

Press Release

The net profit of the Ciech Group higher than the previous year by 77.6%

After three quarters of 2007 the consolidated net profit of the Ciech Chemical Group amounted to PLN 222.8 million as compared to PLN 125.4 million in the previous year (an increase by 77.6%). Consolidated sales revenues reached PLN 2,633.8 million as compared to PLN 1,549.4 million in the previous year (an increase by 70%). The net return was 8.5% (8.1% the year before).

Unthreatened forecast

Progress in realising the financial forecast for 2007 after three quarters is 74.9% in relation to income and 88.8% in relation to net profit. According to the financial forecast, which increased in the August, the Ciech Chemical Group will reach PLN 3,516 million income and net profit estimated at PLN 251 million in 2007.

In the third quarter of 2007, the good economic situation continued and there was high demand for the Ciech Chemical Group's products. Furthermore, the pricing of the main products of the Group was favourable. The policy of hedging TDI and soda prices also added up to an overall positive effect, which stimulated an increase of financial income for exchange rate differences.

The financial results of the third quarter complied with the financial plan, which included the expected technical renovations and modernisation works of certain systems in the Group companies. The result also comprises extra costs for restructuring provisions and the composition agreement with Indian England regarding USG Govora.

Key events

In the third quarter significant events for the future of the Ciech Chemical Group took place. Two large investments have been finalised and a contract to carry out another investment has been concluded. The system to produce monohydrate dense soda ash in IZCh Soda Mątwy was activated, while in ZCh Organika-Sarzyna the modernisation of the system to produce epoxy resins was conducted barely in two months, as a result of which manufacturing capacity doubled. Furthermore, a contract on modernisation and the extension of the TDI system was signed in ZCh Zachem.

After closing the third quarter, a new agreement with Air Products on TDA (amines) supplies for ZCh Zachem was signed, which guarantees raw material supplies by 2013. The process of the Polish soda companies' merger entered into the final stage; the ordinary general shareholder meetings of JZS Jaikosoda and IZCh Soda Mątwy decided on the contribution of assets to the new company Soda Polska Ciech Sp. z o.o. The Management Board of Ciech SA resolved to establish new divisions such as Agro and Silicates and Glass as of December 01st, 2007.

Innovative investments

As assumed in the Ciech Chemical Group strategy for 2007-2011, innovative investments as well as research and development are important elements of its activity. The modernisation and extension of

the system to produce epoxy resins in ZCh Organika-Sarzyna conducted in 2007 are the result of the effective work of the Polish scientists and domestic industry. The system concept and project were the results of the close collaboration of the Polish scientific research units. One of the most important technologies for the growth of ZCh Organika-Sarzyna was modernised using Polish scientific and technical ideas protected by patents instead of purchasing foreign licences.

Expenditure on the innovative and development investments will increase this year in the Ciech Group by 35% as compared to 2006 and will exceed PLN 87 million, which will correspond to approx. 2.6% of the sales value. In 2008 a 12-percent increase of expenditure on innovative projects is expected, and the projects' value will be estimated at PLN 98 million.

The Ciech Chemical Group is the largest chemical firm in Poland and second best manufacturer of soda ash in Europe. It comprises over 30 companies, eight of which are the most important manufacturing companies. In addition to soda ash, the other main products of the Group are: salt, phosphate fertilisers, plant protection agents, epoxy resins, raw materials to produce foams and other basic chemicals in the glass-making, furniture, construction and agriculture. With an annual income worth approx. PLN 3.5 billion, the Ciech Chemical Group is acknowledged to be in the one hundred top enterprises of Poland.

Since February 2005 Ciech SA has been quoted on the Warsaw Stock Exchange (GPW). The State Treasury (36.68% of the shares and votes at the General Meeting of Shareholders), Pioneer Pekao Investment Management SA (12.52%), and Otwarty Fundusz Emerytalny PZU "Złota Jesień" (6.12%) are the most prominent shareholders of the company.

For more information please visit the web site www.ciech.com.

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