income before tax PLN '000	change in the period	01.01.- 30.06.2015	change in the period	01.01.-31.03.2014
<b>Currency translation differences (foreign companies)</b>	-	<b>(2,211)</b>	-	<b>(1,556)</b>
- remeasurement for the current period	(2,211)	-	(1,556)	-
<b>Cash flow hedge</b>	-	<b>17,165</b>	-	<b>(1,890)</b>
- fair value remeasurement in the period	12,917	-	3,333	-
- reclassification to profit or loss	4,248	-	(5,223)	-
<b>Other</b>	-	<b>(14)</b>	-	<b>96</b>
- remeasurement for the current period	(14)	-	96	-
<b>Income tax attributable to other components of other comprehensive income</b>	-	<b>(3,777)</b>	-	<b>463</b>
- accrued for the current period	(2,970)	-	(529)	-
- reclassification to profit or loss	(807)	-	992	-
<b>Other comprehensive income net of tax</b>	-	<b>11,163</b>	-	<b>(2,887)</b>

### 13. Information on purchase and disposal of property, plant and equipment and commitments for the acquisition of property, plant and equipment

In the period from 1 January to 30 June 2015 the CIECH Group carried out the following transactions increasing and decreasing the gross value of property, plant and equipment:

<b>MOVEMENTS IN FIXED ASSETS</b> <b>01.01.-30.06.2015</b> <i>PLN'000</i>	Land	Buildings, offices and land and water engineering facilities	Machinery and equipment	Means of transport	Other fixed assets	Fixed assets under construction	<b>Fixed assets, TOTAL</b>
<b>Gross value of fixed assets at the beginning of the period</b>	<b>81,725</b>	<b>820,081</b>	<b>2,151,629</b>	<b>95,334</b>	<b>38,920</b>	<b>247,458</b>	<b>3,435,147</b>
Purchase	-	235	1,669	1,594	234	3,731	<b>7,463</b>
Capital expenditures	-	-	-	-	-	152,461	<b>152,461</b>
Modernization	-	-	21,917	493	10	-	<b>22,420</b>
Adoption of investments	-	7,888	52,596	27	859	-	<b>61,370</b>
Adopted components	-	2,314	3,079	-	-	-	<b>5,393</b>
Adopted under finance leases	-	-	-	47	-	47	<b>94</b>
Capitalization of borrowing costs	-	-	-	-	-	10,552	<b>10,552</b>
Reclassifications	-	-	-	-	-	(92,962)	<b>(92,962)</b>
Currency translation differences	(1,297)	(3,638)	(13,158)	(197)	(136)	(1,054)	<b>(19,480)</b>
Sales	-	(130)	(4,424)	(2,893)	(1,060)	(260)	<b>(8,767)</b>
Liquidation	-	(810)	(3,572)	(26)	(23)	-	<b>(4,431)</b>
Changes in the capital group structure	-	-	(92)	(206)	(416)	-	<b>(714)</b>
Other increase/decrease	-	(64)	(1,197)	-	-	-	<b>(1,261)</b>
<b>Gross value of fixed assets at the end of the period</b>	<b>80,428</b>	<b>825,876</b>	<b>2,208,447</b>	<b>94,173</b>	<b>38,388</b>	<b>319,973</b>	<b>3,567,285</b>

Purchases were made with own financial resources or in the form of a finance lease. Liabilities assumed for the acquisition of property, plant and equipment amounted to PLN 214,363 thousand.

## 14. Information on changes in contingent liabilities or contingent assets and other matters

### 14.1 Significant disputed liabilities of the CIECH Group

As at 30 June 2015, the total value of significant disputed liabilities of CIECH S.A. and the subsidiaries of CIECH S.A., pursued in all types of proceedings before court, body appropriate for arbitration proceedings or public administration bodies represents less than 10% of CIECH S.A.'s equity.

A detailed description of significant disputed liabilities of CIECH S.A. and subsidiaries of CIECH S.A., pursued in all types of proceedings in front of court, body appropriate for arbitration proceedings or public administration bodies has been provided in point II.42.1 of Consolidated Annual Report of CIECH Group for 2014, which was published on 23 March 2015. There have been no significant changes in this regard from that date.

### 14.2 Significant disputed receivables of the CIECH Group

As at 30 June 2015, the total value of significant disputed receivables of CIECH S.A. and subsidiaries of CIECH S.A., pursued in all types of proceedings before court, body appropriate for arbitration proceedings or public administration bodies represents less than 10% of CIECH S.A.'s equity.

A detailed description of significant disputed receivables of CIECH S.A. and subsidiaries of CIECH S.A., pursued in all types of proceedings in front of court, body appropriate for arbitration proceedings or public administration bodies has been provided in point II.42.2 of Consolidated Annual Report of CIECH Group for 2014, which was published on 23 March 2015. There have been no significant changes in this regard from that date.

### 14.3 Contingent assets and contingent liabilities including guarantees and sureties

PLN '000	30.06.2015	31.12.2014
<b>1. Contingent assets</b>	<b>18,864</b>	<b>18,864</b>
- other contingent receivables	18,864	18,864
<b>2. Contingent liabilities</b>	<b>719,936</b>	<b>736,918</b>
- guarantees and sureties granted*	607,139	616,968
- other**	112,257	119,950

\* including mainly:

- contingent liability resulting from - granted by CIECH S.A., CIECH Soda Romania S.A. and selected subsidiaries in Poland and Germany - guarantee of liabilities related to bonds issued by CIECH Group Financing AB (the guarantee was granted to the amount of 155% bonds payable amount of EUR 245 million; the amount of contingent liability is 55% of bonds payable amount)

\*\*including mainly:

- contingent liability in CIECH Soda Romania S.A. resulting from a claim filed by the employees of CIECH Soda Romania S.A. – the amount of PLN 18,808 thousand (RON 20,118 thousand);
- contingent liability in the SDC Group relating to environmental protection in the amount of PLN 15,276 thousand (EUR 3,642 thousand);
- contingent liability in CIECH Soda Polska S.A. resulting from environmental penalties in the amount of PLN 30,914 thousand;
- contingent liabilities in CIECH Soda Polska S.A. resulting from signed in blanco promissory notes for the National Fund for Environmental Protection and Water Management relating to subsidies received in the event of a potential financial adjustment in the amount of PLN 45,864 thousand.

Other contingent liabilities as at 30 June 2015 amounted to PLN 719,936 thousand, which is a decrease of PLN 17,522 thousand compared to 31 December 2014.

The change in the value of contingent liabilities compared with their value as at 31 December 2014 results from:

- reclassification, in the company CIECH Soda Romania S.A., of contingent liability in respect of VAT payable in the amount of PLN 10,037 thousand (RON 10,554 thousand) to the provisions.
- the subsidy received by CIECH Soda Polska S.A. under the program "Reduction of dust emission in CHP Inowrocław through the modernization of electrostatic cauldrons" amounting to PLN 2,693 thousand;
- change in the RON exchange rate applied by CIECH Soda Romania S.A. to translate the contingent liability connected with the lawsuit filed by the employees of CIECH Soda Romania S.A. – the amount of change PLN -324 thousand;
- change in the EUR exchange rate applied by CIECH Soda Deutschland Group to translate, among other things, a potential liability due to the reclamation of ponds, which will be recognised if the waste management regulations become applicable – the amount of change PLN -247 thousand;

- change in the EUR exchange rate applied to translate the contingent liability in respect of granted guarantee of liabilities related to the issuance of foreign bonds - the amount of change PLN -9,150 thousand;
- change in the EUR exchange rate applied by CIECH S.A. to translate the guarantee for certain liabilities and warranties made by Infrastruktura Kapuściska S.A. w upadłości likwidacyjnej within the Agreement for Sale and Transfer of TDI assets to BASF – the amount of change PLN -679 thousand;
- other changes in contingent liabilities of PLN 222 thousand.

#### 14.4 Letters of support

As at 30 June 2015, CIECH S.A. was an obliged party in the following letters of support:

- Letter of support (Patronatserklärung) regarding Sodawerk Staßfurt GmbH&Co. KG seated in Staßfurt ("SWS"), granted to RWE Gasspeicher GmbH ("RWE"), relating to liabilities of resulting from the agreement dated 5 May 2009 on salt caverns construction for the purpose of natural gas storage on the mining field Stassfurt according to which SWS received payments from RWE of EUR 34.8 million until 30 June 2015. In the support letter CIECH S.A. has committed, among other things, to ensure that SWS will have sufficient funds to fulfill its financial commitments resulting from the above-mentioned agreement.
- Letter of support (Patronatserklärung) regarding KWG-Kraftwerksgesellschaft Staßfurt mbH seated in Staßfurt ("KWG") granted to Erdgas Mittelsachsen GmbH ("EMS") relating to liabilities of KWG to EMS resulting from the gas supplies agreement. In the letter of support CIECH S.A. has committed, among other things, to ensure that KWG will have sufficient funds to fulfill its financial commitments vis-à-vis EMS resulting from the above-mentioned agreement. The responsibility of CIECH S.A. as regards the letter is limited to EUR 4 million and until 31 December 2015.

#### 15. Discontinued operations and non-current assets classified as held for sale

##### Discontinued operations

The accounting principles applied in preparing the statement of profit or loss for discontinued operations are in line with the Group's accounting policy. The results of discontinued operations include:

##### For the period between 1 January and 30 June 2015:

There were no discontinued operations at the CIECH Group.

##### For the period between 1 January and 30 June 2014:

- The result on the loss of control over the Infrastruktura Kapuściska Group in connection with the declaration of its bankruptcy made by the Court on 14 March 2014 amounted to PLN -7,828 thousand. Due to the lack of the Company's data as at the date of declaration of its bankruptcy, its deconsolidation from the consolidated statement of the CIECH Group was based on the figures recognized on 31 December 2013.
- Impairment of receivables and loans granted to Infrastruktura Kapuściska S.A. w upadłości in the amount of PLN 31,170 thousand.
- Deferred tax asset in the amount of PLN 15,100 thousand, in respect of temporary differences between the carrying value and the tax share of Infrastruktura Kapuściska S.A. w upadłości.

##### Statement of profit or loss for discontinued operations:

PLN'000	01.01-30.06.2014
Other operating income	7,828
Other operating expenses	(9,360)
<b>Operating profit/(loss)</b>	<b>(1,532)</b>
Financial expenses	(21,810)
<b>Net financial income/expenses</b>	<b>(21,810)</b>
<b>Profit/(Loss) before tax</b>	<b>(23,342)</b>
Income tax	15,100
<b>Net profit/(loss) from discontinued operations</b>	<b>(8,242)</b>
including:	
Net profit/(loss) attributable to shareholders of the Parent Company	(8,242)
Net profit/(loss) attributable to non-controlling interests	-
<b>Earnings/(loss) per share (in PLN) from discontinued operations:</b>	
Basic	(0.16)
Diluted	(0.16)

## Assets and liabilities classified as held for sale

As at 30 June 2015 the following assets were classified by the CIECH Group as “Non-current assets held for sale”:

- CIECH Vitrosilicon S.A. presented property, plant and equipment in the amount of PLN 368 thousand (land located in the town of Iłowa) redundant from the point of view of the enterprise; a potential buyer of the land is now being sought. These assets are presented in the “Silicates and glass segment”.
- CIECH Trading S.A. presented an installation acquired from Infrastruktura Kapuściska S.A. w upadłości likwidacyjnej (total carrying value of PLN 3,015 thousand). These assets are presented in the “Other operations segment”.

As at 31 December 2014 the following assets were classified as “Non-current assets held for sale”:

- CIECH Vitrosilicon S.A. presented property, plant and equipment in the amount of PLN 368 thousand (land located in the town of Iłowa) redundant from the point of view of the enterprise; a potential buyer of the land is now being sought. These assets are presented in the “Silicates and glass segment”.
- Ciech Trading S.A. presented an installation acquired from Infrastruktura Kapuściska S.A. w upadłości likwidacyjnej (total carrying value of PLN 3,015 thousand). These assets are presented in the “Other operations segment”.
- Ciech Nieruchomości S.A. presented investment properties in the amount of PLN 239 thousand. These assets are presented in the “Other operations segment”.

## 16. Information on loan agreements, including overdue debts or other violations of debt-related agreements

In the period covered by these financial statements none of the loan agreements was called to maturity nor were there any violations of the payment terms for repayment of capital or interest due in relation to financial liabilities recognized in the statement of financial position. Under the Revolving Loan Agreement and the New Revolving Loan Agreement CIECH S.A. and its selected subsidiaries were required, among others, to maintain a certain level net leverage ratio included in the agreements (the ratio of the Ciech Group's consolidated net debt to consolidated EBITDA Ciech Group) in the amount not higher than 3.0, measured for the 12 months ended 30 June 2015. The level of the indicator has been met and reached 2.0.

All information concerning the financing conditions, which result from the agreements and arrangements with the banks, are presented in the Consolidated Annual Report of CIECH Group for 2014, which was published on 23 March 2015.

## 17. Information on non-consolidated subsidiaries and associates

When selecting entities for consolidation, the Management Board of the parent company applied the materiality principle in respect of their financial data (in line with the IFRS conceptual framework) in order to comply with the requirement of true and fair view of the economic and financial standing and financial result of the Group.

The total share of data of subsidiaries not covered by consolidation under the full method due to their irrelevance, in relation to the total values of the CIECH Group for the period from 1 January 2015 to 30 June 2015 does not exceed 1% of total consolidated assets of the Group and consolidated net revenues from sales of goods and products and financial operations.

Aggregated data of associates which were not measured under the equity method for the period from 1 January 2015 to 30 June 2015 does not exceed 1% of the total consolidated equity of the Group.

## 18. Information on related party transactions

Transactions between the parent, CIECH S.A., and its subsidiaries were eliminated during consolidation and have not been presented in this section.

Detailed information about transactions between the CIECH Group and other related entities (i.e. companies controlled by the parent company at the highest level in relation to CIECH S.A. – Kulczyk Investments S.A. or not consolidated companies of the CIECH Group) have been presented below:

TRANSACTIONS BETWEEN CONSOLIDATED ENTITIES AND OTHER RELATED ENTITIES PLN'000	01.01.-30.06.2015	01.01.-30.06.2014
Revenues from sales of products and services	1 269	1 174
Revenues from sales of goods and materials	31 783	29 652
Other operating income	252	4
Financial income	353	1 074
Purchase of products, goods and materials	6 968	196

<b>TRANSACTIONS BETWEEN CONSOLIDATED ENTITIES AND OTHER RELATED ENTITIES</b>	<b>01.01.-30.06.2015</b>	<b>01.01.-30.06.2014</b>
<i>PLN'000</i>		
Purchase of services	19 333	20 273
Other operating costs	1	-
Receivables, loans granted etc.	7 582	7 443
Liabilities, loans received etc.	2 911	21

#### Terms of transactions with related entities

Sales to and purchases from related entities are realised at market prices. Overdue liabilities and receivables are not secured and are settled in cash or by set-off. Receivables from related entities have not been secured by any guarantees granted or received besides described below.

During the first half of 2015 (and in the comparative period) there were only typical transactions between the companies of the CIECH Group related to current activity of the parent CIECH S.A. and its subsidiaries.

#### 19. Seasonality and cyclicity of the operations of CIECH S.A. and the CIECH Group

Seasonality resulting from periodic demand and supply fluctuations has little impact on the general sales trends in the CIECH Group. Products clearly influenced by seasonality include plant protection chemicals. 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. As a result, seasonality plays a relatively small role in the Group's overall sales.

#### 20. Information on the issue, redemption and repayment of debt securities and equity securities in the CIECH Group

In the first half of 2015, the CIECH Group companies did not issue, redeem or repay debt securities or equity securities.

On 5 June 2014, CIECH S.A. purchased all 16 000 bonds series 01. The bonds were issued by CIECH S.A. on 5 December 2012. The average purchase price of each bond was PLN 10,287.96. The redemption value (the average unit price increased by the amount of interest) of each bond was PLN 10,671.91, and the total value of transaction was PLN 170,751 thousand.

#### 21. Earnings per share

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

<i>PLN '000</i>	<b>01.01-30.06.2015</b>	<b>01.01-30.06.2014</b>
Net profit (loss) from continuing operations attributable to the shareholders of the parent	138,457	35,267
Net profit (loss) from discontinued operations attributable to the shareholders of the parent	-	(8,242)

<i>Pcs.</i>	<b>30.06.2015</b>	<b>30.06.2014</b>
Weighted average number of issued ordinary shares used in calculation of basic earnings per share	52,699,909	52,699,909
Weighted average number of issued ordinary shares used in calculation of diluted earnings per share	52,699,909	52,699,909

<i>in PLN</i>	<b>01.01-30.06.2015</b>	<b>01.01-30.06.2014</b>
Basic earnings per share (continuing operations)	2.63	0.67
Basic earnings per share (discontinued operations)	-	(0.16)
Diluted earnings per share (continuing operations)	2.63	0.67
Diluted earnings per share (discontinued operations)	-	(0.16)

**22. Information on events after the balance-sheet date**

On 22 July 2015, the Supervisory Board of CIECH S.A. dismissed Mr. Dariusz Krawczyk from the position of Chairman of the Board without giving the reason of dismissal. At the same time, from the date of 22 July 2015, the Supervisory Board appointed Mr Maciej Tybura for the position of Chairman of the Board. Mr Maciej Tybura previously held the position of Board Member.

In respect to the death of Mr PhD Jan Kulczyk, Chairman of the Supervisory Board of CIECH S.A., the Extraordinary General Meeting of Shareholders will be held on August 26<sup>th</sup>, in purpose to make changes in the Supervisory Board.

### III. Management Report

#### 1. The most important events in the CIECH Group in the first half of 2015

##### New names of companies in the CIECH Group

In the first half of 2015, by decision of the Management Board of CIECH S.A., the names of the Group's members were unified for the marketing and image-building purposes of the CIECH Group.

The changes affected the following companies:

Former name	New name
Soda Polska Ciech S.A.	CIECH Soda Polska S.A.
S.C. Uzinele Sodice Govora - Ciech Chemical Group S.A.	CIECH Soda Romania S.A.
Sodawerk Stassfurt GmbH & Co. KG	CIECH Soda Deutschland GmbH & Co. KG
Zakłady Chemiczne „Organika-Sarzyna” S.A.	CIECH Sarzyna S.A.
Vitrosilicon S.A.	CIECH Vitrosilicon S.A.
TRANSODA Sp. z o.o.	CIECH Cargo Sp. z o.o.
TRANSCLEAN Sp. z o.o.	CIECH Transclean Sp. z o.o.
Ciech Trademarks Sp. z o.o.	CIECH R&D Sp. z o.o.

##### Soda segment

##### Completion of the first stage of the development of the Inowrocław soda plant production capacity – project SODA +200

Modernisation of the production facilities is one of the basic pillars of the CIECH Group's development. The most important project pursued in the first half was the development of the production capacity of the soda plant in Inowrocław from 600 to 800 thousand tonnes per year. The first stage of the investment called SODA +200 project resulted in an increase in the plant's annual capacity of 60 thousand tonnes of finished goods. The total value of the SODA +200 programme amounts to approx. PLN 265 million. At the same time, in the near-by plant in Janikowo, an investment aimed at intensifying the production of salt was completed in March 2015. As a result, the production of these goods increased from 1 thousand to 1.7 thousand tonnes per day. This is in response to the market demand, and as a result, the plant in Janikowo will process all brine into high-quality salt. The total value of this investment is over PLN 77 million.

##### Significant agreement for the purchase of power coal

On 13 May 2015, CIECH Soda Polska S.A. concluded an agreement with Kompania Węglowa S.A. for the sale of power coal. The agreement relates to the sale of power coal by Kompania Węglowa S.A. to CIECH Soda Polska S.A. on the basis of FCA Kompania Węglowa S.A. mine stations, according to Incoterms 2010. The agreement was concluded for an unspecified period, but the terms of trade and the volume being purchased were determined only for 2015. The estimated value of the contract based on the adopted pricing formula and the current prices of the product over the period of 5 years amounts to approximately PLN 340,000 thousand. Detailed information on the agreement was provided in the current report No. 10/2015 on 13 May 2015.

##### Change of the auditor

On 26 May 2015, Supervisory Board of CIECH S.A. adopted a resolution to change entity authorised to the half-year review and to audit separate financial statements of CIECH S.A. and consolidated financial statements of CIECH Group for the year 2015, simultaneously selecting a new entity to perform above reviews - PricewaterhouseCoopers Sp. z o.o. with its registered office in Warsaw. Moreover Supervisory Board has appointed PricewaterhouseCoopers Sp. z o.o. with its registered office in Warsaw as entity authorised to the half-year review and to audit separate financial statements of CIECH S.A. and consolidated financial statements of Ciech Group for the years 2016 and 2017.

#### 2. Description of the achievements of the CIECH Group in the period from 1 January to 30 June 2015 and description of the factors and events that have a significant impact on the financial result

##### 2.1 Basic financial data

In the first half of 2015, the CIECH Group generated a net profit from continuing operations of PLN 138,783 thousand, the net balance of cash and cash equivalents increased by PLN 3,552 thousand, and the total assets as at the end of the first half of 2015 amounted to PLN 3,322,529 thousand.

The table below presents selected financial data and basic financial ratios for the first half of 2015 and 2014.

## Selected financial data

PLN '000	01.01-30.06.2015	01.01-30.06.2014	Change % 2015/2014	Change 2015/2014
<b>CONTINUING OPERATIONS</b>				
<b>Sales revenues</b>	<b>1,658,124</b>	<b>1,659,030</b>	<b>(0.1%)</b>	<b>(906)</b>
Cost of sales	(1,224,304)	(1,302,169)	6.0%	77,865
<b>Gross profit/(loss) on sales</b>	<b>433,820</b>	<b>356,861</b>	<b>21.6%</b>	<b>76,959</b>
Selling costs	(100,161)	(108,732)	7.9%	8,571
General and administrative expenses	(66,171)	(71,856)	7.9%	5,685
Other operating income/expense	(26,704)	(24,168)	(10.5%)	(2,536)
<b>Operating profit/(loss)</b>	<b>240,784</b>	<b>152,105</b>	<b>58.3%</b>	<b>88,679</b>
Net financial income/expenses	(62,220)	(79,440)	21.7%	17,220
Share of profit of equity-accounted investees	182	401	(54.6%)	(219)
Income tax	(39,963)	(38,278)	(4.4%)	(1,685)
<b>Net profit/(loss) on continuing operations</b>	<b>138,783</b>	<b>34,788</b>	<b>298.9%</b>	<b>103,995</b>
<b>DISCONTINUED OPERATIONS</b>				
Net profit/(loss) on discontinued operations	-	(8,242)	-	8,242
<b>Net profit / (loss)</b>	<b>138,783</b>	<b>26,546</b>	<b>422.8%</b>	<b>112,237</b>
including:				
Net profit/(loss) attributed to non-controlling interest	326	(479)	-	805
Net profit/(loss) attributable to shareholders of the parent company	138,457	27,025	412.3%	111,432
EBITDA from continuing operations	351,241	252,823	38.9%	98,418
Normalized EBITDA from continuing operations*	380,605	273,160	39.3%	107,445

\*Excluding one-off events, the more important of which are described in point II.6

<i>PLN '000</i>	<b>30.06.2015</b>	<b>31.12.2014</b>	<b>30.06.2014</b>	<b>Change % 2015/2014</b>	<b>Change 2015/2014</b>
<b>Total assets</b>	<b>3,322,529</b>	<b>3,205,697</b>	<b>3,010,648</b>	<b>3.6%</b>	<b>116,832</b>
Total non-current assets	2,509,797	2,486,072	2,195,577	1.0%	23,725
Total current assets including:	812,732	719,625	815,071	12.9%	93,107
- <i>inventory</i>	268,502	257,770	213,461	4.2%	10,732
- <i>current receivables</i>	488,159	409,071	491,685	19.3%	79,088
- <i>cash and cash equivalents</i>	52,688	49,162	69,057	7.2%	3,526
- <i>short-term investments</i>	-	-	38,259	-	-
- <i>non-current assets held for sale</i>	3,383	3,622	2,609	(6.6%)	(239)
<b>Total equity</b>	<b>1,135,002</b>	<b>985,474</b>	<b>861,476</b>	<b>15.2%</b>	<b>149,528</b>
Equity attributable to shareholders of the parent	1,143,557	994,774	876,441	15.0%	148,783
Non-controlling interest	(8,555)	(9,300)	(14,965)	8.0%	745
Total non-current liabilities	1,450,823	1,471,544	260,136	(1.4%)	(20,721)
Total current liabilities	736,704	748,679	1,889,036	(1.6%)	(11,975)

PLN '000	01.01-30.06.2015	01.01-30.06.2014	Change % 2015/2014	Change 2015/2014
Net cash flows from operating activities	202,708	241,004	(15.9%)	(38,296)
Net cash flows from investment activities	(205,312)	(116,283)	(76.6%)	(89,029)
Net cash flows from financial activities	6,156	(158,615)	-	164,771
<b>Total net cash flows</b>	<b>3,552</b>	<b>(33,894)</b>	-	<b>37,446</b>
<i>including free cash flows</i>	<i>(2,604)</i>	<i>124,721</i>	-	<i>(127,325)</i>

	01.01-30.06.2015	01.01-30.06.2014	Change 2015/2014
<b>CONTINUING OPERATIONS</b>			
<b>Earnings per share (in PLN):</b>	<b>2.63</b>	<b>0.67</b>	<b>1.96</b>
Net return on sales	8.4%	2.1%	6.3 p.p.
EBIT %	14.5%	9.2%	5.3 p.p.
EBITDA %	21.2%	15.2%	6 p.p.
Normalised EBITDA %*	23.0%	16.5%	6.5 p.p.

\*Excluding one-off events, the more important of which are described in point II.6.  
Source: CIECH S.A.

**Calculation principles (as per data for continuing activities):**

**Earnings per share** – net profit or (loss) / weighted average number of ordinary shares outstanding for a given period (in accordance with the definition of IAS 33 'Earnings per share')

**Net profitability** – net profit or (loss) for a given period / net revenues from sales of products, services, goods and materials in a given period.

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

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

**Normalized EBITDA %** – EBITDA excluding one-off events the more important of which are described in point II.6 / net revenues from sales of products, services, goods and materials for a given period.

## 2.2 Sales revenues

Consolidated sales revenues from continued operations of the CIECH Group for the first half of 2015 amounted to PLN 1,658,124 thousand. In comparison to the same period of the previous year, sales revenues decreased by PLN 906 thousand, i.e. by 0.1%. The decrease was mainly due to the factors.

The positive contributors to the presented sales revenues were as follows:

- increase in the prices of soda, reinforcement of USD, in comparison to PLN and RON,
- higher volumes of sales of soda,
- increase in the sale of baking soda to more profitable segments,
- competitive prices of European soda manufacturers in relation to the import from North America,
- increase in the volume of sale of epoxy resins and the volume of sales of saturated polyester resins,
- stable demand for polyurethane foams, moderate increase in the sale prices.

The negative contributors to the presented sales revenues were as follows:

- high supply and intensive activities of competitors on the salt market, pressure on reducing prices,
- decrease in electricity prices in Germany,
- decrease in the sale prices of epoxy resins and saturated polyester resins related to the low level of prices of raw materials, strong competition on the plant protection products market, intensive activities of new distributors, low purchasing activity of farmers,
- no trading sales of sulphur (completion of the contract with the Azoty Group for supplies of the product).

Due to the change in the presentation of operating segments in the CIECH Group, the activity of the Group in the first half of 2015 concentrated on four business segments: soda, organic, silicates and glass, and on the transport segment. These segments generate in total more than 90% of the Group's sales revenues. The structure of sales revenues by business segment has not changed significantly in comparison with the same period of 2014. Invariably, the greatest share in the revenue was attributed to the sales of soda segment products, i.e. 65.9%.

## Sales revenues – business segments

	half 2015	half 2014*	Change	Change %	% of total revenues in 2015	% of total revenues in 2014
<b>Soda segment, including:</b>	<b>1,092,094</b>	<b>1,003,209</b>	<b>88,885</b>	<b>8.9%</b>	<b>65.9%</b>	<b>60.5%</b>
Dense soda ash	610,059	558,171	51,888	9.3%	36.8%	33.6%
Light soda ash	217,529	189,172	28,357	15.0%	13.1%	11.4%
Salt	86,002	84,759	1,243	1.5%	5.2%	5.1%
Baking soda	76,038	75,523	515	0.7%	4.6%	4.6%
Energy	52,503	42,732	9,771	22.9%	3.2%	2.6%
Gas**	13,841	-	13 841	100.0%	0.8%	0.0%
Calcium chloride	8,399	10,915	(2,516)	(23.1%)	0.5%	0.7%
Other products	14,105	29,641	(15 536)	(52.4%)	0.9%	1.8%
Revenues from inter-segment transactions	13,618	12,296	1,322	10.8%	0,8%	0.7%
<b>Organic segment, including:</b>	<b>433,237</b>	<b>441,965</b>	<b>(8,728)</b>	<b>(2.0%)</b>	<b>26.1%</b>	<b>26.6%</b>
Resins	183,047	173,910	9,137	5.3%	11,0%	10.5%
Polyurethane foams	113,943	113,792	151	0.1%	6.9%	6.9%
Plant protection chemicals	128,385	148,135	(19,750)	(13.3%)	7.7%	8.9%
Other	6,544	6,113	431	7.1%	0,4%	0.4%
Revenues from inter-segment transactions	1,318	15	1,303	8,686.7%	0.1%	0.0%
<b>Silicates and Glass segment, including:</b>	<b>86,380</b>	<b>190,419</b>	<b>(104,039)</b>	<b>(54.6%)</b>	<b>5.2%</b>	<b>11.5%</b>
Sulphur	-	97,762	(97,762)	(100.0%)	0.0%	5.9%
Glass blocks and packaging – lanterns and jars	42,670	36,051	6,619	18.4%	2.6%	2.2%
Sodium silicate in lumps	26,650	31,098	(4,448)	(14.3%)	1.6%	1.9%
Sodium water glass	13,861	11,120	2,741	24.6%	0.8%	0.7%
Other	3,189	8,103	(4,914)	(60.6%)	0.2%	0.5%
Revenues from inter-segment transactions	10	6,285	(6,275)	(99.8%)	0,0%	0.4%
<b>Transport segment, including:</b>	<b>62,377</b>	<b>49,828</b>	<b>12,549</b>	<b>25.2%</b>	<b>3.8%</b>	<b>3.0%</b>
Transport services	6,335	5,813	522	9.0%	0.4%	0.4%
Revenues from inter-segment transactions	56,042	44,015	12,027	27.3%	3.4%	2.7%
<b>Other operations segment, including:</b>	<b>68,722</b>	<b>46,738</b>	<b>21,984</b>	<b>47.0%</b>	<b>4.1%</b>	<b>2.8%</b>
Revenues from third parties	55,024	36,220	18,804	51.9%	3.3%	2.2%
Revenues from inter-segment transactions	13,698	10,518	3,180	30.2%	0.8%	0.6%
Consolidation adjustments	(84,686)	(73,129)	(11,557)	15.8%	(5.1%)	(4.4%)
<b>TOTAL</b>	<b>1,658,124</b>	<b>1,659,030</b>	<b>(906)</b>	<b>(0.1%)</b>	<b>100.0%</b>	<b>100.0%</b>

\*Restated.

\*\*Resale of surpluses of the gas purchased.

Source: CIECH S.A.

## 2.3 Profit/(Loss) on sale and Operating Profit/(Loss)

After the first half of 2015, gross profit on sales amounted to PLN 433,820 thousand, whereas in the same period of the previous year it amounted to PLN 356,861 thousand. The operating profit amounted to PLN 240,784 thousand, in the comparable period it amounted to PLN 152,105 thousand.

## The positive contributors to the presented profits were as follows:

- A significant improvement of the economic situation in the domestic chemical industry. In the period of first half of 2015 in comparison to the same period of the previous year, an increase in sales: of 3.2% in the case of chemicals and chemical products, and of 6.4% in respect of rubber and plastic products (in fixed prices) was recorded.
- Maintaining positive dynamics in domestic construction and assembly production – increase by 1.0% during the period of first half 2015 in comparison to the same period of the previous year (chemical industry produces many raw materials and semi-finished products used in this production).
- Increase in prices of soda ash on European markets from the beginning of 2015, in comparison to the previous year (increase by 5% for Western Europe).
- Maintaining last year's level of domestic production of paints and varnishes (slight increase by 0.5% in the first half of 2015 in comparison to the same period of the previous year, in quantitative terms).
- Increase in the prices of epoxy resins on the European market in second quarter of 2015, offsetting with surplus decreases of first quarter of 2015.
- Balancing the European soda ash market (balancing supply and demand) with a tendency to increase in demand.

- Maintaining in first half of current year oil prices at level ca. 2 times lower than in the previous year, despite slow trend of their growth, and consequently low prices of raw materials for the organic industry, which improved the effectiveness of the CIECH Group's operations in the organic segment.
- Economic recovery in the European Union (+1.0% GDB increase in first quarter of 2015 in comparison to first quarter of 2014 – by EUROSTAT), mainly due to private consumption (+1.7%) and investments (+0.8%).
- Depreciation of the value of Polish and Romanian currency against the US dollar in the period January-June 2015 which conducive improvement of export profitability of the CIECH Group.

#### The negative contributors to the presented profits were as follows:

- Decline in production of the plant protection products in the country. In the period of first half of 2015 in comparison to the same period of the previous year production decline by 17.7% (in quantitative terms) was recorded.
- Reinforcement of the Polish currency against the EUR in the period of January-April 2015 nearly by 7% which makes export of the CIECH Group less profitable. This was partially offset by weakening of the Polish currency in the period May-June 2015.

In the 1st half of 2015, the EBIT margin on continuing operations amounted to 14.5% (9.2% in the prior year), and the EBITDA margin on continuing operations amounted to 21.2% (15.2% in the prior year). In the 1st half of 2015, the EBIT margin on continuing operations without one-off events amounted to 16.3% (10.4% in the prior year), and the EBITDA margin on continuing operations without one-off events amounted to 23.0% (16.5% in the prior year).

## 2.4 Financing activities and net result

Financial income after the first half of 2015 amounted to PLN 2,476 thousand and decreased compared to the corresponding period of the previous year when it amounted to PLN 4,182 thousand.

Financial expenses after the first half of 2015 amounted to PLN 64,696 thousand and decreased compared to the corresponding period of the previous year when it amounted to PLN 83,622 thousand.

**The negative contributors in the area of financing activities included** continuous substantial costs of servicing external debt - interest on bonds, which is associated with high external debt level (these costs decreased compared to the corresponding period of the previous year) and foreign exchange losses.

The consolidated net result from continued operations after the first half of 2015 amounted to PLN 138,783 thousand (including net profit attributable to owners of the Company in the amount of PLN 138,457 thousand as well as profit attributable to non-controlling interests in the amount of PLN 326 thousand). This profit was mainly influenced by profit on sales, partly levelled by the negative result from financing activities (the most negative influence resulted from the costs of servicing external debt, mainly interest on bonds and overdraft facilities). The Group's net profit was also significantly affected by the income tax of PLN 39,963 thousand.

#### Financial result achieved in different types of activities

PLN '000	01.01- 30.06.2015	01.01- 30.06.2014	Change % 2015/2014	Change 2015/2014
<b>CONTINUING OPERATIONS</b>				
1. Operating profit/loss	240,784	152,105	58.3%	88,679
2. Net financial income/expenses	(62,220)	(79,440)	21.7%	17,220
3. Share of profit of equity-accounted investees	182	401	(54.6%)	(219)
4. Income tax	(39,963)	(38,278)	(4.4%)	(1,685)
<b>5. Net profit/loss (1+2+3+4) on continuing operations</b>	<b>138,783</b>	<b>34,788</b>	<b>298.9%</b>	<b>103,995</b>
6. Net profit/loss attributed to non-controlling interest on continuing operations	326	(479)	-	805
<b>7. Net profit/loss attributable to shareholders of the parent company (5-6) on continuing operations</b>	<b>138,457</b>	<b>35,267</b>	<b>292.6%</b>	<b>103,190</b>
8. Net profit/(loss) on discontinued operations	-	(8,242)	-	8,242
<b>9. Net profit/(loss) for the year (5+8)</b>	<b>138,783</b>	<b>26,546</b>	<b>422.8%</b>	<b>112,237</b>

Source: CIECH S.A.

## 2.5 Assets

As the end of June 2015, the Group's non-current assets amounted to PLN 2,509,797 thousand. As compared to the balance as at 31 December 2014 the value of non-current assets increased by PLN 23,725 thousand. The change is mainly related to the investments in property, plant and equipment and partially offset by amortization and decrease in fair value of investment properties.

As at 30 June 2015, the Group's current assets amounted to PLN 812,732 thousand. The current assets comprised mainly: trade receivables and other receivables which accounted for 59.6%, inventories which accounted for 33.0% and cash and cash equivalents which accounted for 6.5% of total current assets. Compared with the end of December 2014, the value of current assets increased by PLN 93,107 thousand. The increase is mainly related to an increase in trade receivables (seasonal increase in sale of plant protection chemicals in CIECH Sarzyna S.A. and an increase of prices in the soda segment in CIECH S.A.)

## 2.6 Liabilities

As at 30 June 2015, the CIECH Group's liabilities (non-current and current) amounted to PLN 2,187,527 thousand, which accounts for a decrease in comparison with the end of December 2014 of PLN 32,696 thousand (i.e. of 1.5%). The decrease in liabilities results mainly from the return of capital contributions in the total amount of EUR 12 million together with remuneration due on the basis of the 'silent partners' agreement. As at 30 June 2015, the total debt ratio (current and non-current liabilities / total assets) was 65.8% (69.3% as at the end of December 2014). The consolidated net debt of the Group calculated as the sum of non-current and current liabilities due to loans, borrowings and other debt instruments (bonds + finance lease + derivatives liabilities) decreased by cash and cash equivalents amounted to PLN 1,214,474 thousand as at 30 June 2015 and increased in comparison with the balance as at the end of December 2014 by PLN 32,391 thousand.

## 2.7 Cash flows

Total net cash flows in the first half of 2015 was positive and amounted to PLN 3,552 thousand. As compared to the same period of the previous year the Group generated cash flows which were PLN 37,446 thousand higher. Cash flows from operating activities amounted to PLN 202,708 thousand and were PLN 38,296 thousand lower than those generated in the comparable period of 2014.

In the first half of 2015 the net cash from investment activities was negative. The surplus of investment outflows over inflows amounted to PLN 205,312 thousand. The balance of cash flows from investment activities was mainly influenced by the acquisitions of property, plant and equipment in the Group companies.

Net cash from financial activities was positive and amounted to PLN 6,156 thousand. In relation to the corresponding period of 2014, it was PLN 164,771 thousand higher (in 2014 the negative balance of cash flows from financial activities related to expenditure on redemption of bonds denominated in PLN in the amount of PLN 160 million).

## 2.8 Information on the CIECH Group's financial standing

### Profitability after the first half of 2015

In the first half of 2015, the return ratios of the CIECH Group in respect of the continuing operations were at a higher level than after the first half of 2014.

### The CIECH Group's return ratios

	01.01-30.06.2015	01.01-30.06.2014
<b>CONTINUING OPERATIONS</b>		
Gross return on sales	26.2%	21.5%
Return on sales	16.1%	10.6%
EBIT margin	14.5%	9.2%
EBITDA margin	21.2%	15.2%
Operating profit margin (normalized*)	16.3%	10.4%
Normalized EBITDA margin*	23.0%	16.5%
Net return on sales (ROS)	8.4%	2.1%
Return on assets (ROA)	4.2%	1.1%
Return on equity (ROE)	12.2%	3.5%

\*Excluding one-off events, the more important of which are described in point II.6.

### Calculation principles (as per data for continuing activities):

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

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

**EBIT margin** – operating profit for a given period / net revenues from sales of products, services, goods and materials for a given period;

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

**normalized EBIT margin** – operating profit for a given period excluding one-off events the more important of which are described in point IV.3 / net revenues from sales of products, services, goods and materials for a given period;

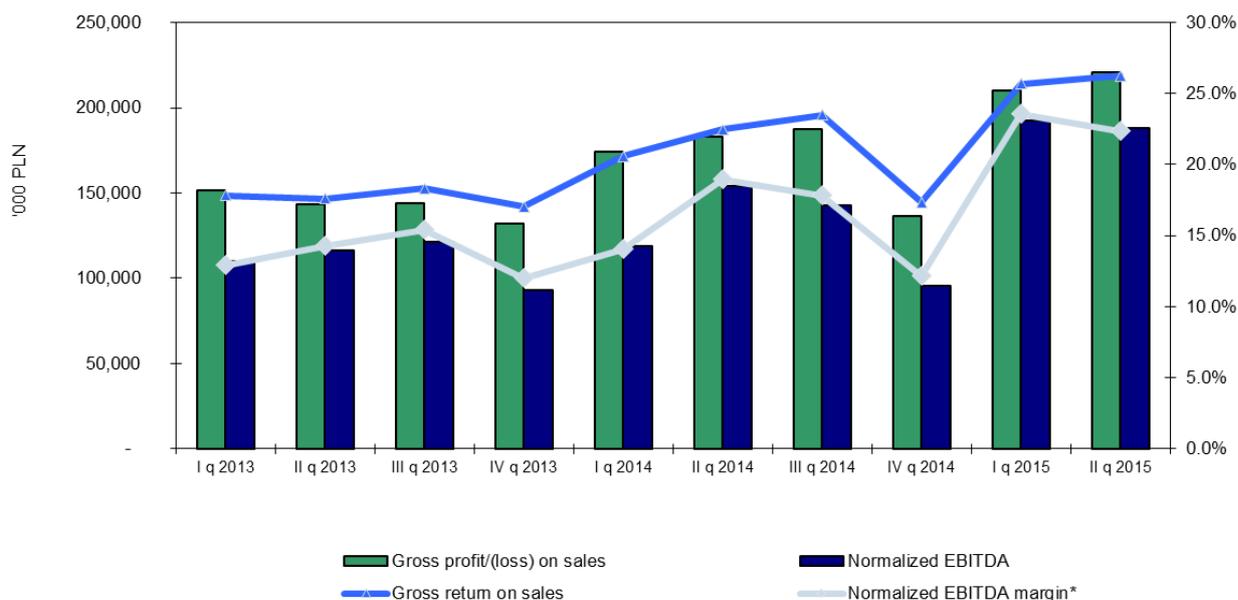
**normalized EBITDA margin** – EBITDA for a given period excluding one-off events the more important of which are described in point IV.3. / net revenues from sales of products, services, goods and materials for a given period;

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

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

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

The Ciech Group's return levels



Normalized EBITDA - excluding one-off events described in particular quarters  
Source: CIECH S.A.

### Liquidity of the Group and working capital

Liquidity ratios as of the end of June 2015 increased in comparison with 31 December 2014. The current ratio, calculated as the ratio of total current assets to total current liabilities, amounted to 1.11 as at 30 June 2015, while the quick ratio amounted to 0.74.

### The CIECH Group's liquidity ratios

PLN '000	30.06.2015	31.12.2014	30.06.2014
Current ratio	1.10	0.96	0.43
Quick ratio	0.74	0.62	0.32

#### Calculation principles:

**current ratio** – the ratio of current assets to current liabilities at the end of a given period; measures a company's ability to cover current liabilities using current assets;

**quick ratio** – the ratio of current assets less inventory to current liabilities at the end of a given period; measures a company's ability to use its near cash assets to retire its current liabilities immediately.

### Ability to generate cash flows

PLN '000	01.01-30.06.2015	01.01-30.06.2014
Financial surplus (net profit + depreciation)	249,240	127,264
Other adjustments to net profit	83,438	53,863
<b>Adjusted financial surplus</b>	<b>332,678</b>	<b>181,127</b>
Change in working capital	(129,970)	59,877
<b>Net cash from operating activities</b>	<b>202,708</b>	<b>241,004</b>
<b>Net cash from investing activities</b>	<b>(205,312)</b>	<b>(116,283)</b>
<b>Free cash flow</b>	<b>(2,604)</b>	<b>124,721</b>

In the first half of 2015, the CIECH Group generated negative free cash flows, i.e. investment expenditures were financed with cash flows generated within its operating activities, as well as partially with cash flows generated within financial activities.

As at the end of June 2015, working capital, defined as the difference between current assets and current liabilities adjusted by appropriate balance sheet items (cash and cash equivalents and short-term loans), amounted to PLN 108,939 thousand, which is an increase of PLN 150,702 thousand compared to the end of 2014.

### The CIECH Group's working capital

PLN '000	30.06.2015	31.12.2014	30.06.2014
1. Current assets, including:	812,732	719,625	815,071
<i>Inventory</i>	268,502	257,770	213,461
<i>Trade receivables</i>	347,002	268,020	361,785
2. Cash and cash equivalents and short-term investments	52,688	49,162	107,316
<b>3. Adjusted current assets (1-2)</b>	<b>760,044</b>	<b>670,463</b>	<b>707,755</b>
4. Current liabilities, including:	736,704	748,679	1,889,036
<i>Trade liabilities</i>	301,430	322,179	317,609
5. Short-term credits and other current financial liabilities*	85,599	36,453	1,160,528
<b>6. Adjusted current liabilities (4-5)</b>	<b>651,105</b>	<b>712,226</b>	<b>728,508</b>
<b>7. Working capital including short-term credits(1-4)</b>	<b>76,028</b>	<b>(29,054)</b>	<b>(1,073,965)</b>
<b>8. Working capital (3-6)</b>	<b>108,939</b>	<b>(41,763)</b>	<b>(20,753)</b>

\*Other current financial liabilities include current finance lease liabilities + short-term derivatives liabilities + sale-and-lease-back liabilities.

### Indebtedness

The debt ratio decreased compared with December 2014 and amounts to 65.8%. At the same time, the relative net debt level (net debt divided by EBITDA) improved compared to the level achieved in June 2014. The ratio adjusted by one-off events remains at a lower level compared to the previous year (net debt divided by normalized EBITDA).

### The CIECH Group's debt ratios

	30.06.2015	31.12.2014	30.06.2014
Debt ratio	65.8%	69.3%	71.4%
Long term debt ratio	43.7%	45.9%	8.6%
Debt to equity ratio	192.7%	225.3%	249.5%
Equity to assets ratio	34.2%	30.7%	28.6%
Gross debt	1,267,163	1,231,245	1,166,098
Net debt	1,214,474	1,182,083	1,097,040
EBITDA annualized	624,721	526,303	448,573
EBITDA normalized (annualized)	618,571	511,126	487,536
Net debt / EBITDA annualized	1.9	2.2	2.4
Net debt / EBITDA normalized (annualized)*	2.0	2.3	2.3
Gross debt / EBITDA annualized	2.0	2.3	2.6
Gross debt / EBITDA normalized (annualized)*	2.0	2.4	2.4

*Excluding one-off events, the more important of which are described in point II.6.*

#### Calculation principles (as per data for continuing activities):

**debt ratio** – the ratio of current and non-current liabilities to total assets; measures the share of external funds in financing of a company's activity;

**long-term debt ratio** – the ratio of non-current liabilities to total assets; measures the share of non-current liabilities in financing of a company's activity;

**debt to equity ratio** – the ratio of total liabilities to equity;

**equity to assets ratio** – the ratio of equity to total assets; measures the share of equity in financing of a company's activity;

**net debt** – liabilities on incurred loans and borrowings (plus overdraft) and other debt instruments (finance lease + derivatives liabilities) less cash and cash equivalents;

**debt** – liabilities on incurred loans and borrowings (plus overdraft) and other debt instruments (finance lease + derivatives liabilities).

### Debt financing of the CIECH Group

Debt financing of the CIECH Group in the form of bonds and loans is obtained mainly through:

- Bonds issued by Ciech Group Financing AB (publ) – as at 30 June 2015 the nominal debt amounted to EUR 245 million (i.e. PLN 1,027,628 thousand).
- Bonds issued by CIECH S.A. – as at 30 June 2015 the nominal net debt amounted to PLN 160 million.

- Loan provided to CIECH S.A. under the revolving loan agreement of 9 August 2013 in an amount of up to PLN 100 million – as at 30 June 2015 the debt amounted to PLN 0.
- Loan provided to CIECH under the overdraft facilities agreement of 16 June 2015 in the amount of PLN 50 million - as at 30 June the debt amounted to PLN 24 thousand.
- Overdraft facilities totalling EUR 20 million (including the facilities provided to CIECH S.A. of EUR 15 million and a facility provided to CIECH Soda Deutschland GmbH & Co. KG of EUR 5 million) – as at 30 June 2015 the debt amounted to EUR 17,429 thousand (i.e. PLN 73,104 thousand).

As at 30 June 2015, the fair value of bonds presented in the consolidated financial statements amounted to PLN 1,292,960 thousand. The fair value of foreign bonds is calculated on the basis of quotations on the Luxembourg Stock Exchange, where these bonds were listed. The fair value of Polish bonds corresponds to their nominal value.

Detailed information concerning the conditions of the issue of bonds, the revolving loan agreement and the established collaterals were disclosed in the Consolidated Annual Report of the CIECH Group for 2014 in point I.8, published on 23 March 2015.

On 30 June 2014, the subsidiary KWG GmbH received from STW (Stadtwerke Stassfurt GmbH) and EMS (Erdgas Mittelsachsen GmbH) a termination notice concerning the silent partners' agreement dated 2 December 2011 effective from 31 December 2014. Due to termination of the agreement, KWG GmbH repaid capital contributions amounting to EUR 12 million together with the remuneration due on the basis of the silent partners' agreement within the agreed deadline, i.e. on 22 January 2015.

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

Information on the seasonality and cyclicity of the operations of CIECH S.A. and the CIECH Group was included in point II.19 of this Report.

### **4. Fulfilment of profit forecasts previously published for a given year in the light of the results disclosed in the half-year report against the forecast results**

The CIECH Group did not publish any forecasts for 2015.

### **5. Factors that influence the CIECH Group's results with particular focus on the next quarter**

#### **External factors affecting the Group's results**

#### **Situation in industries being recipients of the CIECH Group's products in Poland**

Poland is the biggest selling market for the CIECH Group. The largest domestic direct recipients of the Group's products include: the glass industry, chemical industry, plastics industry, furniture industry, agriculture, construction and food industry. The development in these economic sectors depends on the economic situation in Poland.

According to CSO (Central Statistical Office – Główny Urząd Statystyczny) data, sold industrial production in fixed prices during the period of 6 months of 2015 increased by 4.6% compared to the corresponding period of the previous year (it increased by 4.3% in 2014, respectively). At the same time, the dynamics of the chemical industry indicated: an increase of 3.2% % in the production of chemicals and chemical products (excluding pharmacy) and a more significant increase of: 6.4% in the production of rubber products and plastics.

After a slow-down in Polish economic growth in 2012 – 2013 (with an annual GDP growth of 1.7%-1.8%) a visible economic revival was noted in 2014 (GDP growth of 3.4%). An improvement in the economic situation should also be observed in 2015-2016 (projected GDP growth of 3.3% and 3.4%, respectively). A similar tendency should be expected in the chemical industry, which usually develops in line with the whole economy.

#### **Economic situation in Europe and around the world**

The Group's business is largely based on the sales of chemical products on foreign markets. The volume of profitability of sales is dependent 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 Group's export revenue.

In 2015 the largest countries in Asia (India and China, with GDP growth of: 7.6%, 7.0%, respectively). An above-average economic growth is also expected in Sub-Saharan Africa (GDP of 4.8%). According to the forecasts of the European Commission of May 2015 the global GDP will grow in 2015 by 3.5% (i.e. slightly more than in 2013-2014 when the growth rates were 3.3% and 3.4%). Among the largest economies, the worst economic conditions are expected in Russia (a decrease of GDP of 3.5) and in Brazil (a decrease of 0.9%). Forecasts for the European Union assume slight growth of GDP dynamics to 1.8% from the level of 1.4% in 2014.

As far as the chemical sector is concerned, the American Chemistry Council (ACC) estimates that after a moderate increase in the global production of chemicals in the years 2013-2014 (of 2.7% and 2.8% respectively), the next years will bring a significant increase in this sector: of 3.6% in 2015 and 3.9% in 2016. In the case of the USA the increase is expected to be 3.2% in 2015 and 3.0% in 2016 (slightly below the ACC' forecasts from the beginning of 2015, due to

expected negative impact of USD appreciation to other major currencies on exports and smaller increases in export markets). The European Chemical Industry Council (CEFIC) expects, that in the European Union in 2015 EU chemical production will increase only by 1% (towards the stagnation in the previous years: plus 0.2% in 2014 and minus 0.2% in 2013).

### Financial situation of agriculture

A portion of the CIECH Group's revenues covering plant protection chemicals (products manufactured by the Group and merchandise) is generated by sales to the agricultural sector. In the Group's opinion, in the long-term, the demand for agrochemicals in Poland and Central and Eastern Europe should continue to grow. The material factors favouring an increase in the consumption of agrochemicals in Poland and thus the demand for the Group's products and merchandise are processes improving the financial situation and profitability of agricultural production, including: production quoting and direct subsidies. The above should result in a growth in the Group's revenue. On the other hand, the lack of significant improvement in the purchasing capacity of the agricultural sector may be the reason for stagnation in the demand for plant protection chemicals and as a result for a stagnation of the Group's revenues related to agrochemical products.

According to the data supplied by Poland's Institute of Agricultural and Food Economics (IAFE), the market conditions affecting domestic agriculture production in the period from January to June 2015 were slightly worse than a year ago. The synthetic index of the economic situation in agriculture (SWKR) fluctuated slightly and in June 2015 it reached the level of 99.7 (which is slightly higher than a year before – 99.6). In the near term, market conditions for agriculture may improve slightly (an increase in buying-in-prices of agricultural produce to the low growth rate of production costs).

### Economic situation on the raw material market

The import of raw chemicals to Poland constitutes a significant part of the Group's commercial turnover. Raw material markets are characterized by great cyclicity connected with fluctuations of the world's economic situation. Rising prices of raw materials cause, on the one hand, a reduction in the margins of commercial intermediaries and weakening demand at the recipients. On the other hand, decreasing prices are most often a sign of weakening demand and the beginning of a recession. The maintenance of a stable rate of economic growth and stable prices of chemical raw materials will have a positive impact on the Group's commercial activity in respect of the import of raw materials. Significant demand and price fluctuations may be caused by economic changes resulting from rapid economic growth or economic stagnation. Strong fluctuations may have an adverse impact on the trade in raw chemicals by the CIECH Group.

### REACH implementation

In accordance with the REACH regulation, Group companies selling substances in quantities exceeding 1 tonne p.a. have completed or will complete full registration of these substances by defined deadlines which will allow them continue their operations in the current scope. To date 20 substances have been registered in the CIECH Group in a volume from 100 to over 1000 Mg/y. In the 3rd stage, i.e. by 31 May 2018, the plan is to register 9 substances being introduced to the market in a volume from 1 to over 100 Mg/y.

### Emission trading system

In the Group, 4 companies are covered by the emission trading system:

- CIECH Soda Polska S.A. which has 2 electricity and heat generation installations and 2 installations for soda production,
- CIECH Soda Soda Deutschland Group which has 1 electricity and heat generation installation and 1 installation for soda production,
- CIECH Soda Romania S.A. which has 1 installation for soda production,
- CIECH Vitrosilicon S.A. which has 2 installation for glass production.

The internal analyses carried out by the CIECH Group companies show that the quantity of free allowances for CO<sub>2</sub> emissions in the EU ETS III (2013-2020) will not be sufficient to cover the actual need for these types of units of account. The resulting deficit of allowances to emit carbon dioxide will be possible to balance by using one or more of the following actions:

- purchase of missing allowances in the auction, on the stock exchange or OTC transactions,
- capital investments aimed at reducing the emissions of generated heat, emissivity of the processes, increase of energy efficiency,
- using raw materials and fuels that result in lower emission.

In addition to the direct costs associated with the purchase of rights to emit carbon dioxide, all CIECH Group companies will incur higher costs of purchasing power due to the fact that the costs of purchase of emission rights will be transferred to them by manufacturers.

### EUR/PLN and USD/PLN exchange rates

The CIECH Group's export sale is settled mostly in EUR and USD. A strong EUR and USD increase the profitability of exports for the Group. Furthermore, it increases volumes of turnover carried out by the Group for other manufacturers. As a result, the EUR/PLN and USD/PLN exchange rates influence the profitability of sales revenues in the Group. If the Polish zloty becomes stronger against the EUR and USD, the profitability of exports declines, and the Group's export volumes decrease.

## Internal factors affecting the Group's results

### Maintaining cost and quality effectiveness

The Group's competitiveness results from the main market factors, such as costs, quality, resources (both assets and staff), marketing activities and market position. The most crucial ones are:

- cost competitiveness which is based on the effects of production scale, specialization, standardization and impact of experience;
- quality leadership and quality management systems;
- competition based on the market strength of the enterprise (market leader);
- cost leadership and diversification.

### Quality and stability of the management and staff

The market position of the CIECH is predominantly due to the high quality of the management staff and mid-tier employees. The Group's human capital policy guarantees that employees have opportunities for professional growth and to constantly enhance their skills.

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

The number of CIECH S.A. shares, held by managers and supervisors on the date of approval of this report is as follows:

- Mr Artur Osuchowski - Member of the Management Board of CIECH S.A. holds 65,195 shares of CIECH S.A.

At the date of this report, other management and supervisory persons of CIECH S.A. did not hold any shares in CIECH S.A. or shares or holdings in related entities. There have been no changes in this regard since the publication of Extended Consolidated Quarterly Report of the CIECH Group for the first quarter of 2015, which was on 15 May 2015.

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

CIECH S.A.'s shares are listed on the Warsaw Stock Exchange S.A. The share capital of CIECH S.A. is PLN 263,500,965 and is divided into 52,699,909 shares with a face value of PLN 5 each including:

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

## SHAREHOLDERS

As of the date of publishing the previous report (i.e. from the date of publication of the Consolidated Annual Report of the CIECH Group for 2014, announced on 23 March 2015), CIECH S.A. has not received any information from the shareholders about increasing or decreasing the interests of any of them in the total number of shares. To the knowledge of the Company CIECH S.A., as at 30 June 2015 there were 2 shareholders holding a significant stake (at least 5%) of CIECH S.A.'s shares: KI Chemistry s. à r. l., with its registered office in Luxembourg, and ING Open Pension Fund.

Shareholder	Type of shares	Number of shares	Number of votes at GSM	Share in total number of votes at GSM	Share in share capital (%)
KI Chemistry s. à r. l. with its registered office in Luxembourg*	Ordinary bearer shares	26,952,052	26,952,052	51.14%	51.14%
ING Open Pension Fund**	Ordinary bearer shares	5,000,000	5,000,000	9.49%	9.49%
Other	Ordinary bearer shares	20,747,857	20,747,857	39.37%	39.37%

\* according to the information of 9 June 2014 given by the Shareholder under art. 77 item 7 and art. 69 item 1 p. 1 of the Public Offering Act of 29 July 2005 (...) (Cr 26/2014)

\*\* based on the list of shareholders holding at least 5% of votes at the Ordinary General Meeting of Shareholders of CIECH S.A. on 30 June 2015, Cr 19/2015 prepared and published based on art. 70 item 3 of the Public Offering Act (...)

## 8. Information on the issue, redemption and repayment of debt securities and equity securities in the CIECH Group

The information has been presented in point II.20 of the foregoing report.

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

By virtue of a resolution of 30 June 2015, the Ordinary General Shareholders' Meeting of CIECH S.A. decided to transfer the Company's net profit for the 2014, of PLN 92,129 thousand for the supplementary capital.

By virtue of a resolution of 23 May 2014, the Ordinary General Shareholders' Meeting of CIECH S.A. decided to pay a dividend of PLN 59,551 thousand (PLN 1.13 per share). The dividend date was set on 29 May 2014. The dividend payment date was set on 28 November 2014. 52,699,909 shares were entitled to dividend payment.

**10. Description of organization and identification of the effects of changes in the structure of the CIECH Group**

The description of the CIECH Group's organization as well as information on the effects of changes in the organizational structure have been presented in points II.4 and II.5 of the foregoing report.

**11. Procedures pending in courts, in arbitration proceedings or in front of public administration bodies**

The information has been presented in point II.14 of the foregoing report.

**12. Information on one or more non-standard and non-routine transactions with related entities concluded by CIECH S.A. or its subsidiaries**

The information has been presented in point II.9 of the foregoing report.

**13. Information on loan and borrowing sureties or guarantees granted by CIECH S.A. or its subsidiaries**

The information has been presented in point II.10 of the foregoing report..

#### IV. Condensed Interim Separate Financial Statements of CIECH S.A.

##### 1. Condensed Separate Statement of Profit or Loss of CIECH S.A.

PLN'000	01.01-30.06.2015	01.01-30.06.2014*
<b>CONTINUING OPERATIONS</b>		
<b>Sales revenues</b>	<b>1,000,532</b>	<b>825,906</b>
Cost of sales	(784,558)	(652,736)
<b>Gross profit/(loss) on sales</b>	<b>215,974</b>	<b>173,170</b>
Other operating income	23,331	7,677
Selling costs	(69,024)	(83,947)
General and administrative expenses	(22,753)	(23,531)
Other operating expenses	(5,783)	(20,473)
<b>Operating profit/(loss)</b>	<b>141,745</b>	<b>52,896</b>
Financial income	194,975	58,432
Financial expenses	(89,699)	(85,857)
<b>Net financial income/expenses</b>	<b>105,276</b>	<b>(27,425)</b>
<b>Profit/(Loss) before tax</b>	<b>247,021</b>	<b>25,471</b>
Income tax	(21,361)	702
<b>Net profit/(loss) from continuing operations</b>	<b>225,660</b>	<b>26,173</b>
<b>DISCONTINUED OPERATIONS</b>		
<b>Net profit/(loss) from discontinued operations</b>	<b>-</b>	<b>15,100</b>
<b>Net profit/(loss) for the period</b>	<b>225,660</b>	<b>41,273</b>
<b>Earnings/(loss) per share (in PLN):</b>		
Basic	4.28	0.78
Diluted	4.28	0.78

PLN'000	01.04-30.06.2015	01.04-30.06.2014*
<b>CONTINUING OPERATIONS</b>		
<b>Sales revenues</b>	<b>515,063</b>	<b>404,083</b>
Cost of sales	(406,488)	(315,150)
<b>Gross profit/(loss) on sales</b>	<b>108,575</b>	<b>88,933</b>
Other operating income	1,156	3,151
Selling costs	(37,177)	(44,475)
General and administrative expenses	(10,859)	(10,305)
Other operating expenses	(5,250)	(8,426)
<b>Operating profit/(loss)</b>	<b>56,445</b>	<b>28,878</b>
Financial income	145,768	49,555
Financial expenses	(34,601)	(47,796)
<b>Net financial income/expenses</b>	<b>111,167</b>	<b>1,759</b>
<b>Profit/(Loss) before tax</b>	<b>167,612</b>	<b>30,637</b>
Income tax	(4,432)	3,637
<b>Net profit/(loss) from continuing operations</b>	<b>163,180</b>	<b>34,274</b>
<b>DISCONTINUED OPERATIONS</b>		
<b>Net profit/(loss) from discontinued operations</b>	<b>-</b>	<b>15,100</b>
<b>Net profit/(loss) for the period</b>	<b>163,180</b>	<b>49,374</b>
<b>Earnings/(loss) per share (in PLN):</b>		
Basic	3.10	0.94
Diluted	3.10	0.94

\* Restated data, see details in note IV.5.1

The condensed separate statement of profit or loss of CIECH S.A. should be analysed together with the notes which constitute an integral part of the condensed interim separate financial statements.

**Condensed Separate Statement of Other Comprehensive Income of CIECH S.A.**

<i>PLN'000</i>	<b>01.01-30.06.2015</b>	<b>01.01-30.06.2014*</b>
<b>Net profit/(loss) on continuing operations</b>	<b>225,660</b>	<b>26,173</b>
Net profit/(loss) on discontinued operations	-	15,100
<b>Net profit/(loss) for the period</b>	<b>225,660</b>	<b>41,273</b>
<b>Other comprehensive income before tax that may be reclassified to profit or loss</b>	<b>3,245</b>	<b>(532)</b>
Cash flow hedge	3,245	(532)
<b>Income tax attributable to other comprehensive income</b>	<b>(616)</b>	<b>101</b>
Income tax attributable to other comprehensive income that may be reclassified to profit or loss	(616)	101
<b>Other comprehensive income net of tax</b>	<b>2,629</b>	<b>(431)</b>
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>228,289</b>	<b>40,842</b>

\* Restated data, see details in note IV.5.1

<i>PLN'000</i>	<b>01.04-30.06.2015</b>	<b>01.04-30.06.2014*</b>
<b>Net profit/(loss) on continuing operations</b>	<b>163,180</b>	<b>34,274</b>
Net profit/(loss) on discontinued operations	-	15,100
<b>Net profit/(loss) for the period</b>	<b>163,180</b>	<b>49,374</b>
<b>Other comprehensive income before tax that may be reclassified to profit or loss</b>	<b>(877)</b>	<b>(1,299)</b>
Cash flow hedge	(877)	(1,299)
<b>Income tax attributable to other comprehensive income</b>	<b>167</b>	<b>247</b>
Income tax attributable to other comprehensive income that may be reclassified to profit or loss	167	247
<b>Other comprehensive income net of tax</b>	<b>(710)</b>	<b>(1,052)</b>
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>162,470</b>	<b>48,322</b>

\* Restated data, see details in note IV.5.1

Detailed information on the components of other comprehensive income has been presented in point IV.5.13 of this Report.

The condensed separate statement of other comprehensive income of CIECH S.A. should be analysed together with the notes which constitute an integral part of the condensed interim separate financial statements.

## 2. Condensed Separate Statement of Financial Position of CIECH S.A.

PLN'000	30.06.2015	31.12.2014
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	7,593	6,031
Intangible assets	9,110	9,861
Long-term borrowings granted	347,188	317,805
Other long-term investments	1,741,474	1,730,373
Deferred income tax assets	60,808	77,331
<b>Total non-current assets</b>	<b>2,166,173</b>	<b>2,141,401</b>
<b>Current assets</b>		
Inventory	16,014	21,773
Short-term investments	190,742	118,392
Income tax receivables	-	9,163
Trade and other receivables	415,607	272,993
Cash and cash equivalents	24,577	10,261
<b>Total current assets</b>	<b>646,940</b>	<b>432,582</b>
<b>Total assets</b>	<b>2,813,113</b>	<b>2,573,983</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	287,614	287,614
Share premium	470,846	470,846
Cash flow hedge	(3,095)	(5,724)
Actuarial gains	(348)	(348)
Other reserve capitals	76,199	76,199
Retained earnings	358,931	133,271
<b>Total equity</b>	<b>1,190,147</b>	<b>961,858</b>
Loans, borrowings and other debt instruments	1,164,323	1,177,605
Other non-current liabilities	1,364	2,512
Employee benefits	925	875
<b>Total non-current liabilities</b>	<b>1,166,612</b>	<b>1,180,992</b>
Loans, borrowings and other debt instruments	134,419	91,921
Liabilities from finance leases	200	360
Trade and other liabilities	290,083	316,822
Income tax liabilities	5,025	9
Provisions (short-term provisions for employee benefits and other provisions)	26,627	22,021
<b>Total current liabilities</b>	<b>456,354</b>	<b>431,133</b>
<b>Total liabilities</b>	<b>1,622,966</b>	<b>1,612,125</b>
<b>Total equity and liabilities</b>	<b>2,813,113</b>	<b>2,573,983</b>

The condensed separate statement of financial position of the CIECH S.A. should be analysed together with the notes which constitute an integral part of the condensed interim separate financial statements.

**3. Condensed Separate Statement of Cash Flows of CIECH S.A.**

<i>PLN'000</i>	<b>01.01-30.06.2015</b>	<b>01.01-30.06.2014*</b>
<b>Net profit/(loss) for the period</b>	<b>225,660</b>	<b>41,273</b>
Adjustments		
Amortization / depreciation	2,149	3,302
Recognition / (reversal) of impairment allowances	44,846	17,812
Foreign exchange (gain)/loss	(8,160)	5,750
(Profit)/ loss of investments activities	(13,039)	-
(Profit) / loss on disposal of fixed assets	(358)	(16)
Dividends and interest	(137,743)	(11,319)
Income tax	21,361	(15,802)
Change in liabilities from loan arrangement commission	4,305	2,752
<b>Cash from operating activities before changes in working capital and provisions</b>	<b>139,021</b>	<b>43,752</b>
Change in receivables	(4,198)	60,958
Change in inventory	5,759	1,150
Change in current liabilities	(3,584)	44,552
Change in provisions and employee benefits	4,656	(1,810)
<b>Net cash generated from operating activities</b>	<b>141,654</b>	<b>148,602</b>
Interest paid	(55,861)	(63,578)
Income tax paid	9,163	(5,666)
<b>Net cash from operating activities</b>	<b>94,956</b>	<b>79,358</b>
<b>Cash flows from investment activities</b>		
<b>Inflows</b>	145,289	74,631
Disposal of intangible assets and property, plant and equipment	358	16
Dividends received	60,873	2,022
Interest received	9,062	11,187
Repayment of borrowings	68,224	61,406
Proceeds from cash pool facility	6,772	-
<b>Outflows</b>	(266,829)	(53,618)
Acquisition of subsidiary (net of cash acquired)	(5,053)	-
Acquisition of intangible assets and property, plant and equipment	(6,900)	(6,693)
Expenditures connected with increase of capital and capital contributions	(35,495)	(9,000)
Outflows from cash pool facility	(43,366)	(19,651)
Borrowings granted	(176,015)	(18,274)
<b>Net cash from investment activities</b>	<b>(121,540)</b>	<b>21,013</b>
<b>Cash flows from financial activities</b>		
<b>Inflows</b>	91,571	47,825
Proceeds from loans and borrowings	70,621	-
Proceeds from cash pool facility	20,950	47,825
<b>Outflows</b>	(50,646)	(170,747)
Repayment of loans and borrowings	-	(9,850)
Outflows from cash pool facility	(50,486)	-
Redemption of debt securities	-	(160,000)
Payment of finance lease liabilities	(160)	(897)
<b>Net cash from financial activities</b>	<b>40,925</b>	<b>(122,922)</b>
<b>Total net cash flows</b>	<b>14,341</b>	<b>(22,551)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>10,261</b>	<b>50,499</b>
Impact of foreign exchange differences	(25)	(2,645)
<b>Cash and cash equivalents at the end of the period</b>	<b>24,577</b>	<b>25,303</b>

\* Restated data, see details in note IV.5.1

The condensed separate statement of cash flows of CIECH S.A should be analysed together with the notes which constitute an integral part of the condensed interim separate financial statements.

#### 4. Condensed Separate Statement of Changes in Equity of CIECH S.A.

<i>PLN'000</i>	Share capital	Share premium	Cash flow hedge	Other reserve capitals	Actuarial gains	Retained earnings	Total equity
<b>Equity as at 01/01/2015</b>	<b>287,614</b>	<b>470,846</b>	<b>(5,724)</b>	<b>76,199</b>	<b>(348)</b>	<b>133,271</b>	<b>961,858</b>
Transactions with shareholders of the Company recognized directly in equity	-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	<b>2,629</b>	-	-	<b>225,660</b>	<b>228,289</b>
Net profit/(loss)	-	-	-	-	-	225,660	225,660
Other comprehensive income	-	-	2,629	-	-	-	2,629
<b>Equity as at 30/06/2015</b>	<b>287,614</b>	<b>470,846</b>	<b>(3,095)</b>	<b>76,199</b>	<b>(348)</b>	<b>358,931</b>	<b>1,190,147</b>

<i>PLN'000</i>	Share capital	Share premium	Cash flow hedge	Other reserve capitals	Actuarial gains	Retained earnings	Total equity
<b>Equity as at 01/01/2014</b>	<b>287,614</b>	<b>470,846</b>	<b>78</b>	<b>76,199</b>	<b>2</b>	<b>100,693</b>	<b>935,432</b>
Transactions with shareholders of the Company recognized directly in equity	-	-	-	-	-	(59,551)	(59,551)
Dividends paid	-	-	-	-	-	(59,551)	(59,551)
<b>Total comprehensive income for the period</b>	-	-	<b>(431)</b>	-	-	<b>41,273</b>	<b>40,842</b>
Net profit/(loss)	-	-	-	-	-	41,273	41,273
Other comprehensive income	-	-	(431)	-	-	-	(431)
<b>Equity as at 30/06/2014</b>	<b>287,614</b>	<b>470,846</b>	<b>(353)</b>	<b>76,199</b>	<b>2</b>	<b>82,415</b>	<b>916,723</b>

The condensed separate statement of changes in equity of CIECH S.A should be analysed together with the notes which constitute an integral part of the condensed interim separate financial statements.

## 5. Notes to the Condensed Interim Separate Financial Statements of CIECH S.A.

### 5.1 Basis of preparation and accounting principles (policy)

On 31 January 2007, the Extraordinary General Meeting of Shareholders of CIECH S.A. adopted resolution no. 4, concerning the preparation of separate financial statements in accordance with International Financial Reporting Standards as approved by the European Union ("IFRS"). Due to the adopted resolution, since 2007 the reports of CIECH S.A. have been prepared in accordance with the IFRS using the valuation of assets and liabilities and the measurement of net result as defined in the accounting policy.

The presented interim separate financial statements have been prepared on a going concern basis of CIECH S.A.

The presented interim separate financial statements were drawn up in compliance with IAS 34 "Interim Financial Reporting" as approved by the European Union and the Regulation of the Minister of Finance dated 19 February 2009, with amendments, on current and periodic information published by issuers of securities and the conditions of recognising as equivalent the information required by the law provisions of a country which is not a member state (Journal of Laws No. 33, item 259 from 2009).

The preparation of financial statements in compliance with the International Financial Reporting Standards requires the Management Board to exercise professional judgement, estimates and assumptions that impact the adopted accounting principles and the value of assets, liabilities, income and expenses presented. All estimates and related assumptions are based on historical experience and various other factors considered reasonable under the given circumstances, and the results of such estimates are the basis for professional judgement of the carrying value of assets and liabilities, which does not result directly from other sources. Actual results may differ from these estimates.

The estimates and related assumptions are subject to regular verification. Revisions to accounting estimates are recognised in the period in which the estimates are revised, if such revisions apply solely to that period, or in the current period and future periods, if such revisions apply both to the current and future periods.

The Management Board's professional judgements, which have a significant impact on the separate financial statements, and the estimates bearing a risk of significant changes in future periods, have been presented in points IV.5.11 and IV.5.12 of this Report. During the current interim period there were no significant revisions to the estimated values presented in the previous reporting periods.

The Management Board used its best judgement in selecting and interpreting the applicable standards, as well as in the selection of measurement methods and principles for particular items of CIECH S.A.'s separate financial statements as at 30 June 2015. Due diligence was exercised in preparing the tables and notes presented below. The financial statements as at 30 June 2015 present truly and fairly the financial position and the financial performance of CIECH S.A.

The Management Board of CIECH S.A. declares that PricewaterhouseCoopers Sp. z o.o. with its registered office in Warsaw, entered into the list of entities authorised to audit financial statements under the registry no. 144 kept by the National Chamber of Statutory Auditors was chosen in accordance with the binding legal regulations for the review of the company financial statements for the period from 1 January 2015 to 30 June 2015. The above entity, including the certified auditors performing the audit, satisfy all the conditions required in order to issue an unbiased and independent review opinion, pursuant to the applicable legal regulations.

### Adopted accounting principles

CIECH S.A. accounting principles are described in the Annual Report of the CIECH S.A. for the year 2014, published on 23 March 2015. The aforementioned Report includes detailed information regarding the principles and methods of valuation of assets and liabilities and measurement of the financial result, as well as the method of preparing the financial statements and comparative information. These principles have been applied on a continuous basis with relation to currently published data, the last annual financial statements and comparative data, except for changes described below.

In the first half of 2015, the following changes in the presentation of data were implemented:

- discontinued operations, which results are presented in aggregate as "Net profit (loss) from discontinued operations" in the Separate Statement of Profit or Loss. CIECH S.A. has restated the corresponding figures, respectively;
- costs associated with the sale of services provided by IT are presented in "Cost of sales" in Separate Statement of Profit or Loss; in previous periods these costs were presented as "General and administrative expenses". The company has changed the respective comparatives.

- cash pooling in the Separate Statement of Cash Flows – change implementing the presentation of receivable amount per company in investment activities, and payable amount in financial activities; the balances are presented separately as the inflow and the outflow for each activity.

The amendments to the IFRS which came into force from 1 January 2015 have had no significant impact on the separate financial statements of CIECH S.A.

The Company intends to adopt amendments to the IFRS that are published but not effective as at the date of publication of this financial report in accordance with their effective date. The estimated impact of amendments to the IFRS on CIECH S.A. future separate financial statements was presented in note II.2.2 of the separate financial statements of CIECH S.A. for the year 2014 published on 23 March 2015. In the assessment of the Company, amendments to the IFRS that came into force between the date of publication of the separate financial statements for the year 2014 and the date of publication of this Report will not have a significant impact on the financial statements.

## 5.2 Earnings per share

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

<i>PLN'000</i>	<b>01.01-30.06.2015</b>	<b>01.01-30.06.2014</b>
Net profit /(loss) from continuing operations attributable to the shareholders of the parent	225,660	26,173
Net profit /(loss) from discontinued operations attributable to the shareholders of the parent	-	15,100

<i>pcs.</i>	<b>30.06.2015</b>	<b>30.06.2014</b>
Weighted average number of issued ordinary shares used in calculation of basic earnings per share	52,699,909	52,699,909
Weighted average number of issued ordinary shares used in calculation of diluted earnings per share	52,699,909	52,699,909

## 5.3 Seasonality and cyclicity of the operations

Information on the seasonality and cyclicity of the operations was included in point III.3 of this Report.

## 5.4 Changes in accounting estimates

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

## 5.5 Information on the issue, redemption and repayment of debt securities and equity securities

Information on the issue, redemption and repayment of debt securities and equity securities was included in point III.9 of this Report.

As at 30 June 2015 CIECH S.A. held debt securities in the form of issued domestic and intra-group bonds. Their book value amounts to PLN 1,169,655 thousand and their fair value amounts to PLN 1,304,886 thousand. Accrued interest amounts to PLN 11,111 thousand.

## 5.6 Information on dividends paid

By virtue of a resolution of 30 June 2015, the Ordinary General Shareholders' Meeting of CIECH S.A. decided to transfer the Company's net profit for the 2014, of PLN 92,129 thousand for the supplementary capital

By virtue of a resolution of 23 May 2014, the Annual General Meeting of Shareholders of CIECH S.A. decided to pay a dividend of PLN 59,551 thousand (PLN 1.13 per share). The dividend date was set on 29 May 2014. The dividend payment date was set on 28 November of 2014. 52,699,909 shares were entitled to dividend payment.

## 5.7 Financial data by operating segments

In CIECH S.A. operating segments were determined on the basis of internal reports concerning components of the Company that are subject to regular review by the Board, which is responsible for making operational decisions aiming the allocation of resources to each segment and assessing its performance. The results of operating segments are evaluated by the Management Board of CIECH S.A. based on the level of sales, EBIT operating results and EBITDA level.

<b>CIECH S.A. OPERATING SEGMENTS 01.01.-30.06.2015</b>	<b>Soda Segment</b>	<b>Organic Segment</b>	<b>Silicates and Glass Segment</b>	<b>Other operations Segment</b>	<b>Corporate functions – items not allocated to other segments</b>	<b>TOTAL</b>
<i>PLN'000</i>						
<b>Sales revenues</b>	<b>765,163</b>	<b>219,916</b>	<b>5,461</b>	<b>9,992</b>	-	<b>1,000,532</b>
Cost of sales	(554,495)	(215,365)	(5,166)	(9,532)	-	(784,558)
<b>Gross profit/(loss) on sales</b>	<b>210,668</b>	<b>4,551</b>	<b>295</b>	<b>460</b>	-	<b>215,974</b>
Selling costs	(63,489)	(70)	(34)	(1,351)	(4,080)	(69,024)
General and administrative expenses	(5,319)	(596)	(14)	(19)	(16,805)	(22,753)
Result on management of receivables	20,882	-	-	20	-	20,902
Result on other operating activities	(949)	-	8	1,381	(3,794)	(3,354)
<b>Operating profit/(loss)</b>	<b>161,793</b>	<b>3,885</b>	<b>255</b>	<b>491</b>	<b>(24,679)</b>	<b>141,745</b>
Exchange differences and interest on trade settlements	(3,928)	(6,601)	16	(207)	(197)	(10,917)
Borrowing costs					(26,432)	(26,432)
Result from financial activity (non-attributable to segments)					142,625	142,625
<b>Profit/(loss) before tax</b>	<b>157,865</b>	<b>(2,716)</b>	<b>271</b>	<b>284</b>	<b>91,317</b>	<b>247,021</b>
Income tax						(21,361)
<b>Profit/(loss) on continuing operations</b>						<b>225,660</b>
Profit/(loss) on discontinued operations						-
<b>Net profit/(loss) for the period</b>						<b>225,660</b>
Amortization/depreciation	-	-	-	-	2,149	2,149
EBITDA	161,793	3,885	255	491	(22,530)	143,894
<i>Normalised EBITDA*</i>	<i>162,541</i>	<i>3,885</i>	<i>247</i>	<i>(641)</i>	<i>(18,736)</i>	<i>147,296</i>

\*Normalised EBITDA for the 6 months ended 30 June 2015 is calculated as EBITDA adjusted by one-off events. The main differences are: result on sale of non-financial non-current assets: PLN 358 thousand, release of provisions for liabilities PLN 397 thousand, penalties and compensations received: PLN 832 thousand, creation of provisions for liabilities and compensations: PLN -4,988 thousand and donations made: PLN -1 thousand.

CIECH S.A. OPERATING SEGMENTS 01.01.-30.06.2014	Soda Segment	Organic Segment	Silicates and Glass Segment	Other operations Segment	Corporate functions – items not allocated to other segments	TOTAL
<i>PLN'000</i>						
<b>Sales revenues</b>	<b>699,854</b>	<b>15,366</b>	<b>104,820</b>	<b>5,866</b>	-	<b>825,906</b>
Cost of sales	(548,505)	(14,666)	(84,072)	(5,493)	-	(652,736)
<b>Gross profit/(loss) on sales</b>	<b>151,349</b>	<b>700</b>	<b>20,748</b>	<b>373</b>	-	<b>173,170</b>
Selling costs	(60,811)	(461)	(16,105)	(1,442)	(5,128)	(83,947)
General and administrative expenses	(3,244)	(149)	(2)	(3)	(20,133)	(23,531)
Result on management of receivables	(12,474)	14	-	(254)	-	(12,714)
Result on other operating activities	(77)	-	-	(5)	-	(82)
<b>Operating profit/(loss)</b>	<b>74,743</b>	<b>104</b>	<b>4,641</b>	<b>(1,331)</b>	<b>(25,261)</b>	<b>52,896</b>
Exchange differences and interest on trade settlements	(6,613)	(1,874)	(7,343)	835	-	(14,995)
Borrowing costs	-	-	-	-	(31,002)	(31,002)
Result from financial activity (non-attributable to segments)	-	-	-	-	18,572	18,572
<b>Profit/(loss) before tax</b>	<b>68,130</b>	<b>(1,770)</b>	<b>(2,702)</b>	<b>(496)</b>	<b>(37,691)</b>	<b>25,471</b>
Income tax	-	-	-	-	-	702
<b>Profit/(loss) on continuing operations</b>						<b>26,173</b>
Profit/(loss) on discontinued operations						15,100
<b>Net profit/(loss) for the period</b>						<b>41,273</b>
Amortization/depreciation	1,165	16	34	-	2,087	3,302
EBITDA	75,908	120	4,675	(1,331)	(23,174)	56,198
<i>Normalised EBITDA*</i>	75,983	120	4,675	(1,318)	(23,174)	56,286

\*Normalised EBITDA for the 6 months ended 30 June 2014 is calculated as EBITDA adjusted by one-off events. The main differences are: result on sale of non-financial non-current assets: PLN 17 thousand, creation of provisions for liabilities and compensations: PLN -75 thousand and donations made: PLN -30 thousand.

**CIECH S.A.  
ASSETS AND LIABILITIES BY OPERATING SEGMENTS**

<b>30.06.2015</b> <i>PLN'000</i>	<b>Soda Segment</b>	<b>Organic Segment</b>	<b>Silicates and Glass Segment</b>	<b>Other operations Segment</b>	<b>Corporate functions – items not allocated to other segments</b>	<b>TOTAL</b>
Property, plant and equipment	-	-	-	-	7,593	7,593
Intangible assets	-	-	-	-	9,110	9,110
Inventory	5,292	10,557	-	165	-	16,014
Trade receivables	198,424	15,036	-	3,908	-	217,368
Other assets	-	-	-	-	2,563,028	2,563,028
<b>Total assets</b>	<b>203,716</b>	<b>25,593</b>	<b>-</b>	<b>4,073</b>	<b>2,579,731</b>	<b>2,813,113</b>

<b>30.06.2015</b> <i>PLN'000</i>	<b>Soda Segment</b>	<b>Organic Segment</b>	<b>Silicates and Glass Segment</b>	<b>Other operations Segment</b>	<b>Corporate functions – items not allocated to other segments</b>	<b>TOTAL</b>
Trade liabilities	199,907	61,253	-	3,044	-	264,204
Other liabilities	-	-	-	-	1,358,762	1,358,762
<b>Total liabilities</b>	<b>199,907</b>	<b>61,253</b>	<b>-</b>	<b>3,044</b>	<b>1,358,762</b>	<b>1,622,966</b>

<b>31.12.2014</b> <i>PLN'000</i>	<b>Soda Segment</b>	<b>Organic Segment</b>	<b>Silicates and Glass Segment</b>	<b>Other operations Segment</b>	<b>Corporate functions – items not allocated to other segments</b>	<b>TOTAL</b>
Property, plant and equipment	2,563	69	69	-	3,330	6,031
Intangible assets	4,190	113	113	-	5,445	9,861
Inventory	4,329	17,444	-	-	-	21,773
Trade receivables	170,757	20,904	1,245	6,948	-	199,854
Other assets	-	-	-	-	2,336,464	2,336,464
<b>Total assets</b>	<b>181,839</b>	<b>38,530</b>	<b>1,427</b>	<b>6,948</b>	<b>2,345,239</b>	<b>2,573,983</b>

<b>31.12.2014</b> <i>PLN'000</i>	<b>Soda Segment</b>	<b>Organic Segment</b>	<b>Silicates and Glass Segment</b>	<b>Other operations Segment</b>	<b>Corporate functions – items not allocated to other segments</b>	<b>TOTAL</b>
Trade liabilities	210,683	50,247	2,115	9,216	-	272,261
Other liabilities	-	-	-	-	1,339,864	1,339,864
<b>Total liabilities</b>	<b>210,683</b>	<b>50,247</b>	<b>2,115</b>	<b>9,216</b>	<b>1,339,864</b>	<b>1,612,125</b>

**CIECH S.A.  
OTHER FINANCIAL DATA BY OPERATING SEGMENTS**

<b>01.01.-30.06.2015</b> <i>PLN'000</i>	<b>Soda Segment</b>	<b>Organic Segment</b>	<b>Silicates and Glass Segment</b>	<b>Other operations Segment</b>	<b>Corporate functions – items not allocated to other segments</b>	<b>TOTAL</b>
Recognised impairment losses	(277)	-	-	(3)	-	(280)
Reversed impairment losses	21,159	-	-	23	-	21,182
Recognised impairment losses (non-attributable to segments)	-	-	-	-	(45,953)	(45,953)
Reversed impairment losses (non-attributable to segments)	-	-	-	-	2,216	2,216
Interest income attributable to segments	1,771	465	-	12	-	2,248
Interest income recognised under Corporate Functions	-	-	-	-	33,442	33,442
Interest expense attributable to segments	(1)	-	-	-	-	(1)
Interest expense recognised under Corporate Functions	-	-	-	-	(57,198)	(57,198)

<b>01.01.-30.06.2014</b> <i>PLN'000</i>	<b>Soda Segment</b>	<b>Organic Segment</b>	<b>Silicates and Glass Segment</b>	<b>Other operations Segment</b>	<b>Corporate functions – items not allocated to other segments</b>	<b>TOTAL</b>
Recognised impairment losses	(19,035)	-	-	(256)	-	(19,291)
Reversed impairment losses	6,561	14	-	108	-	6,683
Recognised impairment losses (non-attributable to segments)	-	-	-	-	(22,088)	(22,088)
Reversed impairment losses (non-attributable to segments)	-	-	-	-	3,228	3,228
Interest income attributable to segments	47	644	-	464	-	1,155
Interest income recognised under Corporate Functions	-	-	-	-	35,581	35,581
Interest expense attributable to segments	(390)	-	-	(2)	-	(392)
Interest expense recognised under Corporate Functions	-	-	-	-	(62,097)	(62,097)

**CIECH S.A.  
INFORMATION ON GEOGRAPHICAL AREAS**

<b>30.06.2015</b> <i>PLN'000</i>	<b>Poland</b>	<b>European Union (excluding Poland)</b>	<b>Other European countries</b>	<b>Africa</b>	<b>Asia</b>	<b>Other regions</b>	<b>TOTAL</b>
Non-current assets other than financial instruments	1,072,202	682,598	-	-	-	-	1,754,800
Deferred income tax assets	60,808	-	-	-	-	-	60,808
Other assets	467,564	461,367	30,875	3,251	33,619	829	997,505
<b>Total assets</b>	<b>1,600,574</b>	<b>1,143,965</b>	<b>30,875</b>	<b>3,251</b>	<b>33,619</b>	<b>829</b>	<b>2,813,113</b>

<b>31.12.2014</b> <i>PLN'000</i>	<b>Poland</b>	<b>European Union</b>	<b>Other European countries</b>	<b>Africa</b>	<b>Asia</b>	<b>Other regions</b>	<b>TOTAL</b>
Non-current assets other than financial instruments	1,031,783	705,417	-	-	5,696	-	1,742,896
Deferred income tax assets	77,331	-	-	-	-	-	77,331
Other assets	309,987	400,568	34,233	2,883	5,319	766	753,756
<b>Total assets</b>	<b>1,419,101</b>	<b>1,105,985</b>	<b>34,233</b>	<b>2,883</b>	<b>11,015</b>	<b>766</b>	<b>2,573,983</b>

## 5.8 Information on fair value of financial instruments

### a) Financial instruments measured at fair value

As at 30 June 2015, CIECH S.A. had the following financial instruments measured at fair value: interest rate swap, USD/PLN forward and EUR/PLN forward.

The fair value of interest rate swap is measured as the difference between discounted interest cash flows (cash flows based on the variable interest rate, the so-called floating leg, and cash flows based on a fixed interest rate, the so-called fixed leg). The input data is the market interest rate from Reuters. The fair value of the currency forward is determined as a difference between the transaction rate and the forward rate at the valuation date multiplied by the nominal value of the contract in the foreign currency. Input data to the valuation is the market interest rate and spot exchange rate from Reuters, based on which the forward rate is calculated.

The fair value of the interest rate swap as at 30 June 2015 was negative and amounted to PLN -2,628 thousand net (PLN 1,364 thousand – other non-current liabilities; PLN 1,264 thousand – other current liabilities). The fair value of the USD/PLN forward as at 30 June 2015 was negative and amounted to PLN -212 thousand, the fair value of the EUR/PLN forward as at 30 June 2015 was also negative and amounted to PLN -982 thousand – the fair value of these financial instruments was presented in current liabilities. According to the fair value hierarchy, it is Level 2.

In the first half of 2015 there were no transfers within the fair value hierarchy of instruments measured at fair value. There have been also no changes in the classification of financial instruments, nor in business conditions that could affect the fair value of financial assets or liabilities.

### b) Financial instruments not measured at fair value

CIECH S.A. issued intercompany and domestic bonds, whose carrying amount as of 30 June 2015 amounts to PLN 1,169,655 thousand and fair value to PLN 1,304,886 thousand.

For the remaining financial instruments of CIECH S.A. (classified mainly as cash, loans and receivables, financial liabilities measured at amortised cost) their fair value was close to their carrying amount.

## 5.9 Information on material events that occurred after 30 June 2015 and have not been reflected in the presented interim report

There were no material events that occurred after 30 June 2015 and have not been reflected in the financial statements for the period from 1 January to 30 June 2015.

## 5.10 Information on changes in the shareholding structure

Changes that occurred in the first half of 2015 are described in point II.5 of this Report.

## 5.11 Information on changes in contingent liabilities or contingent assets and other matters

### 5.11.1 Significant disputed liabilities of CIECH S.A.

As at 30 June 2015, the total value of significant disputed liabilities of CIECH S.A. and subsidiaries of CIECH S.A., pursued in all types of proceedings in front of court, body appropriate for arbitration proceedings or public administration bodies represents less than 10% of CIECH S.A.'s equity.

The detailed description of significant disputed liabilities of CIECH S.A. and subsidiaries of CIECH S.A., pursued in all types of proceedings in front of court, body appropriate for arbitration proceedings or public administration bodies was presented in point II.28.1 of Annual Report of CIECH S.A for 2014, which was published on 23 March 2015. There have been no significant changes in this regard from that date.

### 5.11.2 Significant disputed receivables of CIECH S.A.

As at 30 June 2015, the total value of significant disputed receivables of CIECH S.A. and subsidiaries of CIECH S.A., pursued in all types of proceedings in front of court, body appropriate for arbitration proceedings or public administration bodies represents less than 10% of CIECH S.A.'s equity.

The detailed description of significant disputed receivables of CIECH S.A. and subsidiaries of CIECH S.A., pursued in all types of proceedings in front of court, body appropriate for arbitration proceedings or public administration bodies was presented in point II.28.2 of Annual Report of CIECH S.A for 2014, which was published on 23 March 2015. There have been no significant changes in this regard from that date.

### 5.11.3 Contingent assets and other contingent liabilities including guarantees and sureties

PLN'000	30.06.2015	31.12.2014
<b>1. Contingent assets</b>	<b>18,864</b>	<b>18,864</b>
- other contingent receivables	18,864	18,864
<b>2. Contingent liabilities*</b>	<b>730,061</b>	<b>680,272</b>
- guarantees and sureties granted	730,061	680,272

\*there was a change in the presentation of contingent liabilities resulting from, granted by CIECH S.A., CIECH Soda Romania S.A. and selected subsidiaries in Poland and Germany, guarantee of liabilities related to bonds issued by CIECH Group Financing AB (the guarantee was granted to the amount of 155% bonds payable amount of EUR 245 million). Previously, the nominal value of liabilities from issued bonds in the amount of EUR 245 million was presented, currently the amount of contingent liability is 55% of bonds payable amount. The comparative figures were restated respectively.

Other contingent liabilities as at 30 June 2015 amounted to PLN 730,061 thousand, which is an increase of PLN 49,789 thousand compared to December 2014.

The cause of increasing of the value of contingent liabilities is granting new sureties for liabilities of subsidiaries: CIECH Finance Sp. z o.o. in the amount of PLN 49,500 thousand, KWG GmbH in the amount of EUR 1,753 thousand, CIECH Soda Polska in the amount of EUR 885.6 thousand and an increase in guarantees granted for liabilities of CIECH Trading of EUR 200 thousand. As at 30/04/2014 the surety for the obligations of CIECH Soda Romania in the amount of EUR 316.7 thousand was expired.

The remaining difference is due to changes in exchange rates applied to the valuation of liabilities.

#### Sureties and guarantees granted and valid as at 30 June 2015

Beneficiary's name	Total amount of liabilities covered by guarantee/surety 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 principal
	currency '000	PLN '000				
<b>CIECH S.A. and selected subsidiaries in Poland, Germany and Romania.</b>						
Deutsche Trustee Company Limited; bond holders*	EUR 379,750 (guarantee provided to the amount of 155% of liabilities related to the issuance of foreign bonds in the amount of 245,000 thousand EUR)	1,592,823	Until full redemption of bonds (max term 30.11.2019)	Commission of 0.55% p.a of the difference between the limit of the guarantee collateralized by assets and a surplus of the guarantee limit; collateral of liabilities due to bonds issued	The Ciech Group Financing AB	Subsidiary
<b>CIECH S.A.</b>						
Anwil S.A.	PLN 15,000	15,000	30.06.2016	Commission of 1.5% p.a. of the guaranteed liability; collateral pertaining to liability	CIECH Trading S.A.	Subsidiary
Alwernia S.A.	PLN 1,000	1,000	Liabilities incurred and outstanding up to 31.12.2015	Commission of 1.5% p.a. of the guaranteed liability; collateral pertaining to liability	CIECH Trading S.A.	Subsidiary
Spolana a.s.	EUR 1,500	6,292	Liabilities incurred and outstanding up to 31.12.2015	Commission of 1.5% p.a. of the guaranteed liability; collateral pertaining to liability	CIECH Trading S.A.	Subsidiary
BASF Polska Sp. z o.o., BASF SE	EUR 10,000	41,944	Maximum till 12.03.2017	Guarantee for certain liabilities and warranties made by Infrastruktura Kapuściska S.A. w upadłości likwidacyjnej within the Agreement for	Infrastruktura Kapuściska S.A. w upadłości likwidacyjnej	-

Beneficiary's name	Total amount of liabilities covered by guarantee/surety 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 principal
	currency '000	PLN '000				
				Sale and Transfer of TDI assets to BASF		
Bioagra-Oil S.A.	250 PLN	250	30.09.2015	Commission of 1.5% p.a. of the guaranteed liability; collateral pertaining to liability	CIECH Trading S.A.	Subsidiary
BANK PEKAO S.A.	EUR 5,000	20,972	23.12.2015	Commission of 0.4% p.a. of the guaranteed liability; collateral pertaining to liability	CIECH Soda Deutschland GmbH&Co.K G	Subsidiary
Siemens Industrial Turbomachinery s.r.o.	EUR 1,753	7,353	Lease instalments outstanding by 30.04.2019	Commission of 0.4% p.a. of the guaranteed liability; collateral pertaining to liability	KWG GmbH	Subsidiary
Grupa Azoty Zakłady Azotowe Kędzierzyn S.A.	EUR 200	839	30.09.2016	Commission of 1.5% p.a. of the guaranteed liability; collateral pertaining to liability	CIECH Trading S.A.	Subsidiary
BZ WBK Faktor Sp. z o.o.	PLN 18,000	18,000	No time limit	Commission of 1.5% p.a. of the guaranteed liability; collateral pertaining to liability	CIECH Trading S.A.	Subsidiary
BZ WBK Faktor Sp. z o.o.	PLN 49,500	49,500	No time limit	Commission of 1.5% p.a. of the guaranteed liability; collateral pertaining to liability	CIECH Finance SP. z o.o.	Subsidiary
ANDRITZ SEPARATION GmbH	EUR 886	3,716	Surety expired 30.07.2015	Commission of 1.5% p.a. of the guaranteed liability; collateral pertaining to liability	CIECH Soda Polska S.A.	Subsidiary
<b>Total amount of guarantees and sureties granted</b>		<b>1,757,689</b>				

\* The guarantee covered by the i.a. pledges established on the assets belonging to CIECH S.A.

#### 5.11.4 Letters of support

As at 30 June 2015, CIECH S.A. was the obliged party in the following letters of support:

- Letter of support (Patronatserklärung) regarding Sodawerk Staßfurt GmbH&Co. KG seated in Staßfurt ("SWS"), granted to RWE Gasspeicher GmbH ("RWE"), relating to liabilities resulting from the agreement dated 5 May 2009 on salt caverns construction for the purpose of natural gas storage on the mining field Stassfurt according to which SWS has received payments of EUR 34.8 million from RWE until 30 June 2015. In the letter of support CIECH S.A. has committed, among other things, to ensure that SWS will have sufficient funds to fulfill its financial commitments resulting from the above-mentioned agreement.
- Letter of support (Patronatserklärung) regarding KWG-Kraftwerksgesellschaft Staßfurt mbH seated in Staßfurt ("KWG") granted to Erdgas Mittelsachsen GmbH ("EMS") relating to liabilities of KWG to EMS resulting from the gas supplies agreement. In the letter of support CIECH S.A. has committed, among other things, to ensure that KWG will have sufficient funds to fulfill its financial commitments against EMS resulting from the above-mentioned agreement. The responsibility of CIECH S.A. as regards the letter is limited to EUR 4 million and until 31 December 2015.

## 5.12 Provisions and impairment allowances on assets

In the first half of 2015, there were the following changes (recognition, use and reversal) of provisions and impairment allowances on assets in the financial statements of CIECH S.A.:

### 01.01.-30.06.2015

<i>PLN'000</i>	opening balance	increase	decrease	closing balance
Long-term investments	643,454	24,640	5,930	662,164
Inventory	218	-	-	218
Receivables	119,362	1,045	23,283	97,124
Short-term investments	41,963	20,547	1,163	61,347

### 01.01.-30.06.2015

<i>PLN'000</i>	opening balance	increase	decrease	closing balance
Deferred income tax liability	25,383	731	-	26,114
Provision for employee benefits and other provisions	22,896	4,656	-	27,552

### 01.01.-30.06.2015

<i>PLN'000</i>	opening balance	increase	decrease	closing balance
Deferred income tax asset	102,714	-	15,792	86,922

### 01.01.-30.06.2014

<i>PLN'000</i>	opening balance	increase	decrease	closing balance
Long-term investments	889,907	1,626	448	891,085
Inventory	251	-	106	145
Receivables	103,917	20,400	7,302	117,015
Short-term investments	85,042	19,350	2,551	101,841

### 01.01.-30.06.2014

<i>PLN'000</i>	opening balance	increase	decrease	closing balance
Deferred income tax liability	4,375	886	-	5,261
Provision for employee benefits and other provisions	22,464	-	1,811	20,653

### 01.01.-30.06.2014

<i>PLN'000</i>	opening balance	increase	decrease	closing balance
Deferred income tax asset	43,422	17,039	-	60,461

In the second quarter of 2015, there were the following changes (recognition, use and reversal) of provisions and impairment allowances on assets in the financial statements of CIECH S.A.:

### 01.04.-30.06.2015

<i>PLN'000</i>	opening balance	increase	decrease	closing balance
Long-term investments	652,043	1,123	(8,998)	662,164
Inventory	218	-	-	218
Receivables	96,385	387	(352)	97,124
Short-term investments	48,023	12,278	(1,046)	61,347

### 01.04.-30.06.2015

<i>PLN'000</i>	opening balance	increase	decrease	closing balance
Deferred income tax liability	26,588	(474)	-	26,114
Provision for employee benefits and other provisions	22,852	4,700	-	27,552

**01.04.-30.06.2015**

<i>PLN'000</i>	opening balance	increase	decrease	closing balance
Deferred income tax asset	87,814	-	892	86,922

**01.04.-30.06.2014**

<i>PLN'000</i>	opening balance	increase	decrease	closing balance
Long-term investments	889,907	1,626	448	891,085
Inventory	251	-	106	145
Receivables	108,808	11,607	3,400	117,015
Short-term investments	95,056	9,336	2,551	101,841

**01.04.-30.06.2014**

<i>PLN'000</i>	opening balance	increase	decrease	closing balance
Deferred income tax liability	5,664	(403)	-	5,261
Provision for employee benefits and other provisions	20,555	-	(98)	20,653

**01.04.-30.06.2014**

<i>PLN'000</i>	opening balance	increase	decrease	closing balance
Deferred income tax asset	47,432	13,029	-	60,461

Deferred income tax liability and deferred income tax assets are netted off in the statement of financial position.

**5.13 Notes to the Condensed Interim Separate Statement of Other Comprehensive Income of CIECH S.A.**
**Tax effect of each component of other comprehensive income of CIECH S.A.**

<i>PLN'000</i>	01.01.-30.06.2015			01.01.-30.06.2014		
	Before tax	Income tax	After tax	Before tax	Income tax	After tax
Cash flow hedge	3,245	(616)	2,629	(532)	101	(431)
<b>Other comprehensive income net of tax</b>	<b>3,245</b>	<b>(616)</b>	<b>2,629</b>	<b>(532)</b>	<b>101</b>	<b>(431)</b>

**Income tax and reclassification adjustments in other comprehensive income**

<i>PLN'000</i>	change in the period	01.01-30.06.2015	change in the period	01.01-30.06.2014
<b>Other comprehensive income before tax</b>				
<b>Cash flow hedge</b>	-	<b>3,245</b>	-	<b>(532)</b>
- fair value remeasurement in the period	(1,003)	-	6,142	-
- reclassification to profit or loss	4,248	-	(6,674)	-
<b>Income tax attributable to other components of other comprehensive income</b>	-	<b>(616)</b>	-	<b>101</b>
- accrued for the current period	191	-	(1,167)	-
- reclassification to profit or loss	(807)	-	1,268	-
<b>Other comprehensive income net of tax</b>	-	<b>2,629</b>	-	<b>(431)</b>

#### 5.14 Information on purchase and disposal of property, plant and equipment and commitments for the acquisition of property, plant and equipment

01.01.-30.06.2015

PLN'000	Land, buildings, offices and land and water engineering facilities	Machinery and equipment	Other property, plant and equipment	Property, plant and equipment under construction	Total
purchase	-	3,593	4	2,218	5,815
disposal	-	-	8	-	8

In the first half of 2015 purchases were made with own financial resources of the Company. The liabilities assumed for the acquisition of property, plant and equipment amounted to PLN 150 thousand.

01.01.-30.06.2014

PLN'000	Land, buildings, offices and land and water engineering facilities	Machinery and equipment	Other property, plant and equipment	Property, plant and equipment under construction	Total
purchase	-	127	1	107	235
disposal	130	405	102	-	637

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

CIECH S.A.'s shares are listed on the Warsaw Stock Exchange. The share capital of CIECH S.A. amounts to PLN 263,500,965 and is divided into 52,699,909 shares with a face 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.

#### SHAREHOLDERS

From the date of presenting the previous report (i.e. from the date of publishing the Annual Report of CIECH S.A. for 2014, which was made available to the public on 23 March 2015), CIECH S.A. did not receive any information from the shareholders concerning increases or decreases of any of their interest in the total number of shares. To the knowledge of the Company, as at 30 June 2015, there were 2 shareholders holding a significant stake (at least 5%) of CIECH S.A. shares: KI Chemistry s. à r. l., with its registered office in Luxembourg, and ING Open Pension Fund.

Shareholder	Type of shares	Number of shares	Number of votes at GSM	Share in total number of votes at GSM	Share in share capital (%)
KI Chemistry s. à r. l. with its registered office in Luxembourg*	Ordinary bearer shares	26,952,052	26,952,052	51.14%	51.14%
ING Open Pension Fund**	Ordinary bearer shares	5,000,000	5,000,000	9.49%	9.49%
Other	Ordinary bearer shares	20,747,857	20,747,857	39.37%	39.37%

\* according to the information from 9 June 2014 given by the Shareholder under art 77 item 7 and art. 69 item 1 p. 1 of the Public Offering Act from 29 July 2005 (...) (Cr 26/2014)

\*\* based on the list of shareholders holding at least 5% of votes at the Ordinary General Meeting of Shareholders of CIECH S.A. on 30 June 2015, Rb 19/2015 prepared and published based on art. 70 item 3 of the Public Offering Act (...)

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

The number of CIECH S.A. shares, held by managers and supervisors on the date of approval of this report is as follows:

- Mr Artur Osuchowski – Member of the Management Board, held 65,195 shares in CIECH S.A.

At the date of this report, other management and supervisory persons of CIECH S.A. did not hold any shares in CIECH S.A. or shares or holdings in related entities. There have been no changes in this regard since the publication of Extended Consolidated Quarterly Report of the CIECH Group for the first quarter of 2015, which was on 15 May 2015.

#### 5.17 Corrections of prior period errors

There were no corrections of prior period errors.

#### 5.18 Discontinued operations and non-current assets classified as held for sale

The accounting principles applied in preparing the statement of profit or loss for discontinued operations are in line with the CIECH S.A.'s accounting policy. The results of discontinued operations include:

##### Discontinued operations

In the period from 1 January to 30 June 2015 there were no discontinued operations. In the comparative period the deferred tax asset, in respect of temporary differences between the carrying and tax value of Infrastruktura Kapuściska S.A. w upadłości shares was presented as discontinued operations.

##### Assets and liabilities classified as held for sale

As at 30 June 2015 and as at 31 December 2014, there were no assets and liabilities classified as held for sale.

#### 5.19 Information on overdue debts or other violations of debt-related agreements

In the period covered by these financial statements none of the loan agreements was called to maturity nor were there any violations of payment terms for repayment of capital or interest due in relation to financial liabilities recognized in the statement of financial position. Under the Revolving Loan Agreement and the New Revolving Loan Agreement CIECH S.A. and its selected subsidiaries were required, among others, to maintain a certain level net leverage ratio included in the agreements (the ratio of the CIECH Group's consolidated net debt to consolidated EBITDA of the CIECH Group) in the amount not higher than 3.0, measured for the 12 months ended 30 June 2015. The level of the ratio has been met and reached 2.0.

All information concerning the financing conditions, which result from the agreements and arrangements with the banks, are presented in the Annual Report of CIECH S.A. for 2014, which was published on 23 March 2015.

#### 5.20 Transactions with related entities

Transactions with related parties are concluded on an arm's length basis.

	Sales revenues 01.01.- 30.06.2015	Purchases of goods and services 01.01.- 30.06.2015	Financial income 01.01.- 30.06.2015	Receivables as at 30.06.2015	Liabilities as at 30.06.2015
<i>PLN'000</i>					
Consolidated entities	280,716	578,329	198,062	218,525	221,322
Non-consolidated entities	31,657	3,567	353	6,719	1,613

	Sales revenues 01.01.- 30.06.2014	Purchases of goods and services 01.01.- 30.06.2014	Financial income 01.01.- 30.06.2014	Receivables as at 30.06.2014	Liabilities as at 30.06.2014
<i>PLN'000</i>					
Consolidated entities	63,680	582,068	76,272	186,759	271,586
Non-consolidated entities	29,252	7,300	1,074	7,202	2,311

#### 5.21 Information on events after the balance-sheet date

On 22 July 2015, the Supervisory Board of CIECH S.A. dismissed Mr. Dariusz Krawczyk from the position of Chairman of the Board without giving the reason of dismissal. At the same time, from the date of 22 July 2015, the Supervisory Board appointed Mr Maciej Tybura for the position of Chairman of the Board. Mr Maciej Tybura previously held the position of Board Member.

In respect to the death of Mr PhD Jan Kulczyk, Chairman of the Supervisory Board of CIECH S.A., the Extraordinary General Meeting of Shareholders will be held on August 26<sup>th</sup>, in purpose to make changes in the Supervisory Board.

## V. Statement of the Management Board.

This extended consolidated report of the CIECH Group for the first half of 2015 was approved by the Management Board of CIECH S.A. in its registered office on 21 August 2015.

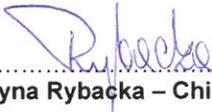
Warsaw, 21 August 2015.



.....  
**Maciej Tybura - President of the Management Board of CIECH Spółka Akcyjna**



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



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