

Other information to the report for the quarter ending on 30th September 2005.

Description of the organisational structure of the Capital Group, with indication of entities that are subject to consolidation

Ciech Group is a group of domestic and foreign manufacturing, distribution and trade companies operating in the chemical industry. As at September 30th, 2005, it comprised 35 business entities, including:

- parent company - Ciech SA,
- 29 subsidiaries, including:
 - 22 domestic subsidiaries,
 - 7 foreign subsidiaries.
- 4 domestic associated companies,
- 1 foreign associated companies.

Ciech Group conducts manufacturing activity connected with the sale of own products, and trading activity related to trading with goods.

The whole group of companies affiliated to Ciech SA consists of 36 business entities, direct subsidiaries and directly associated companies, whose parent company is Ciech SA, as well as indirect subsidiaries and indirectly associated companies, whose parent companies are direct subsidiaries and directly associated companies of Ciech SA.

When preparing the consolidated financial statement for three quarters of 2005 the following companies were taken into consideration:

full consolidation method:

- Ciech SA – parent company
- Przedsiębiorstwo Chemiczne Cheman SA
- Vitrosilicon SA
- Ciech Polfa Sp z o.o.
- Polsin Pte. Ltd.
- Daltrade Plc

equity method:

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

The consolidated financial statement also includes four lower-level capital groups:

Petrochemia-Blachownia Capital Group, including:

- Petrochemia-Blachownia SA – parent company
- BI-Trans Sp. z o.o.

Capital Group of Fosfory, including:

- Gdańskie Zakłady Nawozów Fosforowych Fosfory Sp. z o.o. – parent company
- Agrochem Sp. z o.o. Dobre Miasto
- Agrochem Sp. z o.o. Człuchów

Capital Group of Soda Mątwy, including;

- Inowrocławskie Zakłady Chemiczne SODA MAŁTWE SA – parent company
- Elektrociepłownia Kujawskie Sp z o.o.
- Transoda Sp. z o.o.
- Polskie Towarzystwo Ubezpieczeniowe SA (the company valued using the equity method)

Capital Group of Janikosoda SA, including:

- Janikowskie Zakłady Sodowe Janikosoda SA – parent company
- Polskie Towarzystwo Ubezpieczeniowe SA (the company valued using the equity method)

Capital Group of Alwernia, including:

- Alwernia SA – parent company
- Alwernia Chrom Sp z o.o..

The parent company does not have branches.

Consequences of changes in the business entity structure, including results of merger of business entities, take-over or sales of entities of the Capital Group, long-term investments, division, restructuring and discontinuation of activity.

On 11th July 2005 Ciech SA received the information concerning the end of the procedure of the forced buyout of shares from minority shareholders of the subsidiary of Ciech SA – Vitrosilicon SA with its registered office in Ilowa, ul. Żagańska 27.

After the completion of the procedure of the forced buyout of shares of Vitrosilicon S.A., Ciech S.A. holds 60.40% of the share capital of that company, and the subsidiaries of Ciech SA – JZS Janikosoda S.A. and IZCh Soda Małty S.A. – hold 19.80% each, which gives the total of 100% share in the share capital of Vitrosilicon S.A.

Fulfillment of profit forecasts published for a given year

Ciech SA. does not publish any forecasts concerning individual results of the company. The statement of the Management Board concerning the anticipated fulfilment of forecasts related to the Capital Group will be included in the consolidated financial statement.

CIECH S.A.'s shareholders holding at least 5% shares / votes at the General Meeting - current situation

The information obtained by the Management Board of CIECH S.A. indicate that the following entities hold at least 5% shares / votes at the General Meeting:

- Kompania Węglowa SA - 10,270,800 shares equal to 36.68 % of CIECH S.A.'s share capital; votes: 10,270,800, which constitutes 36.68% of the total number of votes at the General Meeting.
- Franklin Templeton Investments, UK – 2,000,000 shares equal to 7.14% of CIECH S.A.' share capital; votes: 2,000,000, which constitutes 7.14% of the total number of votes at the General Meeting.
- Commercial Union Otwarty Fundusz Emerytalny BPH CU WBK – 1,450,000 shares equal to 5.18 % of CIECH S.A.'s share capital, votes: 1,450,000, which constitutes 5.18% of the total number of votes at the General Meeting.
- Otwarty Fundusz Emerytalny PZU 'Złota Jesień' – 1,712,732 equal to 6.12% of CIECH S.A.'s share capital; Votes: 1,712,732, which constitutes 6.12% of the total number of votes at the General Meeting.
- Commercial Union Investment Management S.A. (CUIM) Polska – 1,504,961 equal to 5.37% of CIECH SA's share capital; Votes: 1,504,961 which constitutes 5.37% of the total number of votes at the General Meeting.

Changes in the ownership structure of significant blocks of shares / votes of CIECH SA (at least 5%).

	As at August 4th, 2005	Shares acquired	Shares sold	As at November 4th, 2005
State Treasury	10 270 800	-	10 270 000	0
Kompania Węglowa SA	0	10 270 000	-	10 270 000
Franklin Templeton Investments, UK	2 000 000	-	-	2 000 000
Commercial Union Otwarty Fundusz Emerytalny BPH CU WBK	1 450 000	-	-	1 450 000
Otwarty Fundusz Emerytalny PZU 'Złota Jesień'	1 712 732	-	-	1 712 732
Commercial Union Investment Management S.A. (CUIM) Polska	1 504 961	-	-	1 504 961

Changes in Ciech SA 's shares held by Management Board or Supervisory Board Members

	As at August 4th, 2005	Shares acquired	Shares sold	As at November 4th, 2005
Management Board				
Ludwik Klinkosz	390 641	-	-	390 641
Supervisory Board	0	-	-	0

Procedures pending before courts, in arbitration proceedings, or public administration bodies as at 30th September 2005.

I Ciech SA

Liabilities of CIECH SA (domestic and foreign) claimed in court or arbitration proceedings as at 30th September 2005.

CLAIM BY PETRO CARBO CHEM AKTIENGESELLSCHAFT (PCC)

PCC AG filed an action in 2000, claiming a compensation in the amount of PLN 21,364,000 and EUR 13,861.45 (equivalent to PLN 54,000) for failing to fulfil the agreement to transfer the shares of Petrochemia Blachownia Sp. z o.o. as stipulated in the preliminary contract of 09.07.1999. On 27.05.2003, the District Court in Warsaw issued a preliminary judgment in favour of PCC AG (stating that PCC AG's claim was well founded), without specifically determining the amount of the compensation itself. Ciech SA appealed against the preliminary judgment on 19.09.2003, on the grounds that the preliminary judgment was issued on the basis of erroneous legal findings of fact, and infringement of the substantive law by assuming that it was the intention of the parties to enter into an agreement. During a hearing held on 12.08.2004, the Court of Appeal upheld the District Court's preliminary judgment, confirming that PCC's claims were justified, without stating the amount of damages, which will be subject to further proceedings. In November 2004, Ciech SA filed another appeal, on the grounds of infringement of the substantive law due to its incorrect interpretation and application, and violation by the Court of Appeal of the principle of free assessment of evidence as defined in the EU directives. On April 19th, 2005, Ciech SA received a final decision of the Supreme Court dismissing its appeal.

Because the appeal was dismissed, the case returned before the District Court which will continue to the proceedings by determining the amount of damages owing to PCC AG.

After the preliminary judgement became final, the claimant verified and extended its claim, and currently demands the following from Ciech SA:

PLN 16,391,000 due to the lost dividend for the years 1999 and 2000 with statutory interest, which at 30.06.2005 amount to PLN 14,166,000.

PLN 14,200,000, which constitutes the equivalent of 72.33 % of the value of Petrochemia Blachownia Sp. z o.o. according to the balance sheet as at 30.11.2000, increased by the value of income from one-year treasury bills for the period from 1.12.2000 to the date of payment, that is the amount of PLN 6,732,000.

PLN 13,861.44 EURO (equivalent of PLN 54,000) which constitutes a compensation due to exchange rate differences arisen when repaying the advance payment with statutory interest from 22.07.1999, i.e. the amount of PLN 62,000.

According to the opinion of a renowned legal office that represents Ciech SA, the above mentioned claim of PCC AG is much too high. PCC AG may only demand compensation within the so called negative contractual interest, that is the costs of preparation of the agreement and the cost of readiness to conclude the pledged agreement.

On 14th October 2005 there was a hearing before the District Court in Warsaw, attended by the representatives and attorneys of the parties. The District Court dismissed the motion of PCC AG filed in its last procedural writ for allowing new evidence. Ciech SA moved for dismissal of the whole motion of PCC AG. The claimant upheld its previous compensation claims. The District court closed the proceedings and determined two dates when the judgement concerning that case will be announced, i.e. 28.10.2005 or 10.11.2005.

ACTION BY COMEXPORT

In September 2003, Comexport (Brazil) filed an action with the Court of Arbitration at the International Chamber of Commerce in Paris, claiming damages for failure to complete sulphur deliveries to Brazil in the period from 1996 to 1999. The sued parties were Ciech SA and the sulphur mines in Tarnobrzeg and Grzybów. The current claim is for USD 3,872,943 (equivalent of PLN 12,616,000), following the claimant changing the claimed amount in the course of the proceedings by USD 88,295 (equivalent of PLN 288,000), and statutory interest according to the Polish law, calculated from 16.09.2003, which as at 30.06.2005 constitutes the amount of PLN 3,271,000. In addition, Comexport demands the return of the cost of court proceedings and the cost of legal service in the amount of 204,436.26 EURO (equivalent of PLN 801,000).

The principal claim amount comprises Comexport's lost profits on contractual quantities not delivered to Brazilian customers, losses from overstated freight costs, etc. In November 2003, Ciech SA answered the claim by filing for dismissal of Comexport's action, on the grounds of the force majeure certificates evidencing that the mines were closed down as part of restructuring of the sulphur industry, that the action has lapsed, and that the claim for damages is not supported by sufficient evidence. The Court of Arbitration appointed one Arbitrator to investigate into the dispute. The arbitrator determined the schedule for further proceedings. Each party filed two detailed pleadings supported by evidence.

On April 22nd, 2005, a hearing was held before the Court of Arbitration at the International Chamber of Commerce in Paris, attended by the representatives and attorneys of Comexport and Ciech SA. The sued sulphur mines in Tarnobrzeg and Grzybów did not participate in the arbitration procedure, nor did they appoint any attorneys. Ciech SA filed for Comexport's claim to be dismissed and for refund of the court fees, sustaining its

allegations as described in the pleadings and the accompanying documentation. Comexport also sustained its pleadings. After closing of the proceedings, the arbitration proceedings ended. On 27.10.2005 Ciech SA received a court judgement, according to which all three defendants: Ciech and sulphur mines in Grzybów and Tarnobrzeg, shall jointly and severally pay the amount of USD 2,474,166 (equivalent of PLN 8,060,000) and the interest of 5% from 17th September 2003, amounting to USD 252,000 (equivalent of PLN 821,000) and USD 140,000 (equivalent of PLN 456,000) as the cost of court proceedings. The awarded amount constitutes the lost profit moved for by Comexport.

In the accounts of Ciech SA there is a reserve for compensation and the cost of court proceedings with regard to that case.

ACTION BY ENAPHARM

In June 2004, the Liquidator for Enapharm in Algeria filed a claim for US \$172,879.84 (equivalent to PLN 563,000) in damages concerning medication deliveries by Ciech SA between 1985 and 1991.

According to the claimant, Ciech SA did not replace expired medications that the claimant had not sold, in violation of the contract between the parties. Ciech SA claims that it was exempt from the replacement provision, in light of the claimant failing to make the payments due from its sales of the medications in the Algerian market.

The case is pending before an Algerian court. Ciech SA is represented by a local attorney, supervised by a well respected Paris law firm. At a hearing held in March 2005, the court agreed with the claimant and appointed an expert to assess whether the amount of the claimed damages is well-founded. The new date of the hearing was not established.

Employee claims

Four cases are currently pending against Ciech SA, filed by its former employees dismissed due to no fault of their own. The employees are demanding to be restored to work. The projections as to the result of those suits are good.

Ciech SA's (domestic and international) debt

Amounts receivable claimed in courts or courts of arbitration

Ciech S.A. filed nine civil suits against its domestic trade debtors for the total of PLN 1,442,000. The forecast is good. The Company established a revaluation write-down on the above mentioned amount.

Administrative claims

Ciech SA filed a case before the Supreme Administrative Court (NSA) for reimbursement of customs receivables in the total amount of PLN 94,000. The projections concerning the judgement are positive. The Company established a revaluation write-down on the above mentioned amount.

Bankruptcy proceedings

The total of PLN 19,068,000 is being claimed in fifty eight domestic bankruptcy proceedings.

Ciech S.A. is claiming USD 1,186,696 and EURO 461,231 (totalling PLN 5,669,000) via international bankruptcy proceedings, with the largest claims being the bankruptcy proceedings for: Chemapol – Praga (PLN 1,107,000), Euroftal N.V. Belgium (PLN 818,000), Petrimex – Bratys³awa (PLN 733,000), WMW – Nowosybirsk (601,000).

The projections as to the results of the bankruptcy proceedings are not good, as Ciech S.A.'s receivables are not privileged.

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

Enforcement and composition proceedings

Ciech S.A. is claiming PLN 26,991,000 from domestic debtors through thirty four enforcement proceedings. The largest claim (PLN 17,619,000) is in the enforcement proceedings against Sur5Net initiated in August 2004. To date, the measures taken by the enforcement officer have brought no results. Ciech SA filed for determination of the debtor's assets in a business intelligence procedure.

The projections as to the results of the other enforcement proceedings are different, depending on the debtors' assets.

PLN 24,000 is claimed in three composition proceedings. The projections are good.

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

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

USD 3.2575
EURO 3.9166

II. Subsidiaries

Soda Małwy SA Group

No claims were filed against Soda Małwy SA or its subsidiaries that could significantly impact their business. Amounts receivable claimed via debt enforcement or court proceedings by Soda Małwy S.A. and its subsidiaries amount to PLN 27,477,000, with the largest claim of PLN 21,814,000 pending against the company B. Lepiarz for unpaid deliveries of goods. According to the information of Soda Małwy SA– projections are not good.

A claim of PLN 5,663,000 plus statutory interest awarded to Soda Małwy S.A. against the Brokerage House Sur5 Net is being pursued through enforcement proceedings. The enforcement proceedings has been suspended after Soda Małwy S.A. filed for disclosure of Sur5. Net's assets. Soda Małwy Capital Group's other court cases include bankruptcy proceedings amounting to PLN 1,718,000 and composition proceedings amounting to PLN 137,000.

The Soda Małwy S.A. Group recognised impairment losses against all pending claims equal to PLN 23,769,000.

Group of Janikosoda SA

No significant claims (liabilities) were filed against Janikosoda S.A. or its subsidiaries that could affect their business. Three complaints are pending before the Supreme Administrative Court filed by Janikosoda S.A. against decisions issued between 1999 and 2000 by the Chief Environmental Protection Inspector, imposing penalties on the company for excessive emissions to the atmosphere in the total amount of PLN 2,330,000. The proceedings were suspended in 2002 on request of both parties.

The Janikosoda Group's other liabilities under court actions filed against it amount to PLN 331,000. The Janikosoda Group's claims against several dozen trade debtors total PLN 130,000. Debt enforcement proceedings are pending to recover the total of PLN 2,115,000, including the largest claim for PLN 2,102,000 against B.Lepiarz. PLN 646,000 is being claimed through bankruptcy proceedings, and PLN 194,000 was reported for composition proceedings.

The Group of Janikododa SA recognised an impairment loss of PLN 3,670,000.

Vitrosilicon SA

No claims (liabilities) were filed against the company that could affect its business.. The company is claiming the total of PLN 1,193,000 from debtors for deliveries and services, including the largest claim pursued through enforcement proceedings for PLN 628,000, and PLN 502,000 pursued through bankruptcy proceedings.

Vitrosilocon SA recognised an impairment loss on all the proceedings pending.

Group of Zakłady Chemiczne "Alwernia" SA

No claims (liabilities) were filed against the Alwernia Group that could affect its business. The Alwernia S.A. Group is claiming trade receivables and damages in the total amount of PLN 376,000 through court actions and enforcement proceedings. The amount of PLN 675,000 was claimed in bankruptcy proceedings, and the amount of PLN 63,000 was claimed in composition proceedings.

The Group of Zak³ady Chemiczne Alwernia SA recognised impairment losses against all the proceedings pending.

Chemian SA

No claims (liabilities) were filed against Chemian S.A that could affect its business. Chemian SA filed court cases against several dozen trade debtors for the total of PLN 3,453,000, including PLN 1,585,000 claimed in enforcement proceedings and PLN 901,000 reported for bankruptcy and composition proceedings.

Chemian SA recognised an impairment loss on all the proceedings pending.

Group of GZNF "Fosfory" Sp. z o.o.

No claims (liabilities) were filed against the companies belonging to the Fosfory Group that could affect its business.. The Fosfory Group is claiming the total of PLN 5,816,000 in court actions, enforcement and bankruptcy proceedings, and recognised an impairment loss on that amount.

Group of Petrochemia – Blachownia SA

No claims of material importance were filed against the Petrochemia Blachownia Group. Petrochemia-Blachownia SA instituted enforcement proceedings for debt from several debtors in connection with the conducted business activity for the total amount of PLN 458,000. Petrochemia-Blachownia SA reported the amount of PLN 165,000 to bankruptcy proceedings.

The company recognised an impairment loss on the total of the claims.

Information concerning non-standard transactions with affiliated entities concluded by Ciech SA or its subsidiaries

(as per the information submitted by the entities)

Transaction party	Affiliation with the party to the transaction	Subject of the transaction	Material terms and conditions (PLN ,000)		Additional information
			Financial terms	Characteristic features of the contract deviating from generally applicable terms and conditions of similar agreements	
Soda Mątwy SA					
Transoda Sp.zo.o	Indirect subsidiary	Loan	T/N WIBOR + bank margin of 0.7%	none	Loan extended in 2004. The repayment date was extended by the annex of 8th June 2005 till 31.12.2005. The debt balance as at 30.09.2005 – PLN 950,000.
Chemana SA					
Ciech SA	Parent company	Conducting transactions with regard to trade in plastics on behalf of Ciech SA, but for the benefit of Chemana SA.	PLN 135,000	none	The agreement is valid during a period of three months, starting from 01.04.2005
Ciech SA					
Chemia.com	Subsidiary	Organisation and co-operation in the implementation of the ERP system in IZCH Soda Mątwy	PLN 900,000	none	Agreement is valid for the period from 01.06.2005 to 31.03.2006
Chemana SA	Subsidiary	Trade transactions for plastics and semi-finished-products for and on behalf of Ciech SA.	PLN 135,000	none	Agreement is valid for the period from 01.04.2005 to 31.12.2005
Chemana SA	Subsidiary	Sales agreement for various chemical goods between Ciech SA as the Seller and Chemana SA as the Buyer.	PLN 1,106,000	none	Agreement concluded on 15.04.2005
Chemana SA	Subsidiary	Sales agreement for various chemical goods between Ciech SA as the Seller and Chemana SA as the Buyer.	PLN 1,043,000	none	Agreement concluded on 18.04.2005
Petrochemia Blachownia	Subsidiary	Sale of fixed assets	PLN 3,500,000	none	Sale of the right of perpetual usufruct of land, ownership right to the buildings located on that land, as well as to chattels related to the real estate property.
Ciech Polfa Sp.zo.o	Subsidiary	Sale of property, plant and equipment	PLN 326,000	none	The sale was made in January and March
Soda Mątwy S.A	Subsidiary	Agreement concerning co-operation with regard to the implementation of the ERP system based on the Oracle platform. Ciech SA as an investor will make the system be implemented in Soda Mątwy by 31.05.2006	PLN 4,777,000	none	Agreement concluded on 06.06.2005
Ciech Polfa Sp. z o.o.	Subsidiary	Sale of shares in Polcommerce Kft. Budapest	Sales price PLN 203,000	none	
Janikosoda SA	Subsidiary	Loan	Annual interest of 6.60%	none	A loan of PLN 4,000,000, taken on 09.05.2005, in order to finance the current operations of the company,

Transaction party	Affiliation with the party to the transaction	Subject of the transaction	Material terms and conditions (PLN ,000)		Additional information
			Financial terms	Characteristic features of the contract deviating from generally applicable terms and conditions of similar agreements	
					repaid on 28.06.2005
Soda Mątwy SA	Subsidiary	Loan	Annual interest of 6.60%	none	A loan of PLN 4,500,000 taken on 04.05.2005, repaid on 30.06.2005, the amount of interest paid to Ciech SA - PLN 43,000
GZNF Fosfory SA	Subsidiary	Loan	Annual interest of 6.54%	none	A loan of PLN 4,500,000, repayment by 30.11.2005
GZNF Fosfory SA	Subsidiary	Loan	Annual interest of 6.54%	none	A loan of PLN 4,500,000, repayment by 31.12.2005

Loan sureties or guarantees extended by Ciech S.A. or its subsidiaries

(as per the information submitted by the entities)

Sureties and guarantees granted

Obligee's name	Amount of loan covered by surety		Effective date of surety	Financial terms: surety fee due to the company	Principal	Affiliation between Ciech SA and the borrower
	currency	in '000 PLN				
Ciech SA						
NFOŒiGW, Warsaw		4 185	31.03.2006		Z.CH. Soda Mątwy SA	subsidiary
KREDYT BANK SA Sieradz Branch		4 500	by 31.08.2006	Payment to Ciech SA equal to 1% of the surety value	Chemana S.A - Warsaw	subsidiary
KREDYT BANK SA Sieradz Branch		3 750	by 31.08.2006	payment to Ciech SA equal to 1% of the surety value	Chemana S.A - Warsaw	subsidiary
BANK HANDLOWY SA		4 800	by 01.05.2005	payment to Ciech SA equal to 1% of the surety value	Ciech-Polfa Sp. z o. o.	subsidiary
PKN ORLEN SA		1 200	no fixed term	payment to Ciech SA equal to 1% of the surety value	Chemana S.A - Warsaw	subsidiary
BRE - MULTIBANK SA		629	none – the surety expires on final loan settlement		Employees of Ciech SA	
BANK PKO SA First Branch in Warsaw		4 000	by 31.08.2006	Payment to Ciech SA equal to 1% of the surety value (of PLN 2 million) + PLN 10,000 on increase	Chemana SA	subsidiary
BANK PKO SA First Branch in Warsaw		2 000	by 20.01.2006	Payment of PLN 10,000 to Ciech SA	Chemana SA	subsidiary

Obligee's name	Amount of loan covered by surety		Effective date of surety	Financial terms: surety fee due to the company	Principal	Affiliation between Ciech SA and the borrower
	currency	in '000 PLN				
Total CIECH SA		25 064				
Petrochemia Blachownia SA						
Bank Ochrony Środowiska SA		2 000	19.11.2002 - 31.12. 2005	none	ZK Zdieszowice Sp. z o.o.	none
PKO BP S.A.		300	30.08.2004 - 05.07. 2010	none	BL-Trans Sp. z o.o.	Indirect subsidiary
Total Petrochemia Blachownia SA		2 300				
Soda Mątwy SA						
ING BSK Leasing SA		2 370	by 31.03.2007	None (leasing agreement)	Transoda Sp. z o. o.	indirect subsidiary
Total Soda Mątwy SA		2 370				
Janikosoda SA						
BOCE Poznań	EUR 2 411	9 447	to 16.11.2009	no fee	Vitrosilicon SA	subsidiary
Total Janikosoda SA		9 447				
Total loans guaranteed		39 181				

Obligee's name	Total amount of loans covered by surety		Effective date of surety	Financial terms: surety fee due to the company	Principal	Affiliation between Ciech SA and the borrower
	currency	in '000 PLN				
Soda Mątwy SA						
National Fund for Environmental Protection and Water Management (NFOEiGW)		1 800	to 31.12.2006	Real-estate taxes payable to the Town Office in Inowrocław constitute the collateral of the granted surety	Town Office in Inowroc ³ aw	none
Total Soda Mątwy SA		1 800				

Obligee's name	Amount of total guarantee granted, backed in whole or in part		Guarantee period	Financial terms: guarantee fee due to the company	Principal	Affiliation between CIECH SA and the Principal
	currency	in '000 PLN				
Ciech SA						

RBP SA Warsaw	DKK 1 000	525	by 30.12.2005	payment to CIECH SA equal to 1% of the surety value + reimbursement of banking costs	Danske Unipol A.S. - Denmark	subsidiary
RBP SA Warsaw	EUR 110	431	by 30.12.2005	payment to CIECH SA equal to 1% of the surety value + reimbursement of banking costs	Polcommerce GmbH - Austria	subsidiary
Total CIECH SA		956				
Total amount of guarantees granted		956				

Other information important for the assessment of the situation as regards staff, property, finance, financial result and their changes, as well as the information important for the assessment of capacity to fulfil obligations

a. Information important for the assessment of the situation as regards staff

In the 3rd quarter of this year Ciech SA terminated the Company's Collective Labour Agreement and the agreements and arrangements included in the Protocols from the meetings of the Negotiations Team, as well as the Agreement concluded with KMZ NSZZ "Solidarność" and Trade Union of the Employees of Ciech SA. The terminated agreements did not take into consideration the current legal and economic situation of the Company, its organisational structure, as well as the binding law.

Currently the work in Ciech SA is concentrated on the implementation of new regulations concerning the issues included in the terminated documents, including a modern incentive system, based on the idea of Management By Objective (MBO).

b. Information important for the assessment of the situation as regards financial standing and the capacity to fulfil obligations

In the 3rd quarter of 2005 the Company fulfilled all its obligations according to their maturity dates. There are no threats that may impact the fulfilment of obligations by the Company.

According to the Management Board of the Company, Ciech SA and other companies belonging to CIECH Chemical Group are fully capable of financing the chemical industry investment program presented in the prospectus.

Factors that might potentially impact the next-quarter results and description of basic risks and uncertainties

- Good situation in the glass industry in Central and Eastern Europe, and in the domestic construction industry, which are important target markets for CIECH Chemical Group, is predicted to continue.
- Tendency in price changes of coke, which is an important raw material for production of soda ash. Those prices decreased during 2005, but they are still on a high level.
- Closing of the Solvay soda ash production plant in Austria, the production capacity of which was 150 thousand tons a year, planned for September this year, which may improve the competitive position of other European suppliers, including Ciech SA.
- Sale by Ciech SA in the 4th quarter this year of 100% of shares of its subsidiary – Petrochemia-Blachownia S.A. in Kędzierzyn Koźle, which specialises in production of benzene and ethylbenzene.
- The course of privatisation process of the biggest Polish chemical companies, conducted by Nafta Polska, which will lead to significant changes on the domestic chemical market. Ciech SA takes part in that process.
- Changes with regard to the ownership structure of the petrochemical industry in Central and Eastern Europe (Orlen-Unipetrol) and launching in the 3rd quarter of new domestic installations for production of plastics in Płock (Basell Orlen Polyolefins), changing the situation on that markets.

Material risk factors and threats, and degree of exposure

Situation in the industries of the recipients of the Company's products in Poland

Ciech SA supplies most of its products to the following Polish industries: the chemical industry, the glass manufacturing industry, and the plastics industry.

How those industries expand, depends on the general economic situation in Poland. The increase in industrial production at fixed prices recorded in 8 months of 2005 increased merely by 1.7% (in the whole 2004 by 12.3%). Similarly, the dynamics of the chemical industry was 2.2% (9.7% in 2004) with regard to the manufacture of chemical products, and 4.8% (13.7% in 2004) with regard to the manufacture of rubber and plastics products.

One may expect that lower increase in GDP in Poland, which is predicted to occur in 2005 (about 3.3 - 3.5%) in comparison with 5.4% in 2004, should be reflected in lower dynamics of sales in the chemical sector. One should remember, however, that the situation results from the so called high base - exceptionally good economic results in the previous year, connected largely to the accession of Poland to the EU. On the other hand, recent analyses indicate that the economic growth will be quicker in Poland in the second half of 2005.

Economic situation in Europe and worldwide

Ciech SA's commercial activities rely to a large extent on chemical product exports, the level and profitability of which depend on the global economic situation in Europe and worldwide. A global economic slump could affect the demand for raw materials in international markets, thus reducing the exports turnover of Ciech SA.

Situation in the raw materials market

A major portion of the Ciech SA's turnover is generated from imports of chemical raw materials to Poland. The raw-material markets are characterised by high cyclicalities, prompted by fluctuations in the world economies. On the one hand, the growing prices of raw materials force the trading agents to lower their mark-ups and cause lower demand of the customers, while dropping prices, on the other hand, are usually a sign of declining demand and the onset of an economic slump. Raw materials are impacted by the same trends in the Polish market.

If the stable growth rate and steady prices of chemical raw materials continue, this will benefit the Company's imports of chemical raw materials. Large fluctuations in demand and prices caused either by high economic growth rate, or by an economic slump, will affect the Ciech SA's trade in chemical raw materials.

Increase of competition in the soda segment

The main products of the CIECH Chemical Group include soda products manufactured in subsidiaries: JZS Janikosoda S.A. and IZCh Soda Małwy S.A., and sold by Ciech SA. The processes of concentration of production, which can be more and more often observed in Europe, contribute to the increase of competition from big, over-regional chemical corporations that manufacture soda ash. Ciech SA intends to take part in the concentration of production by making acquisitions of foreign soda industry manufacturers.

Ownership transformations in the sector of Great Chemical Synthesis (Wielka Synteza Chemiczna (WSCh))

The process of privatising WSCh sector companies includes several important trade partners of Ciech SA. The change in ownership structure of those entities will probably lead to the change of terms and conditions of co-operation of those companies with Ciech SA. The restructuring may have negative impact on the Company in the case of entities in the privatisation of which Ciech SA does not participate.

Ciech SA takes part in privatisation processes of the selected companies of WSCh, according to the adopted development strategy of CIECH Chemical Group, which assumes the achievement of the position of a leader in the selected market segments, in order to decrease the risk of the possible unfavourable ownership changes in the WSCh sector.

Foreign exchange risk

Approximately 40% of Ciech SA's income is from exports, mainly denominated in EUR. High EUR/PLN exchange rates increase the profitability of the product sales in foreign markets. Moreover, high EUR/PLN exchange rates are good for export sales by Ciech SA's trade partners, which translates into an increase in the Company's turnover. The export denominated in USD is of much lower importance for the results of the Company. The exchange rate of USD has no impact on the profit of the Company, because it is secured by a similar volume of import denominated in USD. The Company constantly monitors its foreign exchange risk, and utilizes hedging for large transactions denominated in foreign currencies, such as forward and future contracts and hedge option strategies.

Warsaw, November 4th, 2005.

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Ludwik Klinkosz - President of Ciech S.A.'s Management Board

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Stefan Rojewski – Member of the Management Board of CIECH SA

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Jerzy Golis – Member of the Management Board of Ciech S.A.

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Kazimierz Przelomski – CFO, Commercial Representative of Ciech S.A.