

**POLSKIE GÓRNICTWO NAFTOWE
I GAZOWNICTWO S.A.
CAPITAL GROUP
WARSAW, UL. M.KASPRZAKA 25**

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 2007 FINANCIAL YEAR
WITH
AUDITOR'S OPINION**

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REPORT ON THE ACTIVITIES OF THE CAPITAL GROUP

AUDITOR'S OPINION

To the Shareholders and Supervisory Board of Polskie Górnictwo Naftowe i Gazownictwo S.A.

We have audited the attached consolidated financial statements of the Capital Group Polskie Górnictwo Naftowe i Gazownictwo S.A., with Polskie Górnictwo Naftowe i Gazownictwo S.A. with the registered office in Warsaw, ul. M.Kasprzaka 25 being its holding company, including:

- consolidated balance sheet prepared as of 31 December 2007, with total assets and liabilities plus equity of PLN 28,401,901 thousand;
- consolidated income statement for the period from 1 January 2007 to 31 December 2007, disclosing a net profit of PLN 916,065 thousand;
- statement of changes in consolidated equity for the period from 1 January 2007 to 31 December 2007, disclosing an decrease in equity of PLN 131,595 thousand;
- consolidated cash flow statement for the period from 1 January 2007 to 31 December 2007, showing a net cash outflow of PLN 1,974,346 thousand;
- additional information and explanations.

Preparation of these consolidated financial statements is the responsibility of the Management Board of the holding company. Our responsibility was to audit and express an opinion on the fairness, correctness and clarity of these consolidated financial statements.

The consolidated financial statements were drawn up using the full method as regards the holding company, 23 subsidiaries (including one controlled indirectly) and the equity method as regards 1 associated company and 1 co-subsidiary. The financial statements of 16 subsidiaries, associated company and co-subsidiary were subject to audit by other entities authorized to audit financial statements. We received the financial statements of 16 subsidiaries together with opinions resulting from audits of these financial statements. Our opinion on the audit of the consolidated financial statements in respect to the data of these entities has been based on opinions of certified auditors authorized to perform the audits. The data from the financial statements of subsidiaries in the case of which our audit was fully based on opinions of other certified auditors account for 4,3 % and 8,4 % of consolidated assets and consolidated sales revenues before consolidation adjustments, respectively.

Our audit of the consolidated financial statements was planned and performed in accordance with:

- section 7 of the Accounting Act of 29 September 1994 (Dz.U. of 2002 No. 76, item 694 with subsequent amendments),
- auditing standards issued by the National Council of Certified Auditors in Poland

in such a way as to obtain reasonable and sufficient basis for expressing an opinion as to whether the consolidated financial statements were free of material misstatements. Our audit included in particular examination of the consolidation documentation supporting the amounts and disclosures

in the consolidated financial statements, assessment of the accounting principles (policy) applied in the preparation of the consolidated financial statements, related material estimates as well as evaluation of the overall presentation of the financial statements.

We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on the audit results and opinions of other certified auditors, the audited consolidated financial statements of Capital Group Polskie Górnictwo Naftowe i Gazownictwo S.A. for the 2007 financial year give a true and fair view of all the information essential for evaluating the financial position and financial result of the Capital Group for the 12-month period ended 31 December 2007 and, as at that date, in accordance with the International Financial Reporting Standards as approved by the European Union.

Without raising any qualifications as to the correctness and fairness of the audited consolidated financial statements, we would like to draw your attention to the note no. 6 to the consolidated financial statements where Management Board of the holding company indicated factors that influence assumptions made during valuation of shares of co-subsiary SGT EuRoPol Gaz S.A. The valuation of SGT EuRoPol Gaz S.A shares has been based on assumptions and future events that are independent of the holding company and its results cannot be surely foreseen as at the date of the preparation of the consolidated financial statements. The Management Board of the holding company has also explained the reasons for impairment loss of the SGT EuRoPol Gaz S.A shares.

The Report on the Capital Group's activities in the 2007 financial year is complete in the meaning of Article 49 clause 2 of the Accounting Act and regulation of the Minister of Finance dated October 19th 2005 on current and periodic information to be published by the issuers of securities and consistent with the underlying information disclosed in the audited consolidated financial statements.

The above audit opinion is a translation from the original Polish version. In case of any discrepancies between the Polish and English version, the Polish version shall prevail

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Maria Rzepnikowska
Certified Auditor
No. 3499/1028

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represented by

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Entity entitled to audit
financial statements entered under
number 73 on the list kept by the
National Council of Certified Auditors

Warsaw, 4 April 2008