



EXTENDED CONSOLIDATED QUARTERLY REPORT

of the CIECH Group for three quarters of 2017



We are providing a courtesy English translation of our financial statements which were originally written in Polish. We take no responsibility for the accuracy of our translation. For an accurate reading of our financial statements, please refer to the Polish language version of our financial statements attached hereto.



CIECH GROUP — SELECTED CONSOLIDATED FINANCIAL DATA

SELECTED FINANCIAL DATA	in thousand PLN		in thousand EUR	
	9 months ended 30.09.2017	9 months ended 30.09.2016	9 months ended 30.09.2017	9 months ended 30.09.2016
Sales revenues	2,617,650	2,547,533	614,963	583,120
Operating profit/(loss)	381,443	498,206	89,612	114,037
Profit/(loss) before tax	332,668	468,509	78,153	107,240
Net profit / (loss) for the year	256,309	419,887	60,214	96,110
Net profit/(loss) attributable to shareholders of the parent company	255,947	419,498	60,129	96,021
Net profit/(loss) attributed to non-controlling interest	362	389	85	89
Other comprehensive income net of tax	13,830	(19,099)	3,249	(4,372)
Total comprehensive income	270,139	400,788	63,463	91,738
Cash flows from operating activities	366,689	549,245	86,146	125,720
Cash flows from investment activities	(255,648)	(337,789)	(60,059)	(77,318)
Cash flows from financial activities	(5,626)	(154,786)	(1,322)	(35,430)
Total net cash flows	105,415	56,670	24,765	12,972
Earnings (loss) per ordinary share (in PLN/EUR)	4.86	7.96	1.14	1.82
	as at 30.09.2017	as at 31.12.2016	as at 30.09.2017	as at 31.12.2016
Total assets	4,604,676	4,501,892	1,068,593	1,017,607
Non-current liabilities	1,625,200	1,695,514	377,155	383,254
Current liabilities	945,845	1,042,886	219,499	235,734
Total equity	2,033,631	1,763,492	471,939	398,619
Equity attributable to shareholders of the parent	2,036,651	1,766,827	472,640	399,373
Non-controlling interest	(3,020)	(3,335)	(701)	(754)
Share capital	287,614	287,614	66,746	65,012

CIECH S.A. — SELECTED SEPARATE FINANCIAL DATA

SELECTED FINANCIAL DATA	in PLN thousand		in EUR thousand	
	9 months ended 30.09.2017	9 months ended 30.09.2016	9 months ended 30.09.2017	9 months ended 30.09.2016
Sales revenues	1,763,202	1,615,743	414,228	369,837
Operating profit/(loss)	175,845	237,588	41,311	54,383
Profit/(loss) before tax	213,186	349,606	50,084	80,023
Net profit / (loss) for the period	175,576	315,272	41,248	72,164
Other comprehensive income net of tax	9,124	(2,273)	2,143	(520)
Total comprehensive income	184,700	312,999	43,391	71,644
Cash flows from operating activities	208,911	283,091	49,079	64,798
Cash flows from investment activities	(138,651)	(177,471)	(32,573)	(40,622)
Cash flows from financial activities	12,060	(112,615)	2,833	(25,777)
Total net cash flows	82,320	(6,995)	19,339	(1,601)
	as at 30.09.2017	as at 31.12.2016	as at 30.09.2017	as at 31.12.2016
Total assets	3,709,292	3,599,972	860,804	813,737
Non-current liabilities	1,418,867	1,467,349	329,272	331,679
Current liabilities	808,959	835,857	187,733	188,937
Total equity	1,481,466	1,296,766	343,799	293,121
Share capital	287,614	287,614	66,746	65,012

The above selected financial data were converted into PLN in accordance with the following principles:

- items in the consolidated statement of financial position were converted using the average exchange rate determined by the National Bank of Poland on the last day of the reporting period;
- items in the consolidated statement of profit or loss, consolidated statement of other comprehensive income and consolidated statement of cash flows were converted using the exchange rate constituting the arithmetic mean of rates determined by the National Bank of Poland on the last day of each calendar month of the reporting period.

as at 30.09.2017	as at 31.12.2016	9 months ended 30.09.2017	9 months ended 30.09.2016
1 EUR = 4.3091 PLN	1 EUR = 4.4240 PLN	1 EUR = 4.2566 PLN	1 EUR = 4.3688 PLN



**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 9-MONTH PERIOD ENDED 30 SEPTEMBER 2017**

**PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS ENDORSED BY THE EUROPEAN UNION**



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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE CIECH GROUP PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ENDORSED BY THE EUROPEAN UNION

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS OF THE CIECH GROUP

	01.01.-30.09.2017	01.01.-30.09.2016*	01.07.-30.09.2017	01.07.-30.09.2016*
CONTINUING OPERATIONS				
Sales revenues	2,617,650	2,547,533	836,290	853,937
Cost of sales	(1,982,180)	(1,788,683)	(640,340)	(596,315)
Gross profit/(loss) on sales	635,470	758,850	195,950	257,622
Other operating income	61,575	56,424	29,126	11,721
Selling costs	(189,497)	(169,798)	(60,089)	(56,574)
General and administrative expenses	(98,445)	(106,247)	(33,247)	(37,582)
Other operating expenses	(27,660)	(41,023)	(8,874)	(21,392)
Operating profit/(loss)	381,443	498,206	122,866	153,795
Financial income	6,372	9,086	3,023	(2,837)
Financial expenses	(55,309)	(39,211)	(11,220)	(16,764)
Net financial income/(expenses)	(48,937)	(30,125)	(8,197)	(19,601)
Share of profit / (loss) of equity-accounted investees	162	428	(12)	(41)
Profit/(loss) before tax	332,668	468,509	114,657	134,153
Income tax	(76,359)	(48,622)	(29,502)	21,417
Net profit/(loss) on continuing operations	256,309	419,887	85,155	155,570
DISCONTINUED OPERATIONS				
Net profit/(loss) on discontinued operations	-	-	-	-
Net profit / (loss) for the year	256,309	419,887	85,155	155,570
including:				
Net profit/(loss) attributable to shareholders of the parent company	255,947	419,498	85,003	155,504
Net profit/(loss) attributed to non-controlling interest	362	389	152	66
Earnings per share (in PLN):				
Basic	4.86	7.96	1.62	2.95
Diluted	4.86	7.96	1.62	2.95

* Restated data, description of changes is provided in item 2.2.

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



CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME OF THE CIECH GROUP

	01.01.-30.09.2017	01.01.-30.09.2016	01.07.-30.09.2017	01.07.-30.09.2016
Net profit / (loss)	256,309	419,887	85,155	155,570
Other comprehensive income before tax that may be reclassified to the statement of profit or loss	23,306	(23,973)	(3,713)	16,479
Currency translation differences (foreign companies)	(11,662)	1,767	2,607	(4,418)
Cash flow hedge	34,966	(25,734)	(6,322)	20,903
Other components of other comprehensive income	2	(6)	2	(6)
Other comprehensive income before tax that may not be reclassified to the statement of profit or loss	-	-	-	-
Income tax attributable to other comprehensive income	(9,476)	4,874	3,188	(6,158)
Income tax attributable to other comprehensive income that may be reclassified to the statement of profit or loss	(9,476)	4,874	3,188	(6,158)
Other comprehensive income net of tax	13,830	(19,099)	(525)	10,321
Comprehensive income including attributable to:	270,139	400,788	84,630	165,891
Shareholders of the parent company	269,824	400,312	84,462	165,889
Non-controlling interest	315	476	168	2

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



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE CIECH GROUP

	30.09.2017	31.12.2016
ASSETS		
Property, plant and equipment	2,657,285	2,623,660
Right of perpetual usufruct	29,292	30,219
Intangible assets, including:	156,737	129,389
- goodwill	62,906	64,180
Investment property	33,595	31,384
Non-current receivables	99,969	99,252
Investments in associates and jointly-controlled entities measured under the equity method	5,630	5,610
Long-term financial assets	64,811	90,135
Deferred income tax assets	141,615	199,866
Total non-current assets	3,188,934	3,209,515
Inventory	345,251	299,265
Short-term financial assets	56,772	59,971
Income tax receivables	5,076	13,542
Trade and other receivables	483,548	502,000
Cash and cash equivalents	521,865	414,369
Non-current assets held for sale	3,230	3,230
Total current assets	1,415,742	1,292,377
Total assets	4,604,676	4,501,892
EQUITY AND LIABILITIES		
Share capital	287,614	287,614
Share premium	470,846	470,846
Cash flow hedge	(18,296)	(45,306)
Actuarial gains	989	989
Other reserve capitals	78,521	78,521
Currency translation reserve	(59,471)	(46,336)
Retained earnings	1,276,448	1,020,499
Equity attributable to shareholders of the parent	2,036,651	1,766,827
Non-controlling interest	(3,020)	(3,335)
Total equity	2,033,631	1,763,492
Loans, borrowings and other debt instruments	1,339,712	1,345,973
Finance lease liabilities	22,904	18,979
Other non-current liabilities	144,348	197,738
Employee benefits reserve	10,675	10,752
Other provisions	77,598	84,284
Deferred income tax liability	29,963	37,788
Total non-current liabilities	1,625,200	1,695,514
Loans, borrowings and other debt instruments	173,028	160,845
Finance lease liabilities	3,321	4,714
Trade and other liabilities	641,916	743,479
Income tax liabilities	41,284	43,868
Employee benefits reserve	867	1,194
Other provisions	85,429	88,786
Total current liabilities	945,845	1,042,886
Total liabilities	2,571,045	2,738,400
Total equity and liabilities	4,604,676	4,501,892

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



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS OF THE CIECH GROUP

	01.01.-30.09.2017	01.01.-30.09.2016
Cash flows from operating activities		
Net profit/(loss) for the period	256,309	419,887
Adjustments		
Amortisation/depreciation	181,777	163,927
Recognition of impairment allowances	639	(132)
Foreign exchange (profit) /loss	5,731	(1,680)
Investment property revaluation	(843)	(15,094)
(Profit) / loss on investment activities	4,482	74
(Profit) / loss on disposal of property, plant and equipment	(5,159)	(1,651)
Dividends and interest	20,910	16,184
Income tax	76,359	48,622
(Profit) / loss on the settlement of construction contracts (caverns)	(2,077)	(3,063)
Share of (profit) / loss on equity accounted investees	(162)	(428)
Change in liabilities due to loan arrangement fee	1,958	1,495
Valuation of derivative instruments	13,018	-
Ineffective portion of hedge accounting	(1,619)	(833)
Other adjustments	(4,791)	(6,973)
Cash from operating activities before changes in working capital and provisions	546,532	620,335
Change in receivables	(816)	(1,942)
Change in inventory	(46,618)	47,166
Change in current liabilities	(61,932)	(43,803)
Change in provisions and employee benefits	(11,219)	(7,746)
Cash generated from operating activities	425,947	614,010
Interest paid	(25,823)	(26,775)
(Profit) / loss on the settlement of construction contracts (caverns)	(1,285)	(2,040)
Income tax (paid)/returned	(32,150)	(35,509)
Expenses for research	-	(441)
Net cash from operating activities	366,689	549,245
Cash flows from investment activities		
Disposal of a subsidiary	454	2,931
Disposal of intangible assets and property, plant and equipment	7,954	2,948
Disposal of investment property	-	17,202
Dividends received	246	930
Interest received	3,395	3,961
Subsidies received	1,090	15,226
Proceeds from repaid borrowings	7,049	-
Acquisition of intangible assets and property, plant and equipment	(265,773)	(375,396)
Acquisition of investment property	(1,368)	-
Development expenditures	(8,689)	(5,484)
Other outflows	(6)	(107)
Net cash from investment activities	(255,648)	(337,789)
Cash flows from financial activities		
Proceeds from loans and borrowings	-	22
Dividends paid to parent company	-	(150,195)
Repayment of loans and borrowings	(438)	-
Payments of finance lease liabilities	(5,188)	(4,613)
Net cash from financial activities	(5,626)	(154,786)
Total net cash flows	105,415	56,670
Cash and cash equivalents as at the beginning of the period	414,369	202,935
<i>Impact of foreign exchange differences</i>	<i>2,081</i>	<i>(493)</i>
Cash and cash equivalents as at the end of the period	521,865	259,112

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



CONDENSED STATEMENT OF CHANGES IN CONSOLIDATED EQUITY OF THE CIECH GROUP

	Attributable to shareholders of the parent company							Equity attributable to shareholders of the parent	Non-controlling interest	Total equity
	Share capital	Share premium	Cash flow hedge	Other reserve capitals	Actuarial gains	Currency translation reserve	Retained earnings			
01.01.2017	287,614	470,846	(45,306)	78,521	989	(46,336)	1,020,499	1,766,827	(3,335)	1,763,492
Total comprehensive income for the period	-	-	27,010	-	-	(13,135)	255,949	269,824	315	270,139
Net profit / (loss) for the period	-	-	-	-	-	-	255,947	255,947	362	256,309
Other comprehensive income	-	-	27,010	-	-	(13,135)	2	13,877	(47)	13,830
30.09.2017	287,614	470,846	(18,296)	78,521	989	(59,471)	1,276,448	2,036,651	(3,020)	2,033,631
01.01.2016	287,614	470,846	(16,004)	78,521	434	(53,092)	577,257	1,345,576	(4,072)	1,341,504
Transactions with the owners	-	-	-	-	-	-	(150,195)	(150,195)	-	(150,195)
Dividend payment	-	-	-	-	-	-	(150,195)	(150,195)	-	(150,195)
Total comprehensive income for the period	-	-	(21,529)	-	-	2,348	419,493	400,312	476	400,788
Net profit / (loss) for the period	-	-	-	-	-	-	419,499	419,499	388	419,887
Other comprehensive income	-	-	(21,529)	-	-	2,348	(6)	(19,187)	88	(19,099)
30.09.2016	287,614	470,846	(37,533)	78,521	434	(50,744)	846,555	1,595,693	(3,596)	1,592,097

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



2

EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE CIECH GROUP

2.1. BASIS FOR PREPARATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE CIECH GROUP

These interim condensed consolidated financial statements were prepared in compliance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” as approved by the European Union and the Regulation of the Minister of Finance dated 19 February 2009, as amended, on current and periodical information submitted by issuers of securities and on conditions for deeming equivalent information required by the law of a Non-Member State (Journal of Laws of 2014, No 0, item 133, as amended). These financial statements present the financial position of the CIECH Group as at 30 September 2017 and as at 31 December 2016, results of the Group’s operations and cash flows for the period of 9 months ended 30 September 2017 and 30 September 2016, and were approved by the Management Board of CIECH S.A. on 13 November 2017.

These interim condensed consolidated financial statements cover the financial statements of the parent company, CIECH S.A., and its significant subsidiaries, as well as interests in significant associates.

These interim condensed consolidated financial statements were prepared under the assumption that the CIECH Group will continue as a going concern in the foreseeable future. As at the date of approval of these interim condensed consolidated financial statements, no facts or circumstances are known that would indicate any threat to the Group continuing as a going concern.

The Management Board of CIECH S.A. declares that to the best of its knowledge these interim condensed consolidated financial statements, including corresponding figures, have been prepared in accordance with the generally acceptable accounting principles and that they represent a true, accurate and fair reflection of the CIECH Group’s financial position and the results of operations. Furthermore, the Management Board of CIECH S.A. declares that the Directors’ Report for the period of 9 months ended 30 September 2017 contains a true image of the Group’s developments, achievements, and condition, including the description of major risks and threats.

Preparation of financial statements in accordance with International Financial Reporting Standards (“IFRS”) requires the Management Board to make professional judgements, estimates and assumptions which affect the adopted principles and presented values of assets, equity and liabilities, income and expenses. The estimates and assumptions associated with them are based on historical accuracy and various other factors that are considered to be reasonable under the specific circumstances, and their results provide a basis for professional judgement about the value of assets and liabilities that are not directly apparent from other sources. Actual value may differ from the estimated value. The estimates and assumptions associated with them are subject to ongoing verification. Revision of accounting estimates is recognised in the period in which the changes were made, only if it affects that period or the present and future in case they concern both 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 years have been presented in items 2.6, 2.7, 2.8 and 2.13 hereof. During the current interim period there were no significant revisions to the estimates presented in previous reporting periods.

2.2. ADOPTED ACCOUNTING PRINCIPLES

The CIECH Group’s accounting principles are described in the Consolidated Financial Statements of the CIECH Group for the year 2016, published on 20 March 2017. The aforementioned Financial Statement includes detailed information regarding the principles and methods of valuation of assets, equity 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 presented, except for a change in the presentation of support services provided by CIECH S.A. to the Group companies within segment reporting — at present, all revenues and expenses from support services are presented under relevant segments within which the services are provided, whereas previously they were reported in the “Other activities” segment.



The CIECH Group intends to adopt amendments to the IFRS that are published but not effective as at the date of publication of this report in accordance with their effective date. The estimated impact of amendments and impact of new IFRSs on the consolidated financial statements of the CIECH Group was presented in the Consolidated Financial Statements of the CIECH Group for the year 2016, published on 20 March 2017.

2.3. FUNCTIONAL AND REPORTING CURRENCY

The Polish zloty (PLN) is the functional currency of the parent company, CIECH S.A., and the reporting currency of these consolidated financial statements. Unless stated otherwise, all financial data in these consolidated financial statements have been presented in thousands of Polish zlotys (PLN '000).

The functional currencies for the significant foreign subsidiaries are as follows: SDC Group and Ciech Group Financing AB – EUR, CIECH Soda Romania S.A. – RON. For the purpose of conversion into PLN, the following foreign exchange rates determined on the basis of quotations announced by the National Bank of Poland (“NBP”) have been applied for consolidation purposes:

	30.09.2017 ¹	31.12.2016 ²
EUR	4.3091	4.4240
RON	0.9368	0.9749
Average NBP rate for the reporting period	9 months ended 30.09.2017 ³	9 months ended 30.09.2016 ⁴
EUR	4.2566	4.3688
RON	0.9348	0.9742

¹ NBP's average foreign exchange rates table applicable as at 30 September 2017.

² NBP's average foreign exchange rates table applicable as at 31 December 2016.

³ According to the exchange rate constituting the arithmetic mean of average exchange rates determined by NBP on the last day of each month of the period from 1 January 2017 to 30 September 2017.

⁴ According to the exchange rate constituting the arithmetic mean of average exchange rates determined by NBP on the last day of each month of the period from 1 January 2016 to 30 September 2016.

2.4. SEASONALITY AND CYCLICALITY OF ACTIVITY OF THE CIECH GROUP

Seasonality associated with periodic demand and supply fluctuations has little impact on the CIECH Group general sales trends. Products clearly influenced by seasonality are crop protection chemicals. Most crop protection chemicals are used in the first half of the year, during the period of intensive plant growth. However, sales of these products take place mainly in the 4th quarter of the preceding year. For other products, the Group's revenues and financial results are not influenced by any significant seasonal fluctuations over the year.

2.5. SEGMENT REPORTING

The CIECH Group's operating segments are designated on the basis of internal reports related to the components of the Group and are regularly reviewed by the Management Board, which is responsible for operating decisions aimed at allocating resources to segments and assessing the subsidiaries performance.

Information for a given operating segment may include sales of products and goods also included in the core product range of other divisions. Such items, however, are not significant for those divisions' management reporting.

The Group financing is managed (including finance expenses and incomes with the exception of interest on trade receivables and liabilities) and income tax is calculated on the Group level and they are not allocated to particular segments.

Reporting segments are identical to operating segments. Revenues and costs, assets and liabilities of segments are recognised and measured in a manner consistent with the method used in the consolidated financial statements.

Information on the CIECH Group geographical areas is established based on the Group's assets localisation.

Operational segments results are assessed by the CIECH S.A.'s Management Board on the basis of sales revenue, operating profit, level of EBITDA and adjusted EBITDA.

EBITDA should be viewed as a supplement not as a substitute for the business performance presented in accordance with IFRS. EBITDA is a useful ratio of the ability to incur and serve debt. EBITDA and adjusted EBITDA levels are not defined by



the International Financial Reporting Standards and can be calculated in a different manner by other entities. The reconciliation and definitions applied by the CIECH Group when determining these measures are presented below.

	01.01.-30.09.2017	01.01.-30.09.2016
Net profit/(loss) on continuing operations	256,309	419,887
Income tax	76,359	48,622
Share of profit / (loss) of equity-accounted investees	(162)	(428)
Financial expenses	55,309	39,211
Financial income	(6,372)	(9,086)
Amortisation/depreciation	181,777	163,927
EBITDA on continued operations	563,220	662,133

	01.01.-30.09.2017	01.01.-30.09.2016
EBITDA on continued operations	563,220	662,133
One-offs including:		
Impairment (a)	(6,223)	(15,266)
Cash items (b)	1,550	(112)
Non-cash items (without impairment) (c)	(1,992)	(2,638)
Adjusted EBITDA from continuing operations	556,997	646,867

(a) Impairment losses are associated with the creation/reversal of impairment write-downs of assets value.

(b) Cash items include, among others, profit/loss of the sale of property, plant and equipment and other items (including costs associated with discontinued operations, fees and compensations).

(c) Non-cash items include: fair value measurement of investment properties, costs of liquidation of inventories and property, plant and equipment, the costs of suspended investments, environmental provisions, provisions for liabilities and compensation, costs of unused production capacity and other items (including extraordinary costs and other provisions).

Additional information on adjustments has been presented under tables presenting the consolidated statement of profit or loss by operating segments.



OPERATING SEGMENTS OF THE CIECH GROUP

Revenue and costs data as well as assets, equity and liabilities data of particular CIECH Group operating segments for periods disclosed in statements are presented in the tables below:

OPERATING SEGMENTS 01.01.-30.09.2017	Soda segment	Organic segment	Silicates and glass segment	Transport segment	Other operations segment	Corporate functions - reconciliation item	Eliminations (consolidation adjustments)	TOTAL
Revenues from third parties	1,759,993	620,275	167,714	8,723	60,945	-	-	2,617,650
Revenue from inter-segment transactions	35,692	1,760	7	83,322	25,895	-	(146,676)	-
Total sales revenues	1,795,685	622,035	167,721	92,045	86,840	-	(146,676)	2,617,650
Cost of sales	(1,258,153)	(527,892)	(132,195)	(81,205)	(62,839)	-	80,104	(1,982,180)
Gross profit /(loss) on sales	537,532	94,143	35,526	10,840	24,001	-	(66,572)	635,470
Selling costs	(175,579)	(46,097)	(20,725)	(2,301)	(8,312)	(187)	63,704	(189,497)
General and administrative expenses	(43,636)	(13,260)	(3,349)	(2,402)	(3,795)	(33,642)	1,639	(98,445)
Result on management of receivables	3,756	1,156	89	45	(277)	-	-	4,769
Result on other operating activities	34,080	(5,954)	149	65	1,640	(405)	(429)	29,146
Operating profit /(loss)	356,153	29,988	11,690	6,247	13,257	(34,234)	(1,658)	381,443
Exchange differences and interest on trade settlements	(12,596)	(8,647)	(179)	(120)	246	-	-	(21,296)
Group borrowing costs	-	-	-	-	-	(25,389)	-	(25,389)
Result on financial activity (non-attributable to segments)	-	-	-	-	-	(2,252)	-	(2,252)
Share of profit / (loss) of equity-accounted investees	162	-	-	-	-	-	-	162
Profit /(loss) before tax	343,719	21,341	11,511	6,127	13,503	(61,875)	(1,658)	332,668
Income tax	-	-	-	-	-	-	-	(76,359)
Net profit /(loss) for the period	-	-	-	-	-	-	-	256,309
Amortization/depreciation	134,823	22,475	14,569	4,423	1,820	3,667	-	181,777
EBITDA	490,976	52,463	26,259	10,670	15,077	(30,567)	(1,658)	563,220
Adjusted EBITDA**	485,909	52,276	26,180	10,581	14,318	(30,611)	(1,656)	556,997

* Adjusted EBITDA for the 9-month period ended 30 September 2017 is calculated as EBITDA adjusted for untypical one-off events: valuation of investment properties to fair value: PLN 0.8 million; penalty fees and compensation received: PLN 1.8 million; change in impairment losses on assets: PLN -1.6 million; change in provisions: PLN 5.3 million; other: PLN -0.1 million.



OPERATING SEGMENTS 01.01.-30.09.2016	Soda segment	Organic segment	Silicates and glass segment	Transport segment	Other operations segment	Corporate functions - reconciliation item	Eliminations (consolidation adjustments)	TOTAL*
Revenues from third parties	1,789,019	557,874	136,326	8,995	55,319	-	-	2,547,533
Revenue from inter-segment transactions	21,037	4,070	2	79,223	24,200	-	(128,532)	-
Total sales revenues	1,810,056	561,944	136,328	88,218	79,519	-	(128,532)	2,547,533
Cost of sales	(1,160,721)	(469,113)	(99,513)	(76,471)	(54,858)	-	71,993	(1,788,683)
Gross profit /(loss) on sales	649,335	92,831	36,815	11,747	24,661	-	(56,539)	758,850
Selling costs	(156,324)	(44,476)	(16,328)	(685)	(5,780)	(717)	54,512	(169,798)
General and administrative expenses	(39,740)	(12,926)	(4,339)	(4,496)	(3,821)	(42,082)	1,157	(106,247)
Result on management of receivables	(1,037)	(2,031)	(57)	(68)	(1,565)	-	-	(4,758)
Result on other operating activities	9,625	(6,430)	512	2,096	15,537	(776)	(405)	20,159
Operating profit /(loss)	461,859	26,968	16,603	8,594	29,032	(43,575)	(1,275)	498,206
Exchange differences and interest on trade settlements	(9,239)	(11,646)	149	(237)	2,237	-	-	(18,736)
Group borrowing costs	-	-	-	-	-	(23,820)	-	(23,820)
Result on financial activity (non-attributable to segments)	-	-	-	-	-	12,431	-	12,431
Share of profit / (loss) of equity-accounted investees	428	-	-	-	-	-	-	428
Profit /(loss) before tax	453,048	15,322	16,752	8,357	31,269	(54,964)	(1,275)	468,509
Income tax	-	-	-	-	-	-	-	(48,622)
Net profit /(loss) for the period	-	-	-	-	-	-	-	419,887
Amortization/depreciation	122,842	22,610	10,487	4,336	277	3,375	-	163,927
EBITDA	584,701	49,578	27,090	12,930	29,309	(40,200)	(1,275)	662,133
Adjusted EBITDA**	585,760	49,045	27,083	11,387	14,626	(39,781)	(1,253)	646,867

*Restated data, description of changes is provided in item 2.2. hereof.

**Adjusted EBITDA for the 9-month period ended 30 September 2016 is calculated as EBITDA adjusted for untypical one-off events: valuation of investment properties to fair value: PLN 15.1 million; costs of unused production capacity: PLN -4.8 million; change in provisions: PLN 3.3 million; gain on disposal of non-financial non-current assets: PLN 2.3 million; other: PLN -0.6 million.



ASSETS AND LIABILITIES BY OPERATING SEGMENTS

	ASSETS		LIABILITIES	
	30.09.2017	31.12.2016	30.09.2017	31.12.2016
Soda segment	2,608,352	2,553,494	175,848	217,161
Organic segment	547,487	527,848	113,162	123,634
Silicates and glass segment	168,708	172,186	25,484	22,378
Transport segment	61,891	66,295	8,899	12,763
Other operations segment	109,983	68,349	14,945	32,189
Corporate functions - reconciliation item	1,143,083	1,157,669	2,263,855	2,370,033
Eliminations (consolidation adjustments)	(34,828)	(43,949)	(31,148)	(39,758)
TOTAL	4,604,676	4,501,892	2,571,045	2,738,400

INFORMATION ON GEOGRAPHICAL AREAS

ASSETS DIVIDED ON GEOGRAPHICAL REGIONS	Non-current assets other than financial instruments	Deferred income tax assets	Other assets	Total assets
30.09.2017				
Poland	2,101,614	141,615	1,128,315	3,371,544
European Union (excluding Poland)	892,255	-	246,104	1,138,359
Other European countries	-	-	44,364	44,364
Africa	-	-	3,414	3,414
Asia	-	-	45,419	45,419
Other regions	-	-	1,576	1,576
TOTAL	2,993,869	141,615	1,469,192	4,604,676
31.12.2016				
Poland	2,008,662	199,866	915,484	3,124,012
European Union (excluding Poland)	922,211	-	346,472	1,268,683
Other European countries	-	-	52,816	52,816
Africa	-	-	2,852	2,852
Asia	-	-	50,550	50,550
Other regions	-	-	2,979	2,979
TOTAL	2,930,873	199,866	1,371,153	4,501,892

SALES REVENUES – GEOGRAPHICAL STRUCTURE OF MARKETS

	01.01.-30.09.2017	01.01.-30.09.2016	Dynamics 2017/2016
Poland	1,084,837	965,808	12.3%
European Union (excluding Poland)	1,145,742	1,216,216	(5.8%)
Germany	461,957	512,064	(9.8%)
Romania	109,207	104,300	4.7%
Czech Republic	113,357	114,995	(1.4%)
Italy	59,915	77,549	(22.7%)
The Netherlands	87,847	72,981	20.4%
Finland	44,734	44,580	0.3%
Sweden	56,276	53,584	5.0%
Belgium	28,025	23,905	17.2%
United Kingdom	36,785	38,398	(4.2%)
Denmark	18,499	26,958	(31.4%)
France	27,205	30,402	(10.5%)
Luxembourg	8,572	19,458	(55.9%)
Lithuania	13,976	15,260	(8.4%)
Other EU countries	79,387	81,782	(2.9%)
Other European Countries	186,982	183,664	1.8%
Switzerland	79,843	97,888	(18.4%)



	01.01.-30.09.2017	01.01.-30.09.2016	Dynamics 2017/2016
Norway	29,737	29,963	(0.8%)
Russia	17,583	8,771	100.5%
Other European countries	59,819	47,042	27.2%
Africa	45,480	56,615	(19.7%)
Asia	137,922	110,327	25.0%
China	103	42	145.2%
Other Asian countries	137,819	110,285	25.0%
Other regions	16,687	14,903	12.0%
TOTAL	2,617,650	2,547,533	2.8%

2.6. PROVISIONS AND IMPAIRMENT ALLOWANCES ON ASSETS

During three quarters of 2017 and in the third quarter of 2017, the following changes in provisions and impairment allowances on assets were recognised in the consolidated financial statements of the CIECH Group.

PROVISIONS FOR EMPLOYEE BENEFITS	Opening balance	Recognition	Use and reversal	Other changes (including exchange differences)	Closing balance
01.01.-30.09.2017					
Long-term	10,752	286	(217)	(146)	10,675
Short-term	1,194	402	(729)	-	867
01.01.-30.09.2016	-	-	-	-	-
Long-term	12,829	183	(545)	116	12,583
Short-term	1,603	437	(1,189)	(18)	833
01.07.-30.09.2017					
Long-term	10,647	94	(144)	78	10,675
Short-term	898	221	(252)	-	867
01.07.-30.09.2016	-	-	-	-	-
Long-term	12,748	70	(101)	(134)	12,583
Short-term	856	185	(209)	1	833

CHANGE IN OTHER LONG-TERM PROVISIONS	Opening balance	Recognition	Use and reversal	Other changes (including exchange differences)	Closing balance
01.01.-30.09.2017					
Provision for liabilities	6,547	-	(5,500)	-	1,047
Provision for environmental protection	77,737	-	-	(1,186)	76,551
TOTAL	84,284	-	(5,500)	(1,186)	77,598
01.01.-30.09.2016					
Provision for liabilities	6,547	-	-	-	6,547
Provision for environmental protection	68,157	-	-	1,367	69,524
TOTAL	74,704	-	-	1,367	76,071
01.07.-30.09.2017					
Provision for liabilities	6,547	-	(5,500)	-	1,047
Provision for environmental protection	75,109	-	-	1,442	76,551
TOTAL	81,656	-	(5,500)	1,442	77,598
01.07.-30.09.2016					
Provision for liabilities	6,547	-	-	-	6,547
Provision for environmental protection	70,771	-	-	(1,247)	69,524
TOTAL	77,318	-	-	(1,247)	76,071



CHANGE IN OTHER SHORT-TERM PROVISIONS	Opening balance	Recognition	Use and reversal	Other changes (including exchange differences)	Closing balance
01.01.-30.09.2017					
Provision for compensation	9,337	161	(1,554)	(202)	7,742
Provision for liabilities	26,598	1,765	(1,849)	(576)	25,938
Provision for environmental protection	2,391	-	(1,694)	-	697
Provision for expected losses	46,507	2,669	-	(290)	48,886
Provision for bonuses	3,661	763	(2,160)	(128)	2,136
Other provisions	292	-	(251)	(11)	30
TOTAL	88,786	5,358	(7,508)	(1,207)	85,429
01.01.-30.09.2016					
Provision for compensation	8,368	744	-	45	9,157
Provision for liabilities	37,020	402	(6,773)	4,789	35,438
Provision for environmental protection	2,236	-	(1,552)	-	684
Provision for expected losses	30,887	-	-	141	31,028
Provision for bonuses	1,146	2,375	(2,803)	407	1,125
Other provisions	437	130	-	(375)	192
TOTAL	80,094	3,651	(11,128)	5,007	77,624
01.07.-30.09.2017					
Provision for compensation	8,827	150	(1,033)	(202)	7,742
Provision for liabilities	25,869	25	(292)	336	25,938
Provision for environmental protection	1,460	-	(763)	-	697
Provision for expected losses	47,643	991	-	252	48,886
Provision for bonuses	2,188	(1)	(67)	16	2,136
Other provisions	30	-	-	-	30
TOTAL	86,017	1,165	(2,155)	402	85,429
01.07.-30.09.2016					
Provision for compensation	8,993	164	-	-	9,157
Provision for liabilities	34,920	267	(603)	854	35,438
Provision for environmental protection	1,153	-	(469)	-	684
Provision for expected losses	31,322	-	-	(294)	31,028
Provision for bonuses	854	795	(908)	384	1,125
Other provisions	587	(4)	1	(392)	192
TOTAL	77,829	1,222	(1,979)	552	77,624

CHANGE IN IMPAIRMENT ALLOWANCES	Opening balance	Recognition	Use and reversal	Other changes (including exchange differences)	Closing balance
01.01.-30.09.2017					
Property, plant and equipment	5,933	2,937	-	(1,473)	7,397
Intangible assets, including:	473,807	-	-	(12,933)	460,874
<i>Goodwill</i>	427,885	-	-	(11,718)	416,167
Long-term financial assets	1,343	-	-	-	1,343
Inventories	38,218	3,570	(1,938)	(330)	39,520
Short-term financial assets	24,601	-	(910)	-	23,691
Trade and other receivables	57,938	14,682	(6,761)	(2,073)	63,786
TOTAL	601,840	21,189	(9,609)	(16,809)	596,611
01.01.-30.09.2016					
Property, plant and equipment	6,021	-	-	(95)	5,926
Intangible assets, including:	456,422	-	-	6,318	462,740
<i>Goodwill</i>	412,974	-	-	5,831	418,805
Long-term financial assets	1,343	-	-	-	1,343



CHANGE IN IMPAIRMENT ALLOWANCES	Opening balance	Recognition	Use and reversal	Other changes (including exchange differences)	Closing balance
Inventories	38,215	1,634	(3,673)	214	36,390
Short-term financial assets	24,601	-	-	-	24,601
Trade and other receivables	44,826	6,841	(2,963)	2,180	50,884
TOTAL	571,428	8,475	(6,636)	8,617	581,884
01.07.-30.09.2017					
Property, plant and equipment	7,655	(4)	-	(254)	7,397
Intangible assets, including:	453,033	-	-	7,841	460,874
<i>Goodwill</i>	409,121	-	-	7,046	416,167
Long-term financial assets	1,343	-	-	-	1,343
Inventories	38,083	1,676	(329)	90	39,520
Short-term financial assets	24,601	-	(910)	-	23,691
Trade and other receivables	64,121	416	(787)	36	63,786
TOTAL	588,836	2,088	(2,026)	7,713	596,611
01.07.-30.09.2016					
Property, plant and equipment	6,058	-	-	(132)	5,926
Intangible assets, including:	473,387	-	-	(10,647)	462,740
<i>Goodwill</i>	428,360	-	-	(9,555)	418,805
Long-term financial assets	1,343	-	-	-	1,343
Inventories	36,573	323	(400)	(106)	36,390
Short-term financial assets	24,601	-	-	-	24,601
Trade and other receivables	50,302	1,731	(790)	(359)	50,884
TOTAL	592,264	2,054	(1,190)	(11,244)	581,884

2.7. INCOME TAX, DEFERRED TAX ASSETS AND LIABILITY

The main components of tax expense include:

THE MAIN COMPONENTS OF TAX EXPENSE (TAX INCOME)	01.01.-30.09.2017	01.01.-30.09.2016
Current income tax	(29,059)	(43,330)
Deferred tax	(47,300)	(5,292)
INCOME TAX RECOGNISED IN STATEMENT OF PROFIT OR LOSS	(76,359)	(48,622)

Deferred income tax is attributable to the following items:

DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITY	30.09.2017			31.12.2016		
	Total asset	Total liability	Net value	Total asset	Total liability	Net value
Property, plant and equipment	2,176	140,565	(138,389)	2,081	136,195	(134,114)
Intangible assets	28,451	356	28,095	32,430	499	31,931
Right of perpetual usufruct	-	5,091	(5,091)	-	5,147	(5,147)
Investment property	2,003	1,745	258	2,003	1,673	330
Financial assets	963	10,324	(9,361)	1,732	13,454	(11,722)
Inventory	2,347	473	1,874	2,106	557	1,549
Trade and other receivables	3,253	37,127	(33,874)	4,053	35,599	(31,546)
Provisions for employee benefits	2,802	31	2,771	3,181	31	3,150
Other provisions	22,023	-	22,023	22,107	-	22,107
Tax losses carried forward	102,323	-	102,323	139,309	-	139,309
Foreign exchange differences	3,691	212	3,479	3,839	376	3,463



DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITY	30.09.2017			31.12.2016		
	Total asset	Total liability	Net value	Total asset	Total liability	Net value
Liabilities	57,683	1,413	56,270	61,850	306	61,544
Special economic zone	89,101	-	89,101	90,759	-	90,759
Other	151	87	64	207	1,777	(1,570)
Deferred tax assets/liability	316,967	197,424	119,543	365,657	195,614	170,043
Set - off of deferred tax assets/ liability	(167,461)	(167,461)	-	(157,826)	(157,826)	-
Unrecognized deferred tax assets	(7,891)	-	(7,891)	(7,965)	-	(7,965)
Deferred tax assets/liability recognised in the statement of financial position	141,615	29,963	111,652	199,866	37,788	162,078

In the light of provisions of the General Anti-Avoidance Rule ("GAAR"), applicable as of 15 July 2016 and aimed at preventing the origination and use of factitious legal structures designed to avoid payment of taxes in Poland, the Management Board of the Parent Company considered the impact of transactions which could potentially be subject to the GAAR regulations on the deferred tax, tax value of assets and deferred tax provisions. In the opinion of the Management Board, the analysis conducted did not demonstrate the need to adjust the reported current and deferred income tax items. However, in the opinion of the Management Board, there is an inherent uncertainty arising from GAAR that tax authorities will interpret these provisions differently, will change their approach to their interpretation or the rules themselves will change, which may affect the ability to utilise the deferred tax assets in future periods and the possible payment of an additional tax for past periods.

2.8. INFORMATION ON FAIR VALUE OF FINANCIAL INSTRUMENTS

2.8.1. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

As at 30 September 2017, the CIECH Group held the following types of financial instruments measured at fair value:

- futures contracts for the purchase of CO₂ certificates concluded by CIECH Soda Polska S.A., hedging the cost of purchase of CO₂ units in 2017 and 2018 — Level 1, according to the fair value hierarchy,
- concluded by the parent company, CIECH S.A.: interest rate swap contracts, CIRS (currency and interest rate swap) contract EUR/PLN — Level 2, according to the fair value hierarchy,
- currency forward EUR/PLN concluded by CIECH Vitrosilicon S.A. — Level 2, according to the fair value hierarchy,
- isolated option instruments (acquired call options) embedded in the gas supply contract concluded by CIECH Energy Deutschland GmbH on 1 August 2016, hedging the cost of gas purchased in 2016–2020 — Level 2, according to the fair value hierarchy,
- SWAP concluded by CIECH Energy Deutschland GmbH to hedge market risk of the price of gas indexed to the NCG Cumulative Index — Level 2, according to the fair value hierarchy.
- currency forwards EUR/PLN and USD/RON concluded by CIECH S.A. — Level 2, according to the fair value hierarchy.

During three quarters of 2017, there were no transfers within the fair value hierarchy of instruments measured at fair value. There were no changes in the classification of financial instruments, or in business conditions that could affect the fair value of financial assets or liabilities.

As compared to the previous reporting period, the CIECH Group has not made any changes in methods of measurement of financial instruments held. The descriptions of methods of measurement to fair value were presented in item 8.4 of the Consolidated Financial Statements of the CIECH Group for 2016, published on 20 March 2017.

In the consolidated financial statements, all financial instruments concluded were designated for hedge accounting, and details of the designation were presented in item 8.2 of the Consolidated Financial Statements of the CIECH Group for 2016, published on 20 March 2017.



In the separate financial statements, all financial instruments, except for CIRS contracts, were designated for hedge accounting, and details of the designation were presented in item 8.2 of the CIECH S.A.'s Financial Statements for 2016, published on 20 March 2017.

Fair value of derivative instruments and embedded instruments

	Cash and cash equivalents	Long-term financial assets	Short-term financial assets	Other non-current liabilities	Trade and other liabilities	TOTAL
30.09.2017						
IRS PLN	-	-	-	-	(643)	(643)
IRS EUR	-	136	-	(1,122)	(1,509)	(2,494)
CIRS	-	44,008	17,318	(77,570)	-	(16,245)
Forward EUR/PLN	-	652	4,284	-	-	4,936
Forward USD /RON	-	294	3,020	-	-	3,314
SWAP gas prices	-	-	664	-	-	664
Embedded instruments	-	8,360	4,559	-	-	12,919
Futures contracts	8,746	-	-	-	-	8,746
TOTAL	8,746	53,450	29,845	(78,692)	(2,152)	11,197
31.12.2016						
IRS PLN	-	-	-	-	(1,241)	(1,241)
IRS EUR	-	58	-	(1,506)	(1,243)	(2,691)
CIRS	-	55,569	18,454	(119,083)	-	(45,060)
Forward EUR/PLN	-	967	743	-	-	1,710
Forward USD /RON	-	-	-	(340)	(3,521)	(3,861)
Embedded instruments	-	22 182	6,773	-	-	28,955
Futures contracts	5,012	-	-	-	-	5,012
TOTAL	5,012	78,776	25,970	(120,929)	(6,005)	(17,176)

2.8.2. FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE

The CIECH Group holds the issued domestic bonds whose book value, as at 30 September 2017, amounted to PLN 164,451 thousand, and whose fair value amounted to PLN 160,000 thousand (Level 2 of fair value hierarchy). The Group recognised that the fair value of the issued bonds does not differ significantly from their nominal value due to the fact that these bonds carry variable interest rates.

The CIECH Group has taken out term and working capital loans whose book value, as at 30 September 2017, amounted to PLN 1,348,289 thousand, and whose fair value amounted to PLN 1,345,259 thousand (Level 2 of fair value hierarchy). The Group recognised that the fair value of the loans taken out does not differ significantly from their nominal value due to the fact that these loans carry variable interest rates.

In the case of the other financial instruments held by the CIECH Group (classified mainly as cash and cash equivalents, loans and receivables, financial liabilities measured at amortised cost other than loans and bonds and financial liabilities excluded from the scope of IAS 39), the fair value is close to the book value.

2.9. 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 September 2017, the CIECH Group carried out the following transactions increasing and decreasing the gross value of property, plant and equipment:



01.01.-30.09.2017	Land	Buildings offices and land and water engineering facilities	Machinery and equipment	Means of transport	Other tangible fixed assets	Tangible fixed assets under construction	TOTAL
Gross value of property, plant and equipment at the beginning of the period	84,579	1,083,972	2,717,796	101,559	46,304	340,585	4,374,795
Purchase	304	980	32,842	3,541	1,318	223,398	262,383
Reclassification	-	66,496	144,625	88	(2,025)	(254,028)	(44,844)
Capitalised borrowing costs	-	-	-	-	-	12,218	12,218
Exchange differences	(2,368)	(7,262)	(27,711)	(572)	(323)	(1,637)	(39,873)
Sales	-	(295)	(268)	(18)	(32)	(616)	(1,229)
Liquidation	-	(40)	(4,131)	(89)	(795)	-	(5,055)
Gross value of property, plant and equipment at the end of the period	82,515	1,143,851	2,863,153	104,509	44,447	319,920	4,558,395
01.01.-30.09.2016							
Gross value of property, plant and equipment at the beginning of the period	81,567	908,740	2,354,758	102,007	42,748	392,084	3,881,904
Purchase	-	2,072	17,038	6,486	508	328,190	354,294
Reclassification	-	78,632	181,561	145	1,750	(288,193)	(26,105)
Capitalised borrowing costs	-	-	-	-	-	17,013	17,013
Exchange differences	1,183	3,735	13,731	322	183	627	19,781
Sales	-	(822)	(4,872)	(9,682)	(1,099)	(561)	(17,036)
Liquidation	-	(3,408)	(67,795)	(3,777)	(438)	(7)	(75,425)
Other	-	123	29,952	(180)	-	-	29,895
Gross value of property, plant and equipment at the end of the period	82,750	989,072	2,524,373	95,321	43,652	449,153	4,184,321

Purchases of property, plant and equipment were made with own financial resources or in the form of a finance lease. As at 30 September 2017, commitments to purchase property, plant and equipment amounted to PLN 159,344 thousand (PLN 174,220 thousand as at 31 December 2016).

2.10. INFORMATION ON LOAN AGREEMENTS, INCLUDING OVERDUE DEBTS OR OTHER VIOLATIONS OF DEBT-RELATED AGREEMENTS

During the period covered by these financial statements, no loan agreement was called to maturity and there were no violations of payment terms for repayment of principal or interest due in relation to financial liabilities recognised in the statement of financial position.

All information concerning the financing conditions, which results from the agreements and arrangements with the banks, has been presented in the Management Board Report on activities of the CIECH Group and CIECH S.A. in 2016, published on 20 March 2017.

2.11. INFORMATION ON TRANSACTIONS WITH RELATED ENTITIES

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

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. and non-consolidated companies of the CIECH Group) is presented below:



TRANSACTIONS BETWEEN CONSOLIDATED ENTITIES AND OTHER RELATED ENTITIES	01.01.-30.09.2017	01.01.-30.09.2016
Revenues from sales of products and services, including:	3,653	4,215
<i>Kulczyk Holding</i>	8	29
Revenues from sales of goods and materials	77,062	69,267
Other operating income	-	14
Financial income	750	934
Purchase of products, goods and materials	27	273
Purchase of services, including:	30,183	31,337
<i>Kulczyk Holding</i>	2,565	2,262
Other operating expenses, including:	1,463	1,057
<i>Kulczyk Holding</i>	406	409
Financial expenses	1,074	12
	30.09.2017	31.12.2016
Receivables, including:	19,268	15,691
<i>Kulczyk Holding</i>	668	863
Impairment allowances of receivables and loans	1,057	-
Liabilities, including:	5,184	6,647
<i>Kulczyk Holding</i>	-	872

Terms of transactions with related entities

Material sales to and purchases from related entities are carried out on terms which do not differ from arm's length terms. Overdue liabilities and receivables are not secured and are settled in cash or by set-off. No material non-standard or non-routine transactions were concluded within the CIECH Group during three quarters of 2017, except for transactions described in item 3.3 hereof.

In the presented period, the key management personnel of CIECH S.A. did not conclude any material transactions with related parties.

2.12. ISSUE, REDEMPTION AND REPAYMENT OF DEBT SECURITIES AND EQUITY SECURITIES IN THE CIECH GROUP

In the presented period, the CIECH Group companies did not issue, redeem or repay any debt or equity securities.

2.13. CONTINGENT ASSETS AND CONTINGENT LIABILITIES INCLUDING GUARANTEES AND SURETIES

	30.09.2017	31.12.2016
Contingent assets	18,864	18,864
Other contingent receivables*	18,864	18,864
Contingent liabilities	587,285	632,527
Guarantees and sureties granted**	486,815	533,056
Other***	100,470	99,471

*Contingent asset in the amount of PLN 18,864 thousand related to the action against GZNF "FOSFORNY" Sp. z o.o. for the payment of compensation for making an alleged untrue declaration by GZNF "FOSFORNY" Sp. z o.o. to CIECH S.A. about the condition of Agrochem Człuchów

Sp. z o.o. with its registered office in Człuchów.

** Including:

- guarantee granted up to the amount of 155% of liabilities related to the issue of domestic bonds in the amount of PLN 160,000 thousand – contingent liability in the amount of PLN 88,000 thousand,
- guarantee granted up to the amount of 125% of liability related to term loan in the amount of PLN 1,045,031 thousand and revolving loan in the amount of PLN 250,000 thousand – contingent liability in the amount of PLN 323,758 thousand,
- guarantee granted up to the amount of 125% of liability related to term loan in the amount of EUR 69,673 thousand – contingent liability in the amount of PLN 75,057 thousand.

*** Including mainly:

- contingent liability in the SDC Group relating to environmental protection in the amount of PLN 15,694 thousand (EUR 3,642 thousand),
- contingent liability in CIECH Soda Polska S.A. regarding environmental penalty fees due to a boiler failure in the amount of PLN 30,974 thousand,



- *contingent liabilities in CIECH Soda Polska S.A. resulting from blank promissory notes for the National Fund for Environmental Protection and Water Management relating to grants received in the event of a potential financial adjustment in the amount of PLN 33,483 thousand, in connection with the received subsidy to the project "Extension of the centre of decantation and filtration of distillation sludge in the Plant in Inowrocław" in the amount of PLN 10,930 thousand, in connection with the subsidy to the project "Reduction of dust emission in CHP Inowrocław – modernisation of electrofilters OP 110 No 2 and 4" in the amount of PLN 882 thousand, in connection with the subsidy to the project "Reduction of dust emission in CHP Inowrocław – modernisation of electrofilters OP 110 No 1 and 3" in the amount of PLN 98 thousand,*
- *potential liability in CIECH S.A. regarding employee claims in the amount of PLN 6,992 thousand.*

As at 30 September 2017, contingent liabilities amounted to PLN 587,285 thousand and decreased as compared to 31 December 2016 by PLN 45,242 thousand. The change results primarily from the expiry on 12 March 2017 of a guarantee in the amount of PLN 44,240 thousand (EUR 10,000 thousand) for certain obligations and warranties made by Infrastruktura Kapuściska S.A. in liquidation, as a part of the agreement for sale and transfer of TDI assets on BASF. The remaining decrease in liabilities resulted mainly from positive foreign exchange differences.

Other guarantees and sureties granted were described in item 9.2 of the Consolidated Financial Statements of the CIECH Group for 2016.

2.14. INFORMATION ON DIVIDENDS PAID (OR DECLARED), IN TOTAL AND PER SHARE, BROKEN DOWN INTO ORDINARY SHARES AND PREFERENCE SHARES

On 22 June 2017, the Ordinary General Meeting of Shareholders of CIECH S.A. adopted a resolution regarding the allocation of the entire net profit of the Company for 2016, in the amount of PLN 152,440 thousand, to the Company's supplementary capital.

On 16 June 2016, the Ordinary General Meeting of Shareholders of CIECH S.A. adopted a resolution regarding the distribution of the Company's net profit for 2015 in accordance with the recommendation of the Supervisory Board. The amount of PLN 150,195 thousand was allocated to dividends from net profit to shareholders for 2015, i.e. PLN 2.85 per share. The amount of PLN 181,384 thousand was allocated to the Company's supplementary capital. Dividend date was set on 30 June 2016 and the dividend was paid on 16 August 2016.

2.15. INFORMATION ON POST-BALANCE-SHEET EVENTS

On 26 October 2017, the Extraordinary Shareholders' Meeting of JANIKOSODA S.A. adopted resolution No 1 on increasing the Company's share capital, pursuant to which:

- 1) the share capital is to be increased by the amount of PLN 7,800 thousand, i.e. from PLN 36,530 thousand to PLN 44,330 thousand;
- 2) the share capital is to be increased by way of issue of 260 million series E bearer shares with the nominal value of PLN 0.03 each;
- 3) the issue price of series E shares amounts to PLN 0.30 per share;
- 4) the shares in the increased share capital of JANIKOSODA S.A. are to be taken up by way of an offer placed by JANIKOSODA S.A. and accepted by CIECH S.A. with its registered office in Warsaw.

The agreement on taking up 260 million series "E" shares in JANIKOSODA S.A., with the nominal value of PLN 0.03 each, by CIECH was concluded on 26 October 2017. The shares are taken up by CIECH S.A. at the issue price of PLN 0.30 per share and the share premium (agio) is allocated to the Company's supplementary capital. The total issue price of the series "D" shares is PLN 78,000 thousand. CIECH will acquire the ownership title to series "E" shares on the date of registration of the increase of the Company's share capital by the District Court competent for the registered office of JANIKOSODA S.A.

In the current report 17/2017 of 9 November 2017 it was announced that Management Board had decided to renegotiate the terms and conditions of the Loan Agreement due to the favourable conditions on the banking market, and possible development projects, the implementation of which is being considered. The negotiations on the annex will be conducted both with existing and new lenders.

Lenders have submitted to CIECH S.A. proposals to change the terms of the Loan Agreement, the most important of which are:

1. change of the repayment date of the Term Loan and Revolving Loan - to the date falling within five years from the date of entry into force of the annex, but not later than 31 December 2022,



2. change of the Term Loan repayment schedule - to depreciation amounting to an equivalent of PLN 350,000 thousand by 30 December 2021, and the equivalent of PLN 350,000 thousand by 30 September 2022; the remainder of the Term Loan will be repaid within the due date of the aforementioned Loan, as indicated above.

At the same time, no changes to the interest rates on the loans are expected, and the conclusion of the annex will require corporate approvals of CIECH S.A.



OTHER NOTES TO THE CONSOLIDATED QUARTERLY REPORT

3.1. DESCRIPTION OF THE CIECH GROUP'S ORGANISATION

The CIECH Group consists of domestic and foreign manufacturing, distribution and trade companies operating in the chemical industry. The CIECH Group comprises CIECH S.A. as the parent company, and related companies located, inter alia, in Poland, Germany, Romania and Sweden.

Parent company	CIECH Spółka Akcyjna
Registered office	Warsaw
Address	Wspólna Street 62, 00-684 Warsaw
KRS (National Court Register number)	0000011687 (District Court for the capital city of Warsaw in Warsaw 12 th Commercial Division of the National Court Register)
Statistical identification number (REGON)	011179878
Tax ID No (NIP)	118-00-19-377
Website	www.ciechgroup.com
Branches held	CIECH S.A.'s Branch in Romania CIECH S.A.'s Branch in Germany
Ultimate parent company	KI Chemistry s. à r. l (a subsidiary of Kulczyk Investments)

As at 30 September 2017, the CIECH Group comprised 38 business entities, including:

- the parent company,
- 32 subsidiaries, of which:
 - 23 domestic subsidiaries,
 - 9 foreign subsidiaries,
- 2 domestic associates,
- 1 foreign associate,
- 1 jointly controlled domestic entity,
- 1 jointly controlled foreign entity.

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

The trading activity is carried out mostly by CIECH S.A., domestic and foreign trading subsidiaries of CIECH S.A., as well as selected manufacturing companies (CIECH Sarzyna S.A., CIECH Vitrosilicon S.A., Grupa SDC, CIECH Pianki Sp. z o.o.) while the manufacturing activity is carried out by production companies, subsidiaries of CIECH S.A. The production is located in 8 plants, with four largest production plants (two in Poland, one in Germany and one in Romania) operate in the soda segment and manufacture soda ash and soda derived products (in the case of CIECH Soda Romania S.A., the plant also manufactures products in the silicates and glass segment, the soda plant in Janikowo also manufactures salt products and the plant in Germany produces electric energy sold to third parties). The other 4 plants are dedicated to the organic segment, and to silicates and glass segment, and are located in Poland.



A list of fully consolidated companies and companies accounted for under the equity method is provided below:

Company name	Registered office	Segment	Business	Share in equity as at 30.09.2017 / % of votes at the GMS	Share in equity as at 30.09.2016 / % of votes at the GMS
Parent company					
CIECH S.A.	Warsaw	soda, organic, silicates and glass, transport, other	Sales of chemical products manufactured within the CIECH Group, sales of chemical products purchased from third-party producers, holding activities, managing a portfolio of subsidiaries, provision of support services (in the area of sales, manufacturing, purchases, finance, IT, HR and in the legal area) for selected companies in the Group, financial activities in the form of direct lending to the companies in the Group.	-	-
Fully consolidated direct and indirect subsidiaries					
CIECH R&D Sp. z o.o.	Warsaw	Other	Granting licences to the CIECH Group companies to use the trademarks: "Ciech", "Ciech Trading" and "Sól Kujawska naturalna czysta" for business activity purposes, research and developments activities.	100%	100%
CIECH Trading S.A.	Warsaw	Soda, other	Wholesale and distribution of solid inorganic and organic chemicals, wholesale and distribution of raw materials for household chemicals, wholesale and distribution of raw materials for cosmetic and pharmaceutical products, wholesale and distribution of fillers, pigments, raw materials for paints and varnishes, wholesale and distribution of feed additives and fodder, wholesale and distribution of acids, bases and other liquid chemicals.	100%	100%
CIECH Soda Romania S.A.	Ramnicu Valcea, Romania	Soda, silicates and glass	Manufacture of other basic inorganic chemicals, wholesale of chemical products.	98.74%	98.74%
CIECH Vitrosilicon S.A.*	Iłowa	Silicates And Glass	Production of other basic inorganic chemicals, manufacture of hollow glass and technical glassware, manufacture of plastic packaging goods, manufacture of other plastic products.	100%	100%
CIECH Transclean Sp. z o.o.	Bydgoszcz	Transport	International transport of liquid chemicals.	100%	100%
CIECH Pianki Sp. z o.o.	Bydgoszcz	Organic	Manufacture of organic and other inorganic chemicals.	100%	100%
Ciech Group Financing AB	Stockholm, Sweden	Other	Financing activities.	100%	100%
Verbis ETA Sp. z o.o.	Warsaw	Other	General partner of Verbis ETA Sp. z o.o. SKA.	100%	100%
Verbis ETA Sp. z o.o. SKA	Warsaw	Other	Financing activities, direct lending to the CIECH Group companies	100%	100%
CIECH Cerium Sp. z o.o. SK	Warsaw	Other	Financing activities.	100%	100%
Beta Cerium Sp. z o.o. Sp. k.**	Warsaw	Other	Financing activities, leasing of non-current assets to the CIECH Group companies.	100%	100%
Vasco Polska Sp. z o.o.	Inowrocław	Other	Utilisation of post-soda lime in the restoration of degraded land.	90%	-



Company name	Registered office	Segment	Business	Share in equity as at 30.09.2017 / % of votes at the GMS	Share in equity as at 30.09.2016 / % of votes at the GMS
CIECH FINANCE Group					
CIECH Finance Sp. z o.o.	Warsaw	Other	Implementing divestment projects concerning obsolete fixed assets (property) and financial assets (shares in companies), carrying out purchases of selected raw materials.	100%	100%
CIECH Nieruchomości S.A.	Warsaw	Other	Real property agency, real property management.	100%	100%
JANIKOSODA S.A.	Warsaw	Other	Service activity related to office support, other 'out-of-school' forms of education.	100%	100%
CIECH Soda Polska Group					
CIECH Soda Polska S.A.	Inowrocław	Soda	Manufacture of other basic inorganic chemicals, wholesale of chemical products, power generation and distribution.	100%	100%
CIECH Cargo Sp. z o.o.	Inowrocław	Transport	Freight transport services.	100%	100%
Cerium Sp. z o.o.	Warsaw	Other	General partner of CIECH Cerium Sp. z o.o. SKA.	100%	100%
Gamma Finanse Sp. z o.o.***	Warsaw	Other	Financing activities.	100%	100%
Cerium Finance Sp. z o.o.	Warsaw	Other	Conducting financial activities, in particular comprising direct granting of loans and leasing of non-current assets to the CIECH Group companies.	100%	100%
CIECH Sarzyna Group					
CIECH Sarzyna S.A.	Nowa Sarzyna	Organic	Manufacture of resins, manufacture of pesticides and other chemical products.	100%	100%
Verbis KAPPA Sp. z o.o.	Nowa Sarzyna	Organic	General partner of Verbis KAPPA Sp. z o.o. SKA, other financial intermediation.	100%	100%
Verbis KAPPA Sp. z o.o. SKA	Nowa Sarzyna	Organic	Other financial intermediation.	100%	100%
Algete Sp. z o.o.	Nowa Sarzyna	Organic	Granting CIECH Sarzyna Group companies the license for using the trademark of "Chwastox" for the purpose of business.	100%	100%
SDC Group					
SDC GmbH	Stassfurt, Germany	Soda		100%	100%
CIECH Soda Deutschland GmbH&Co. KG	Stassfurt, Germany	Soda		100%	100%
Sodawerk Holding Stassfurt GmbH	Stassfurt, Germany	Soda	Manufacture of other basic inorganic chemicals, wholesale of chemical products, power generation and distribution.	100%	100%
Sodawerk Stassfurt Verwaltungs GmbH	Stassfurt, Germany	Soda		100%	100%
CIECH Energy Deutschland GmbH	Stassfurt, Germany	Soda		100%	100%
Kaverngesellschaft Stassfurt GbmH****	Stassfurt, Germany	Soda		50%	50%

*Number of shares / votes at the GMS attributable directly to CIECH S.A. — 83.03%, indirect share through CIECH Soda Polska S.A. — the remaining 16.97%.

**The limited partners of the company are: CIECH Pianki Sp. z o.o., CIECH Sarzyna S.A., CIECH Soda Polska S.A.

***Shares in the share capital acquired by CIECH S.A. — 1.4% and CIECH Soda Polska S.A. — 98.6%.

****Jointly-controlled company accounted for under the equity method.



3.2. INFORMATION ON NON-CONSOLIDATED SUBSIDIARIES AND ASSOCIATES

When selecting entities for consolidation, the Management Board was guided by the criteria of significance of their financial data (according to the concept assumptions of IFRS), for executing the obligation of an actual and reliable image of the material and financial situation, and the 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 2017 to 30 September 2017 does not exceed 1% of total consolidated assets of the Group and 2% of consolidated net revenues from sales of goods and products and financial operations.

Aggregated data of associates and jointly-controlled companies which were not measured under the equity method for the period from 1 January 2017 to 30 September 2017 did not exceed 2% of the total consolidated equity of the CIECH Group.

3.3. SIGNIFICANT EFFECTS OF CHANGES TO THE ORGANISATIONAL STRUCTURE OF THE CIECH GROUP DURING THREE QUARTERS OF 2017

Changes in the share capital of companies

On 23 February 2017, the Extraordinary Shareholders' Meeting of Cerium Finance Sp. z o.o. adopted a resolution on voluntary redemption, effected against payment, of 28,483 shares in this Company held by Gamma Finanse Sp. z o.o., with the nominal value of PLN 50 each and the total nominal value of PLN 1,424 thousand, accounting for 98.99% of the share capital of Cerium Finance Sp. z o.o. The market value of all shares subject to redemption was determined based on a valuation prepared by an independent expert and amounted to PLN 206,757 thousand. Following the redemption, the share capital of Cerium Finance Sp. z o.o. decreased from PLN 1,439 thousand to PLN 15 thousand. Following the redemption of shares and decrease of the share capital of Cerium Finance Sp. z o.o., the sole shareholder of the company is CIECH Soda Polska S.A.

Pursuant to resolution of the Extraordinary Shareholders' Meeting of CIECH R&D Sp. z o.o. of 28 February 2017 on the increase of the share capital, CIECH S.A., in accordance with the declaration dated 3 March 2017, took up 90,000 new shares in CIECH R&D Sp. z o.o. with the nominal value of PLN 50 each. Shares in CIECH R&D Sp. z o.o. taken up by CIECH S.A. were covered in whole with a cash contribution in the amount of PLN 4,500 thousand, constituting the equivalent of the total nominal price of new shares in CIECH R&D Sp. z o.o. Following the above, the share capital of the Company, registered by the Court on 8 May 2017, increased to PLN 40,000 thousand and is divided into 800,000 shares with the nominal value of PLN 50 each. CIECH S.A. remains the sole shareholder of the Company.

Phasing out of businesses

On 30 November 2016, Polcommerce GmbH (a non-consolidated company) ceased its operating activities and on 31 December 2016, the Company's liquidation proceedings were opened. The liquidation of the Company is related to the planned changes in the Group's business model in the area of sales. Markets previously served by Polcommerce GmbH will be served directly by CIECH S.A. On 17 October 2017, a resolution was adopted to complete the liquidation of Polcommerce GmbH.

3.4. THE MOST IMPORTANT EVENTS IN THE CIECH GROUP DURING THREE QUARTERS OF 2017

New branding of soda products	1 st quarter	RELIABLE EMPLOYER Title
The CIECH Group has introduced new brands for its soda products. They are to reflect rising standards in customer service, logistics and production processes, introduced in the last quarters. The new branding is also to differentiate the specialist product portfolio of the Group in the soda segment, including the pharmaceutical, feed or food grade soda.		SOLID EMPLOYER is a title awarded to the CIECH Group in February 2017, in the National "Solid Employer" Contest. The chamber of the contest decides which companies deserve the award for their effective and innovative HR policy, taking into account such criteria as: working conditions (observance of OHS regulations, labour law, etc.), timely payment of salaries, social conditions, career path (trainings for employees).

**Golden Website of the Issuer Contest Final**1st quarter
–
2nd quarter**Appointment of the Management Board Members for the new term of office**

CIECH S.A. qualified for the final stage of the Golden Website X contest organised by the Association of Listed Companies, in which 889 websites of companies listed on the Warsaw Stock Exchange, including on the NewConnect market, were assessed.

On 24 May 2017, in connection with the expiry of the current term of office of Members of the Management Board as at the date of opening of the Annual Shareholders' Meeting of CIECH S.A., convened for the purpose of approval of the financial statements for the financial year 2016, the Supervisory Board of CIECH S.A. resolved to reappoint all current members of the Management Board for a new 3-year term of office. The Supervisory Board has entrusted members of the Management Board with their existing functions, i.e. Mr Maciej Tybura – the office of the President of the Management Board, and Mr Artur Król and Mr Artur Osuchowski – the office of Members of the Management Board.

Introduction of new product groups in the AGRO business — specialised fertilisers, autumn products and BIO products3rd quarter

Specialised fertilisers are designed to combat macro- and micro-nutrient deficiencies and can be used in a wide range of development phases of cultivated plants. They are available in different types under the SARPLON® brand name.

Autumn fertilisers include fertilisers for conifers, lawns, liquid fertiliser and universal fertiliser. Autumn ZIEMOVIT fertilisers increase the resistance of plants to frost and diseases, while ensuring better appearance of plants until late autumn.

3.5. REVIEW OF KEY ECONOMIC AND FINANCIAL FIGURES CONCERNING THE CIECH GROUP**3.5.1. BASIC FINANCIAL DATA**

During three quarters of 2017, the CIECH Group earned net profit from continuing operations of PLN 256,309 thousand, net cash increased by PLN 105,415 thousand and the balance sheet total as at the end of the third quarter of 2017 amounted to PLN 4,604,676 thousand. The table below presents selected financial data and basic financial ratios for the three quarters of 2017 and 2016.

Selected financial data

	01.01.-30.09.2017	01.01.-30.09.2016*	Change 2017/2016
CONTINUING OPERATIONS			
Sales revenues	2,617,650	2,547,533	2.8%
Cost of sales	(1,982,180)	(1,788,683)	(10.8%)
Gross profit/(loss) on sales	635,470	758,850	(16.3%)
Selling costs	(189,497)	(169,798)	(11.6%)
General and administrative expenses	(98,445)	(106,247)	7.3%
Other operating income/expense	33,915	15,401	120.2%
Operating profit/(loss)	381,443	498,206	(23.4%)
Net financial income/expenses	(48,937)	(30,125)	(62.4%)
Share of profit of equity-accounted investees	162	428	(62.1%)
Income tax	(76,359)	(48,622)	(57.0%)
Net profit/(loss) on continuing operations	256,309	419,887	(39.0%)
DISCONTINUED OPERATIONS			
Net profit/(loss) on discontinued operations	-	-	-
Net profit / (loss)	256,309	419,887	(39.0%)
including:			
Net profit/(loss) attributed to non-controlling interest	362	389	(6.9%)
Net profit/(loss) attributable to shareholders of the parent company	255,947	419,498	(39.0%)



	01.01.-30.09.2017	01.01.-30.09.2016*	Change 2017/2016
EBITDA from continuing operations	563,220	662,133	(14.9%)
Adjusted EBITDA from continuing operations**	556,997	646,867	(13.9%)

* Restated data, description of changes is provided in item 2.2. hereof.

** Principles of calculating EBITDA and adjusted EBITDA have been described in section "Ratio calculation methodology". EBITDA and adjusted EBITDA are presented in other sections, and is taken into account when calculating selected financial ratios.

3.5.2. SALES REVENUES

Consolidated net sales revenues from continued operations of the CIECH Group for the three quarters of 2017 amounted to PLN 2,617,650 thousand. Compared to the corresponding period of previous year, revenues increased by PLN 70,117 thousand. The changes were mainly due to market factors.

The following facts had a **positive** impact on sales revenues earned:

- increase in the volume of soda sales – sale of additional volumes of soda ash from Soda +200 investment,
- higher sales of dry salt,
- increased sales volume of sodium silicates following the extension of production capacity carried out in CIECH Vitrosilicon S.A.,
- higher sales of PUR foams,
- higher sales prices for products based on oil-derivative products sold in the organic segment (resins and PUR foams).

The following facts had a **negative** impact on sales revenues earned:

- slight decrease in soda sales prices,
- lower volume of sales of soda from plants in Germany, following production limitations,
- decreased prices of dry salt due to large supply and intensive activities of competitors.

During three quarters of 2017, the CIECH Group's activities were focused 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 2016. Invariably, the greatest share in the revenue was attributed to the sales of soda segment products, i.e. 68.6%.

Sales revenues — business segments

	01.01.-30.09.2017	01.01.-30.09.2016	Change 2017/2016	Change %
Soda segment, including:	1,795,685	1,810,056	(14,371)	(0.8%)
Dense soda ash	1,021,196	1,070,645	(49,449)	(4.6%)
Light soda ash	361,874	331,017	30,857	9.3%
Salt	127,500	132,770	(5,270)	(4.0%)
Sodium bicarbonate	120,062	120,912	(850)	(0.7%)
Energy	71,805	59,534	12,271	20.6%
Gas*	2,843	19,865	(17,022)	(85.7%)
Calcium chloride	17,539	17,074	465	2.7%
Other products	37,174	37,202	(28)	(0.1%)
Revenues from inter-segment transactions	35,692	21,037	14,655	69.7%
Organic segment, including:	622,035	561,944	60,091	10.7%
Resins	241,648	228,278	13,370	5.9%
Polyurethane foams	223,962	175,019	48,943	28.0%
Crop protection chemicals	146,994	147,023	(29)	(0.0%)
Other	7,671	7,554	117	1.5%
Revenues from inter-segment transactions	1,760	4,070	(2,310)	(56.8%)
Silicates and Glass segment, including:	167,721	136,328	31,393	23.0%
Sodium silicates	99,923	65,859	34,064	51.7%
Potassium silicates	4,754	3,909	845	21.6%
Container glass	62,502	65,419	(2,917)	(4.5%)
Other	535	1,139	(604)	(53.0%)



	01.01.-30.09.2017	01.01.-30.09.2016	Change 2017/2016	Change %
Revenues from inter-segment transactions	7	2	5	250.0%
Transport segment, including:	92,045	88,218	3,827	4.3%
Transport services	8,723	8,995	(272)	(3.0%)
Revenues from inter-segment transactions	83,322	79,223	4,099	5.2%
Other segment, including:	86,840	79,519	7,321	9.2%
Revenues from third parties	60,945	55,319	5,626	10.2%
Revenues from inter-segment transactions	25,895	24,200	1,695	7.0%
Consolidation adjustments	(146,676)	(128,532)	(18,144)	(14.1%)
TOTAL	2,617,650	2,547,533	70,117	2.8%

* Resale of surpluses of the gas purchased.

Source: CIECH S.A

3.5.3. PROFIT/(LOSS) ON SALES AND OPERATING PROFIT/(LOSS)

After three quarters of 2017, gross profit on sales amounted to PLN 635,470 thousand, whereas in the same period of the previous year it amounted to PLN 758,850 thousand. The operating profit amounted to PLN 381,443 thousand, in the comparable period it amounted to PLN 498,206 thousand.

The following had a **positive** impact on the presented results:

- Continuation of good economic situation throughout the European Union, especially in the Eurozone.
- Increase in domestic sales of construction and assembly production by 13% during three quarters of 2017 in comparison to the same period of the previous year (the chemical industry produces many raw materials and semi-finished products used in this production).
- Balancing of the European market of soda ash (demand and supply balance) with a tendency to increase in demand.
- Higher volume of sales of key product groups, such as: soda ash, dry salt, crop protection products, silicates and PUR foams.
- An increase in prices of epoxy resins and PUR foams following the increase in prices of oil-based raw materials.

The following had a **negative** impact on the presented results:

- Slight decrease in soda ash prices in the European markets, following the announced launching of new production capacity in Turkey during 2017.
- Increase in prices of raw energy resources used in production of soda ash (coke, coal, natural gas) and of furnace fuels (coke, anthracite).
- Increase in oil prices (by approx. 9% as compared to three quarters of 2016) and, consequently, higher prices of raw materials for the organic industry (partially offset by an increase in prices of finished products).
- Slight strengthening of PLN against EUR and of RON against USD, as compared to three quarters of the previous year, which has a negative impact on the profitability of the CIECH Group's export sales.

The EBIT margin for three quarters of 2017 amounted to 14.6% (19.6% in the prior year), and the EBITDA margin amounted to 21.5% (26.0% in the prior year). The EBIT margin (excluding one-off events) for three quarters of 2017 amounted to 14.3% (19.0% in the prior year), and the EBITDA margin (excluding one-off events) amounted to 21.3% (25.4% in the prior year).

3.5.4. FINANCING ACTIVITIES AND NET RESULT

Financial income for three quarters of 2017 amounted to PLN 6,372 thousand and decreased compared to the corresponding period of the previous year, when it amounted to PLN 9,086 thousand.

Financial costs for three quarters of 2017 amounted to PLN 55,309 thousand and increased compared to the corresponding period of the previous year, when it amounted to PLN 39,211 thousand.

The contributors in the area of financing activities included mainly negative exchange differences related to positive currency exposure in EUR and USD on trading activities and valuation of loans denominated in EUR. Costs of servicing external debt remained at a level similar to the one recorded in the corresponding period.



The consolidated net profit for three quarters of 2017 amounted to PLN 256,309 thousand (of which PLN 255,947 thousand was a net profit attributable to the shareholders of the parent company and PLN 362 thousand as the profit of non-controlling shares). The decrease in net profit as compared to the corresponding period of 2016 results from lower results from basic activities and from lower results from financing activities.

3.5.5. ASSET POSITION OF THE CIECH GROUP

Basic consolidate balance sheet data

	30.09.2017	31.12.2016	Change 2017/2016
Total assets	4,604,676	4,501,892	2.3%
Total non-current assets	3,188,934	3,209,515	(0.6%)
Total current assets	1,415,742	1,292,377	9.5%
Inventory	345,251	299,265	15.4%
Current receivables	488,624	515,542	(5.2%)
Cash and cash equivalents	521,865	414,369	25.9%
Short-term financial assets	56,772	59,971	(5.3%)
Non-current assets held for sale	3,230	3,230	0.0%
Total equity	2,033,631	1,763,492	15.3%
Equity attributable to shareholders of the parent	2,036,651	1,766,827	15.3%
Non-controlling interest	(3,020)	(3,335)	9.4%
Total non-current liabilities	1,625,200	1,695,514	(4.1%)
Total current liabilities	945,845	1,042,886	(9.3%)

Assets

As at the end of the third quarter of 2017, the Group's non-current assets amounted to PLN 3,188,934 thousand. As compared to the balance as at 31 December 2016, the value of non-current assets decreased by PLN 20,581 thousand. This change resulted from lower value of long-term financial assets following a change in the valuation of derivative instruments.

As at 30 September 2017, the Group's current assets amounted to PLN 1,415,742 thousand. The largest components of non-current assets included: short-term receivables accounting for 34.2%, inventory accounting for 24.4% as well as cash and cash equivalents accounting for 36.9% of total current assets. Compared to the end of December 2016, the value of current assets increased by PLN 123,365 thousand. This change resulted from, among other factors:

- higher balance of cash accumulated in companies,
- increase in inventories of raw materials resulting mainly from an increase in inventories used for soda production and increase in goods related to the development of new businesses.

Capital resources

The sources of liquidity include cash flows generated from operating activities, cash from the sale of assets, cash from EU grants for capital expenditure, cash available due to the revolving credit facility agreement and overdraft. The Group also uses factoring agreements.

Liabilities

As at 30 September 2017, the CIECH Group's liabilities (total non-current and current) amounted to PLN 2,571,045 thousand, which is a decrease compared to the end of December 2016 by PLN 167,355 thousand (i.e. by 6.1%).

The debt ratio amounted to 55.8% as at 30 September 2017 (at the end of December 2016 to 60.8%). The consolidated net debt of the Group amounted to PLN 1,062,627 thousand as at 30 September 2017 and decreased in comparison to the balance as at the end of December 2016 by PLN 133,871 thousand.

Debt instruments currently used

The Group's sources of debt financing include: issued domestic bonds, term loan, revolving credit as well as lease liabilities. Additional information about the management of financial resources is provided in item 4.6. of the Management Board Report on activities of the CIECH Group and CIECH S.A. in 2016, published on 20 March 2017.



3.5.6. CASH POSITION OF THE CIECH GROUP

	01.01.-30.09.2017	01.01.-30.09.2016	Change 2017/2016
Net cash from operating activities	366,689	549,245	(33.2%)
Net cash from investment activities	(255,648)	(337,789)	24.3%
Net cash from financial activities	(5,626)	(154,786)	96.4%
Total net cash flows	105,415	56,670	86.0%
free cash flows	111,041	211,456	(47.5%)

Total net cash flows during three quarters of 2017 were positive and amounted to PLN 105,415 thousand. Compared to the same period of the previous year, the cash flows generated by the Group were higher by PLN 48,745 thousand. Cash flows from operating activities were positive. They amounted to PLN 366,689 thousand and decreased as compared to the corresponding period in 2016 by PLN 182,556 thousand. This balance resulted primarily from lower results on operating activities and a change in working capital and provisions.

During three quarters of 2017, the net cash flows from investing activities were negative, which was mainly the result of expenses for an investment programme implemented by the Group. The net cash from financial activities was negative and amounted to PLN 5,626 thousand. In comparison to the corresponding period of 2016, they were higher by PLN 149,160 thousand.

	01.01.-30.09.2017	01.01.-30.09.2016
Financial surplus ((net profit/(loss) on continuing operations + depreciation)	438,086	583,814
Other adjustments to net profit/(loss) on continuing operations	37,969	(35,990)
Adjusted financial surplus (1+2)	476,055	547,824
Change in working capital	(109,366)	1,421
Net cash from operating activities (3+4)	366,689	549,245
Net cash from investing activities	(255,648)	(337,789)
Free cash flow (5+6)	111,041	211,456

During three quarters of 2017, the CIECH Group generated positive free cash flows, which means that it was able to finance its capital expenditure with cash flows generated on operating activities.

3.5.7. WORKING CAPITAL AND SELECTED FINANCIAL RATIOS OF THE CIECH GROUP

Liquidity of the CIECH Group

Liquidity ratios as at 30 September 2017 increased as compared to their level as at 31 December 2016. The current ratio, calculated as the ratio of total current assets to total short-term liabilities, amounted to 1.50 as at 30 September 2017, while the quick liquidity ratio amounted to 1.13.

	30.09.2017	31.12.2016
Current ratio	1.50	1.24
Quick ratio	1.13	0.95

The CIECH Group's working capital

As at the end of the third quarter of 2017, working capital, defined as the difference between current assets and short-term liabilities, adjusted by relevant balance sheet items (cash and cash equivalents and short-term loans) was positive and amounted to PLN 95,905 thousand, which is an increase by PLN 121,687 thousand compared to the end of 2016.

	30.09.2017	31.12.2016
1. Current assets, including:	1,415,742	1,292,377
Inventory	345,251	299,265
Trade receivables and services and advances for deliveries	319,249	298,449
2. Cash and cash equivalents and short-term investments	578,637	474,340
3. Adjusted current assets (1-2)	837,105	818,037



	30.09.2017	31.12.2016
4. Current liabilities, including:	945,845	1,042,886
Trade liabilities and advances taken	312,672	368,937
5. Short-term credits and other current financial liabilities*	204,645	199,067
6. Adjusted current liabilities (4-5)	741,200	843,819
7. Working capital including short-term credits(1-4)	469,897	249,491
8. Working capital (3-6)	95,905	(25,782)

* Other short-term financial liabilities include current bond liabilities, current finance lease liabilities + current derivative liabilities + factoring liabilities.

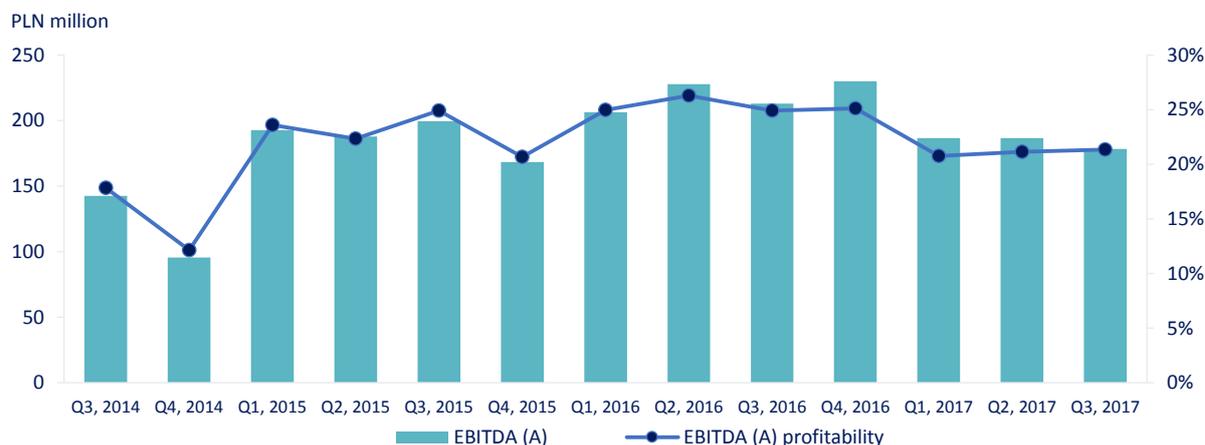
CIECH Group's profitability ratios

During three quarters of 2017, profitability ratios of the CIECH Group in respect of the continuing operations were at a lower level than during three quarters of 2016.

CIECH GROUP'S PROFITABILITY RATIOS

	01.01.-30.09.2017	01.01.-30.09.2016	Change 2017/2016
CONTINUING OPERATIONS			
Gross return on sales	24.3%	29.8%	(5.5) p.p.
Return on sales	13.3%	19.0%	(5.7) p.p.
EBIT margin	14.6%	19.6%	(5.0) p.p.
EBITDA margin	21.5%	26.0%	(4.5) p.p.
Adjusted EBIT margin	14.3%	19.0%	(4,7) p.p.
Adjusted EBITDA margin	21.3%	25.4%	(4.1) p.p.
Net return on sales (ROS)	9.8%	16.5%	(6.7) p.p.
Return on assets (ROA)	5.6%	9.3%	(3.7) p.p.
Return on equity (ROE)	12.6%	23.8%	(11.2) p.p.
Earnings/(loss) per share (in PLN) from continuing operations	4.86	7.96	(3.10)

PROFITABILITY LEVELS OF THE CIECH GROUP



EBITDA (A) – Adjusted EBITDA – excluding one-off events reported in particular quarters.

Source: CIECH S.A

Indebtedness

The debt ratio decreased in comparison to December 2016 and amounts to 55.8%. At the same time, the relative level of net debt did not change significantly as compared to the end of 2016. The ratio adjusted for one-off events remains at the level recorded in the previous year.

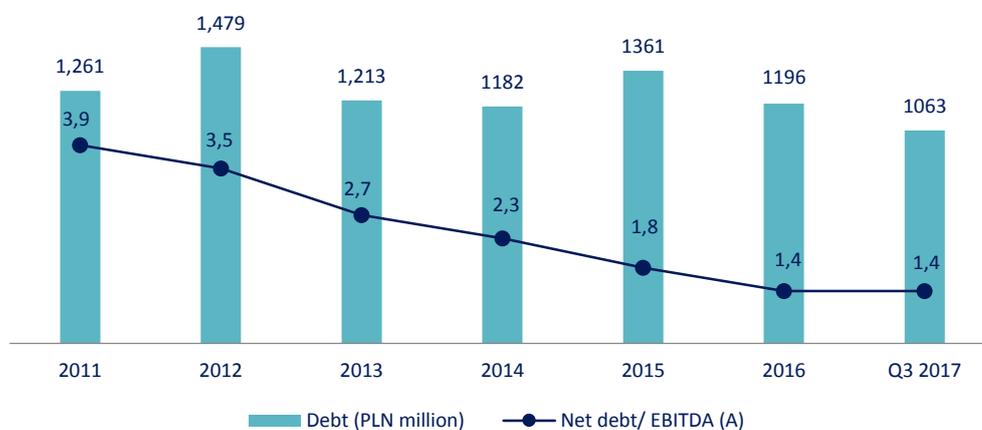


	30.09.2017	31.12.2016
Loans, borrowings and other debt instruments	1,512,740	1,506,818
Finance lease liabilities	26,225	23,693
Factoring liabilities	26,145	27,502
Negative net valuation of derivatives	19,382	52,854
Gross debt	1,584,492	1,610,867
Cash and cash equivalents	521,865	414,369
Net debt	1,062,627	1,196,498

The CIECH Group's debt ratios

	30.09.2017	31.12.2016	Change 2017/2016
Debt ratio	55.8%	60.8%	(5.0) p.p.
Long term debt ratio	35.3%	37.7%	(2.4) p.p.
Debt to equity ratio	126.4%	155.3%	(28.9) p.p.
Equity to assets ratio	44.2%	39.2%	5,0 p.p.
Gross debt	1,584,492	1,610,867	(1.6%)
Net debt	1,062,627	1,196,498	(11.2%)
EBITDA annualized	784,883	883,794	(11.2%)
Adjusted EBITDA (annualised)	786,965	876,832	(10.2%)
Net debt / EBITDA annualized	1.4	1.4	-
Net debt / Adjusted EBITDA (annualised)	1.4	1.4	-
Gross debt / EBITDA annualised	2.0	1.8	11.1%
Gross debt / Adjusted EBITDA (annualised)	2.0	1.8	11.1%

The CIECH Group is consistently reducing its net debt in relation to adjusted EBITDA. The strategic objective is to achieve the net debt to EBITDA ratio below 1 in 2019.



Debt financing of the Group

Debt financing of the Group in the form of bonds and loans is composed of:

- Domestic bonds issued by CIECH S.A. – as at 30 September 2017 the nominal debt amounted to PLN 160,000 thousand.
- Loans are granted to CIECH S.A. pursuant to the loans agreement of 29 October 2015:
 - term loan in the amount of PLN 1,045,031 thousand and EUR 69,673 thousand (the total amount of the loan as at 30 September 2017 was PLN 1,345,259 thousand),
 - revolving credit facility granted to CIECH S.A. in the amount of up to PLN 250,000 thousand (the amount of used credit as at 30 September 2017 amounted to PLN 0).

Detailed information about loan and bond liabilities is disclosed in item 4.6.1 of the Management Board Report on activities of the CIECH Group and CIECH S.A. in 2016, published on 20 March 2017.

**Factors and events that may affect future performance**

In the opinion of the Management Board of CIECH S.A. in further months of 2017 the trends observed in the past few months will continue. Pursuant to the Strategy, the CIECH Group will focus on the following actions conducive to further development:

- further development of the soda segment, including through a focus on the development of specialist products;
- further actions aimed at optimising the utilisation level of capacity in all production companies of the Group;
- increasing the efficiency of the Agro area in CIECH Sarzyna S.A., actions aimed at registering new products;
- continuous process of improving business and operational processes in all companies of the CIECH Group.

However, one should keep in mind that the financial performance of the CIECH Group is affected by both the situation on main markets of the Group's operations and the global macroeconomic situation.

3.6. SIGNIFICANT RISK FACTORS

In connection with its operational activities, the CIECH Group is exposed to a number of risks, including financial risks. The most important risk factors were presented in details in item 3.4 of the Management Board Report on activities of the CIECH Group and CIECH S.A. in 2016, published on 20 March 2017.

During three quarters of 2017, no new risks occurred, and the previously identified factors have not changed significantly. Moreover, there were no significant changes in relation to the Group's risk management policy.

Exposure to currency risk

The table below presents the estimated balance-sheet currency exposure of the CIECH Group in EUR and USD as at 30 September 2017 due to financial instruments (for EUR – excluding figures of the SDC Group and Ciech Group Financing AB, because EUR is their functional currency):

Exposure to currency risk	EUR ('000)	USD ('000)	Impact on the statement of profit or loss	Impact on statement of other comprehensive income*
Assets				
Borrowings granted sensitive to FX rate changes	40,857	-	x	
Trade and other receivables	20,377	13,783	x	
Cash including bank deposits	16,500	7,924	x	
Liabilities				
Trade and other liabilities	(16,766)	(6,035)	x	
Term loan liabilities	(69,773)	-		x
Hedging instruments: Forward	(22,360)	(12,650)		x
Hedging instruments: CIRS (forward transactions isolated as part of decomposition of CIRS)	(246,723)	-		x
Total exposure	(277,888)	3,022		

*Evaluation of financial instruments designated for hedge accounting is referred to other comprehensive income while ineffectiveness is recognised in the profit and loss statement.

The table contains an analysis of the sensitivity of individual statement of financial position items to exchange rate changes as at 30 September 2017.

Analysis of sensitivity to foreign exchange rate changes – EUR	('000 PLN)*	Impact on the statement of profit or loss	Impact on statement of other comprehensive income
EUR			
Currency balance sheet items	(88)	610	(698)
Hedging instruments: Forward and CIRS	(2,691)	-	(2,691)
USD			
Currency balance sheet items	157	157	-
Hedging instruments: Forward	(127)	-	(127)

* Increase of EUR/PLN or USD/PLN exchange rate by 1 grosz.



The CIECH Group applies hedge accounting. As regards hedging currency risk, there were no changes in the presentation or valuation compared to previous period.

3.7. FULFILMENT OF PROFIT FORECASTS PREVIOUSLY PUBLISHED FOR A GIVEN YEAR IN THE LIGHT OF THE RESULTS DISCLOSED IN THE REPORT AGAINST THE FORECAST RESULTS

The CIECH Group did not publish any forecasts for 2017.

3.8. FACTORS AFFECTING THE CIECH GROUP'S RESULTS WITH PARTICULAR FOCUS ON THE NEXT QUARTER

The CIECH Group business is largely based on the production and sales of chemical products used as raw materials and semi-finished goods in a wide range of industries, including the glass, detergent, furniture, automotive, construction, food, agricultural, pharmaceutical, chemical and consumer goods industries. The demand for the CIECH Group customers' products depends on a number of factors, including general economic conditions.

Costs of labour and energy, interest rates and other macroeconomic factors also have a significant impact on the Group's operations. Due to the fact that a significant portion of the Group's revenue and expenses is generated in foreign currencies, changes in exchange rates also affect its financial performance.

As a result, the volume and profitability of the CIECH Group companies' sales depend on these variables as well as on the economic situation in Poland, Europe, and worldwide.

Situation in industries of recipients of products of the Group in Poland

Poland is the largest sales market of the CIECH Group. The direct, most important domestic recipients of the Group's products include: glass industry, chemical and plastic products industries, furniture, agriculture, construction, food industry. The development of these sectors of the economy depends on the economic situation in Poland.

According to the data of the Central Statistical Office, the sold industrial output at constant prices during three quarters of 2017 increased by 5.9% as compared with the corresponding period of the previous year (in 2016 — an increase of 3.8%). The relevant dynamics of production in the industries of significant importance to the Group's activities (as receiving or target markets) were: chemicals and chemical products (increase by 5%); rubber and plastic products (increase by 8.5%); manufacture of motor vehicles (increase by 7.5%); manufacture of furniture (increase by 6.7%); manufacture of food (increase by 6.8%); construction and assembly production (increase by 13%).

In the past year, some weakening of economic situation in the Polish economy was noted (estimated GDP growth of 2.7% in 2016, compared to 3.3% in 2014 and 3.9% in 2015). Despite of this fact, Polish GDP growth rates were and should still be significantly higher than the average rates for the European Union.

A clear improvement of economic situation in Poland has been observed since 2017. The European Commission's forecasts for Poland's GDP growth in the current and future years indicate growth rates of 3.5% and 3.2% respectively. The chemical industry usually develops similarly to the economy as a whole.

Economic situation in Europe and in the world

The activity of the CIECH Group is based, in a considerable part, on the sales of chemical products on foreign markets. The level of profitability on sales depends on the global economic situation in Europe and in the world. Global economic downturn usually results in the fall of the demand for raw materials on global markets and hence on the amount of export turnover of the Group.

According to the forecasts of International Monetary Fund, both in 2017 and in 2018 the dynamics of global economic development will be higher than in the previous year (GDP growth of 3.6% and 3.7% respectively vs. 3.2% in 2016). The largest Asian economies continue to grow relatively quickly (India, China, and ASEAN countries, for which the GDP growth indicators should be, respectively: 6.8%, 6.7%, 5.2% in 2017). Among large economies, the relatively weaker conditions are observed in Russia, Japan and Brazil (expected GDP growth rates in the current year of 1.8%, 1.5% and 0.7% respectively). According to the IMF, a clear acceleration can be expected next year in India and Brazil, the Middle East and Africa.

In the European Union, on the other hand, the observed maintenance of last year's growth rate should also be continued next year (GDP growth of 1.9% in 2017-2018, i.e. at the level recorded in 2016, according to the European Commission's forecasts).



For the chemical sector, the American Chemical Chamber (ACC) assumes that after a moderate increase in the chemical production in 2016 (by 2.2%), the following years will indicate a certain growth in productivity: by 2.9% in 2017 and by 3.3% in 2018. In the case of USA, this growth should reach 3.3% in 2017, and 4.3% in 2018. The European Council of Chemical Industry (CEFIC) forecasts that the year 2017 will bring an increase in the chemical production by 1.5% (as compared to a marginal growth of 0.5% in 2016).

As regards the European construction sector, continued economic growth is projected for the next 2-3 years. According to Euroconstruct, the production dynamics in construction sector in the Western and Central Europe should grow in the entire 2017 to 2.9% (from 2.5% in 2016), and may slow down slightly in subsequent 2 years to 2.0%–2.5%.

OTHER FACTORS AFFECTING THE CIECH GROUP'S ACTIVITIES

Factors	Description
Economic situation on raw material market	<p>Due to the fact that costs of raw materials account for a large share of total costs of the Group, the situation on certain raw material markets (availability and price) significantly affect the CIECH Group's activities and financial performance. Price and availability of raw materials depends largely on economic and political developments across the globe.</p> <p>Hard coal – situation on the market depends on a number of macroeconomic factors. The largest producer of hard coal in the European Union is Poland, but EU's import of coal (primarily from Russia, Columbia, USA and Australia) is nearly two times higher than production. Most of the coal imported to the EU is power coal, i.e. coal used by the CIECH Group in the production of heat in soda plants in Poland. Despite the fact that the Group buys it usually from Polish mines, the price of hard coal in Poland depends on the European and global situation in the area of demand and supply.</p> <p>Coke – coke prices depend primarily on prices of coking coal, from which it is produced. The largest global producer of coke is China which, at the same time, is one of the largest consumers of this raw material. In Europe, coke is produced mainly in Poland and the Czech Republic.</p> <p>Oil-derivative raw materials – used primarily in the organic segment, are linked to oil prices. Oil prices depend primarily on macroeconomic and political factors which translate into global demand and supply situation.</p>
Exchange rates of Polish zloty (PLN) and Romanian leu (RON) to euro (EUR) and US dollar (USD)	<p>The CIECH Group's main source of exposure to foreign currency risk is related to EUR and USD in which export sales are denominated. Weakening of PLN and RON (in which significant costs are incurred) in relation to EUR and USD (in which a material portion of sales is made) has a positive impact on the CIECH Group's financial performance.</p> <p>The Group applies natural hedging and hedging instruments. The Group's net exposure after three quarters of 2017 was: EUR -277.9 million and USD 3 million.</p>
Volume of chemical production capacity on markets where the CIECH Group operates	<p>In the sectors of mass chemical products, in which the CIECH Group operates, the capital expenditures are an important barrier to entry, and in the case of the soda segment – an easy access to natural resources. For this reason, in the scope of the most important segment of the CIECH Group, the soda segment, green field investments are rare and generally done outside Europe.</p> <p>The CIECH Group's business can be significantly affected by the extension of soda ash and sodium bicarbonate production capacity in Turkey. This will change the current global supply and demand situation in the short-term, increasing the supply of soda in the market and decreasing prices in Europe and neighbouring regions which may have a negative impact on the Group's financial performance.</p>
Environmental requirements	<p>REACH system implementation</p> <p>In accordance with the REACH regulation, the Group's companies selling substances in quantities exceeding 1 tonne p.a. have completed or plan to complete full registration of these substances by defined deadlines, which will enable them to continue their operations in the current scope.</p> <p>Emission trading system</p> <p>Production companies of the CIECH Group are included in the emission trading system. External analyses performed by the CIECH Group companies indicate that the amount of free CO₂ emission allowances in the 3rd settlement period (2013-2020) will be insufficient to cover the actual demand for this type of settlement units. In addition to the direct costs connected with the purchase of CO₂ emission allowances, the CIECH Group companies will bear higher costs of electricity due to their assumption of the costs of purchase of emission allowances from the producers.</p>



3.9. CIECH S.A.'S SHAREHOLDERS HOLDING AT LEAST 5% OF SHARES/VOTES AT THE GENERAL SHAREHOLDERS' MEETING

The shares of CIECH S.A. are listed on Warsaw Stock Exchange and on Frankfurt 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 nominal value of PLN 5 each. The number of shares and their nominal value has not changed since the last reporting period.

SHAREHOLDERS

As of the date of publishing the previous financial statements (i.e. the date of publication of the Extended consolidated report the CIECH Group for the first half of 2017, announced on 24 August 2017), CIECH S.A. has not received any information about a change in interests held by shareholders in the total number of shares. Therefore, to the best knowledge of CIECH S.A., as at the day of approving these statements, shareholders holding significant blocks of shares (at least 5%) include the following entities:

Shareholder structure of CIECH S.A. as at the date of approval of the report (according to the best knowledge of the Company)

Shareholder	Type of shares	Number of shares	Number of votes at the General Meeting of Shareholders	Share in the total number of votes at the General Meeting of Shareholders	Stake in share capital (%)
KI Chemistry s. à r. l. with its registered office in Luxembourg*	Ordinary bearer	26,952,052	26,952,052	51.14%	51.14%
TFI PZU Funds**	Ordinary bearer	6,428,681	6,428,681	12.20%	12.20%
Nationale-Nederlanden Otwarty Fundusz Emerytalny***	Ordinary bearer	3,000,000	3,000,000	5.69%	5.69%
Other	Ordinary bearer	16,319,176	16,319,176	30.97%	30.97%

* In accordance with information dated 9 June 2014 provided by Shareholder under Article 77(7) and Article 69(1)(1) of the Act of 29 July 2005 on Public Offering and Conditions Governing the Introduction of Financial Instruments to Organised Trading, and on Public Companies (CR 26/2014).

** In accordance with information dated 28 February 2017 provided by Shareholder under Article 70(1) of the Act on Public Offering (...) – purchase or disposal of a significant block of shares (CR 4/2017).

*** on the basis of the list of entities holding at least 5% of votes at the Ordinary Meeting of Shareholders of CIECH S.A. on 16 June 2016, CR 22/2016 prepared and published pursuant to Article 70(3) of the Act of 29 July 2005 on Public Offering and Conditions Governing the Introduction of Financial Instruments to Organised Trading, and on Public Companies (Journal of Laws of 2009, No 185, item 1439). However, on the basis of the list of entities holding at least 5% of votes at the Ordinary Meeting of Shareholders of CIECH S.A. on 22 June 2017 (Current report 13/2017), Nationale-Nederlanden Otwarty Fundusz Emerytalny (hereinafter "NN") held 4.74% of the total number of votes in the Company. Until the date of publication hereof, the Company has not received a notification from NN on the decrease in the number of votes held below 5% of the total number of votes in the Company.

3.10. CHANGES IN THE NUMBER OF SHARES IN CIECH S.A. HELD BY THE MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

Mr Artur Osuchowski – Member of the Management Board of CIECH S.A., held 65,195 shares of CIECH S.A. as at 30 September 2017. Other Management Board Members of CIECH S.A. and Supervisory Board Members of CIECH S.A. did not hold any shares of the Company.

Managers and supervisors of CIECH S.A. as at 30 September 2017 did not hold any shares in other companies of the CIECH Group and this situation did not change in the period from the publication of the Extended consolidated report of the CIECH Group for the first half of 2017, i.e. from 24 August 2017.



3.11. LITIGATION PENDING BEFORE A COURT, COMPETENT ARBITRATION AUTHORITY OR PUBLIC ADMINISTRATION AUTHORITY

3.11.1. SIGNIFICANT DISPUTED LIABILITIES OF THE CIECH GROUP

As at 30 September 2017, the total value of significant disputed liabilities 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.

3.11.2. SIGNIFICANT DISPUTED RECEIVABLES OF THE CIECH GROUP

As at 30 September 2017, 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.

3.12. LOAN OR BORROWING SURETIES OR GUARANTEES GRANTED BY CIECH S.A. OR ITS SUBSIDIARY

Information about loan or borrowing sureties or guarantees is presented in item 2.13 hereof.

Letters of support

As at 30 September 2017, CIECH S.A. was the obliged party in the letter of support (Patronatserklärung) regarding CIECH Soda Deutschland GmbH&Co. KG seated in Staßfurt (CSD) granted to RWE Gasspeicher GmbH ("RWE") relating to liabilities of CSD resulting from the agreement dated 5 May 2009 on salt caverns construction for the purpose of natural gas storage on the Staßfurt mining field according to which CSD received payments of EUR 34.8 million from RWE by 30 September 2017. In the letter of support, CIECH S.A. has committed, among other things, to ensure that CSD will have sufficient funds to fulfil its financial commitments against RWE resulting from the above-mentioned agreement.

Tax audits

In the period from January to September 2017, five companies from the CIECH Group were subject to inspections or tax audits. The aim of the audits is to review the accuracy of the declared tax base and the correctness of calculations and payments of corporate income tax for the year 2015 (four companies) or 2013 (one company). All of the audited companies received the audit reports. The irregularities identified concern mainly the incorrect settlement of income from a participation in a partnership (this resulted in the reduction of the tax loss by PLN 313 million).

Four companies have submitted objections to the audit reports or their parts. In response to the objections submitted, the auditors maintained their position on key issues (of significant value), while acknowledging the Company's position or its additional explanations on other issues. One of the companies is preparing objections to the audit report.

The Management Boards of the companies and their tax advisors do not agree with the findings presented in the audit reports and with responses to objections to the reports. However, if tax assessment proceedings are instituted (in August, three of the audited companies received a decision on the initiation of such proceedings) and if a decision is taken in which the findings contained in the responses to objections to the Report, each of the companies may be required to pay tax liabilities in the total amount of PLN 15 million for 2015 together with default interest from 1 April 2016, and in the amount of PLN 3.5 million for 2013 (taking account of the tax loss incurred in the audited year) together with default interest from 1 April 2014.

In addition, as a result of the ongoing audit of the German CIECH Group companies for the years 2007-2009 and 2010-2015, in case of a different assessment by the auditing authorities of economic events, an obligation may arise to recalculate and potentially increase the tax liability and to pay interest on tax arrears. At the time of publication of the financial statements, the audit result is not known.

3.13. INFORMATION ON TRANSACTIONS BETWEEN THE KEY MANAGEMENT PERSONNEL OF CIECH S.A. AND RELATED PARTIES

Information on transactions with related entities is presented in item 2.11 hereof.



**QUARTERLY FINANCIAL INFORMATION
OF THE PARENT COMPANY
CIECH S.A.
FOR 9-MONTH PERIOD ENDED 30 SEPTEMBER 2017**



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QUARTERLY FINANCIAL INFORMATION OF THE PARENT COMPANY, CIECH S.A.

CONDENSED SEPARATE STATEMENT OF PROFIT OR LOSS OF CIECH S.A.

	01.01.-30.09.2017	01.01.-30.09.2016*	01.07.-30.09.2017	01.07.-30.09.2016*
CONTINUING OPERATIONS				
Sales revenues	1,763,202	1,615,743	573,815	542,386
Cost of sales	(1,402,376)	(1,209,949)	(455,265)	(402,052)
Gross profit/(loss) on sales	360,826	405,794	118,550	140,334
Other operating income	2,660	2,191	499	669
Selling costs	(148,662)	(122,500)	(46,718)	(39,394)
General and administrative expenses	(37,912)	(44,636)	(12,993)	(18,151)
Other operating expenses	(1,067)	(3,261)	(282)	(1,181)
Operating profit/(loss)	175,845	237,588	59,056	82,277
Financial income	106,274	197,008	242	21,851
Financial expenses	(68,933)	(84,990)	(24,517)	(13,727)
Net financial income/(expenses)	37,341	112,018	(24,275)	8,124
Profit/(loss) before tax	213,186	349,606	34,781	90,401
Income tax	(37,610)	(34,334)	(7,794)	(17,084)
Net profit/(loss) on continuing operations	175,576	315,272	26,987	73,317
DISCONTINUED OPERATIONS				
Net profit/(loss) on discontinued operations	-	-	-	-
Net profit / (loss) for the period	175,576	315,272	26,987	73,317
Earnings/(loss) per share (in PLN):				
Basic	3.33	5.98	0.51	1.39
Diluted	3.33	5.98	0.51	1.39

* Restated data, description of changes is provided in item 2.2. hereof.

CONDENSED SEPARATE STATEMENT OF OTHER COMPREHENSIVE INCOME OF CIECH S.A.

	01.01.-30.09.2017	01.01.-30.09.2016	01.07.-30.09.2017	01.07.-30.09.2016
Net profit/(loss) on continuing operations	175,576	315,272	26,987	73,317
Net profit/(loss) on discontinued operations	-	-	-	-
Net profit / (loss) for the period	175,576	315,272	26,987	73,317
Other comprehensive income before tax that may be reclassified to statement of profit or loss	10,998	(2,806)	(856)	957
Cash flow hedge	10,998	(2,806)	(856)	957
Income tax attributable to other comprehensive income	(1,874)	533	325	(182)
Income tax attributable to other comprehensive income that may be reclassified to statement of profit or loss	(1,874)	533	325	(182)
Other comprehensive income net of tax	9,124	(2,273)	(531)	775
TOTAL COMPREHENSIVE INCOME	184,700	312,999	26,456	74,092



CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION OF CIECH S.A.

	30.09.2017	31.12.2016
ASSETS		
Property, plant and equipment	12,684	11,362
Intangible assets	21,214	9,251
Long-term financial assets	2,562,966	2,474,312
Deferred income tax assets	59,590	98,257
Total non-current assets	2,656,454	2,593,182
Inventory	33,046	37,450
Short-term financial assets	287,672	232,022
Income tax receivables	326	807
Trade and other receivables	304,786	393,904
Cash and cash equivalents	427,008	342,607
Total current assets	1,052,838	1,006,790
Total assets	3,709,292	3,599,972
EQUITY AND LIABILITIES		
Share capital	287,614	287,614
Share premium	470,846	470,846
Cash flow hedge	4,004	(5,120)
Actuarial gains	132	132
Other reserve capitals	76,199	76,199
Retained earnings	642,671	467,095
Total equity	1,481,466	1,296,766
Loans, borrowings and other debt instruments	1,339,712	1,345,973
Other non-current liabilities	78,692	120,929
Employee benefits provisions	463	447
Total non-current liabilities	1,418,867	1,467,349
Loans, borrowings and other debt instruments	326,283	348,889
Trade and other liabilities	441,392	443,963
Income tax liabilities	4,720	6,294
Employee benefits provisions	302	313
Other provisions	36,262	36,398
Total current liabilities	808,959	835,857
Total liabilities	2,227,826	2,303,206
Total equity and liabilities	3,709,292	3,599,972



CONDENSED SEPARATE STATEMENT OF CASH FLOWS OF CIECH S.A.

	01.01.-30.09.2017	01.01.-30.09.2016
Cash flows from operating activities		
Net profit /(loss) for the period	175,576	315,272
Adjustments		
Amortisation/depreciation	3,667	3,374
Recognition of impairment allowances	3,782	(1,088)
Foreign exchange (profit) /loss	(2,506)	2,105
(Profit) / loss on investment activities	-	(93)
(Profit) / loss on disposal of property, plant and equipment	(95)	(77)
Dividends and interest	(24,705)	(140,808)
Income tax payable/(receivable)	37,610	34,334
Change in liabilities due to loan arrangement fee	1,958	1,495
Valuation of derivative instruments	(28,815)	20,511
Cash from operating activities before changes in working capital and provisions	166,472	235,025
Change in receivables	64,632	(47,588)
Change in inventory	4,404	(4,500)
Change in current liabilities	(2,194)	130,350
Change in provisions and employee benefits	(131)	(3,183)
Cash generated from operating activities	233,183	310,104
Interest paid	(23,162)	(25,108)
Income tax paid/returned	(1,110)	(1,905)
Net cash from operating activities	208,911	283,091
Cash flows from investment activities		
Disposal of a subsidiary	454	3,024
Disposal of intangible assets and property, plant and equipment	4	87
Dividends received	7,011	72,253
Interest received	7,914	5,051
Proceeds from repaid borrowings	51,394	45,600
Acquisition of a subsidiary	-	(1)
Acquisition of intangible assets and property, plant and equipment	(9,365)	(4,886)
Expenditures on increase and extra contribution to capital	(4,500)	(35)
Borrowings paid out	(130,361)	(295,775)
Cash pooling expenditures	(61,202)	(2,789)
Net cash from investment activities	(138,651)	(177,471)
Cash flows from financial activities		
Proceeds from loans and borrowings	24,000	-
Proceeds from cash-pooling facility	-	37,580
Dividends paid to shareholders	-	(150,195)
Expenditures on repayment of loans and borrowings	(438)	-
Cash pooling expenditures	(11,502)	-
Net cash from financial activities	12,060	(112,615)
Total net cash flows	82,320	(6,995)
Cash and cash equivalents as at the beginning of the period	342,607	174,745
<i>Impact of foreign exchange differences</i>	<i>2,081</i>	<i>(493)</i>
Cash and cash equivalents as at the end of the period	427,008	167,257



CONDENSED SEPARATE STATEMENT OF CHANGES IN EQUITY OF CIECH S.A.

	Share capital	Share premium	Cash flow hedge	Other reserve capitals	Actuarial gains	Retained earnings	Total equity
01.01.2017	287,614	470,846	(5,120)	76,199	132	467,095	1,296,766
Transactions with shareholders recognised directly in equity	-	-	-	-	-	-	-
Total comprehensive income	-	-	9,124	-	-	175,576	184,700
Net profit /(loss) for the period	-	-	-	-	-	175,576	175,576
Other comprehensive income net of tax	-	-	9,124	-	-	-	9,124
30.09.2017	287,614	470,846	4,004	76,199	132	642,671	1,481,466
01.01.2016	287,614	470,846	(2,335)	76,199	50	464,849	1,297,223
Transactions with shareholders recognised directly in equity	-	-	-	-	-	(150,195)	(150,195)
Dividend payment	-	-	-	-	-	(150,195)	(150,195)
Total comprehensive income	-	-	(2,273)	-	-	315,272	312,999
Net profit /(loss) for the period	-	-	-	-	-	315,272	315,272
Other comprehensive income net of tax	-	-	(2,273)	-	-	-	(2,273)
30.09.2016	287,614	470,846	(4,608)	76,199	50	629,926	1,460,027



EXPLANATORY NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS OF CIECH S.A.

5.1. BASIS OF PREPARATION

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. 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.

These interim condensed separate financial statements were prepared 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, as amended, on current and periodical information submitted by issuers of securities and on conditions for deeming equivalent information required by the law of a Non-Member State (Journal of Laws of 2014, No 0, item 133, as amended). These financial statements present the financial position of CIECH S.A. as at 30 September 2017 and as at 31 December 2016, results of the Company's operations and cash flows for the period of 9 months ended 30 September 2017 and 30 September 2016, and were approved by the Management Board of CIECH S.A. on 13 November 2017.

These interim condensed separate financial statements were prepared under the assumption that CIECH S.A. will continue as a going concern in the foreseeable future. As at the date of approval of these interim condensed financial statements, no facts or circumstances are known that would indicate any threat to CIECH S.A. continuing as a going concern.

The Management Board of CIECH S.A. declares that to the best of its knowledge these interim condensed separate financial statements, including corresponding figures, have been prepared in accordance with the generally acceptable accounting principles and that they represent a true, accurate and fair reflection of CIECH S.A.'s financial position and the results of operations.

These interim condensed separate financial statements should be read together with the interim condensed consolidated financial statements of the CIECH Group for the 9-month period ended 30 September 2017.

5.2. ADOPTED ACCOUNTING PRINCIPLES

The CIECH S.A.'s accounting principles are described in the Financial Statements of CIECH S.A. for 2016, published on 20 March 2017. The aforementioned Financial Statement includes detailed information regarding the principles and methods of valuation of assets, equity 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 presented, except for a change in the presentation of support services provided by CIECH S.A. to the Group companies within segment reporting — at present, all revenues and expenses from support services are presented under relevant segments within which the services are provided, whereas previously they were reported in the "Other activities" segment.

5.3. CHANGES IN ESTIMATES

In the presented periods, there were no significant revisions to the estimates.



RATIO CALCULATION METHODOLOGY

Principles of ratio calculation (according to the data for continuing operations):

EBITDA (%)	(operating profit + amortization/depreciation for a given period)/ net revenues from sales of products, services, goods and materials in a given period
Adjusted EBITDA (%)	EBITDA excluding one-off events, the more important of which were described in item 2.5 / net revenues from sales of products, services, goods and materials for a given period
Annualised EBITDA (%)	EBITDA for the 12-month period ended on the balance sheet date
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 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 in a given period
adjusted EBIT margin	operating profit for a given period excluding one-off events, the more important of which were described in section 2.5 / net revenues from sales of products, services, goods and materials for a given period
adjusted EBITDA margin	EBITDA excluding one-off events, the more important of which were described in section 2.5 / 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
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 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 financial liabilities	liabilities from loans, bonds, borrowings (plus overdraft) and other debt instruments (finance lease + liabilities from net negative valuation of derivatives calculated separately for each derivative + reverse factoring liabilities + factoring liabilities) less cash and cash equivalents
gross financial liabilities	liabilities from loans, bonds, borrowings (plus overdraft) and other debt instruments (finance lease + liabilities from net negative valuation of derivatives calculated separately for each derivative + reverse factoring liabilities + factoring liabilities)



STATEMENT OF THE MANAGEMENT BOARD

This Extended consolidated quarterly report of the CIECH Group for three quarters of 2017 was approved by the Management Board of CIECH S.A. at its registered office on 13 November 2017.

Warsaw, 13 November 2017.

(signed on the polish original)

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Maciej Tybura – President of the Management Board of CIECH Spółka Akcyjna

(signed on the polish original)

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

(signed on the polish original)

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

(signed on the polish original)

.....

Katarzyna Rybacka – Chief Accountant of CIECH Spółka Akcyjna