

**POLSKIE GÓRNICCTWO NAFTOWE  
I GAZOWNICTWO S.A.  
WARSAW, UL. KRUCZA 6/14**

**FINANCIAL STATEMENTS  
FOR THE 2006 FINANCIAL YEAR  
WITH  
AUDITOR'S OPINION  
AND  
AUDIT REPORT**

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### **FINANCIAL STATEMENTS OF POLSKIE GÓRNICHTWO NAFTOWE I GAZOWNICTWO S.A. FOR THE 2006 FINANCIAL YEAR**

1. Balance sheet	
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### **REPORT ON ACTIVITIES OF THE COMPANY**

## AUDITOR'S OPINION

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

We have audited the attached financial statements of Polskie Górnictwo Naftowe i Gazownictwo S.A. with registered office in Warsaw, ul. Krucza 6/14, including:

- balance sheet prepared as of 31 December 2006, with total assets and liabilities plus equity of PLN 19,229,857 thousand;
- profit and loss account for the period from 1 January 2006 to 31 December 2006, disclosing a net profit of PLN 1,582,268 thousand;
- statement of changes in equity for the period from 1 January 2006 to 31 December 2006, disclosing an increase in equity of PLN 654,413 thousand;
- cash flow statement for the period from 1 January 2006 to 31 December 2006, showing a net cash inflow of PLN 245,627 thousand;
- notes, including information on the adopted accounting policy and other explanatory notes.

Preparation of these financial statements is the responsibility of the Management Board of the Company. Our responsibility was to audit and express an opinion on the fairness, correctness and clarity of these financial statements and the correctness of the underlying accounting records.

Our audit of the 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 financial statements were free of material misstatements. Our audit included in particular examination, largely on a test basis, of the accounting evidence and records supporting the amounts and disclosures in the financial statements, assessment of the accounting principles (policy) applied and material estimates made by the Management Board, 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 the audited financial statements of the Company Polskie Górnictwo Naftowe i Gazownictwo S.A. for the 2006 financial year were prepared in all material respects pursuant to:

- the Act of 29 September 1994 on accounting books in form and content complying with the requirements of the Accounting Act of 29 September 1994 and the articles of association of the Company,
- in accordance with the accounting principles determined by the accounting Act and the Company's accounting policy, applied consistently,

- based on properly kept accounting records
- in accordance with the Minister of Finance’s Ordinance of 18 October 2005 on the scope of information disclosed in financial statements and consolidated financial statements, required in the prospectuses of issuers with registered offices in the Republic of Poland, which should apply Polish Accounting Standards (Dz.U. No. 209 item 1743), as well as the Minister of Finance’s Ordinance of 19 October 2005 on the ongoing and periodic information provided by the issuers of securities (Dz. U. No 209 item 1744);

and give a true and fair view of all the information essential for evaluating the financial position and financial result of the Company for the 12-month period ended 31 December 2006 and, as at that date.

Without raising any qualifications as to the correctness and fairness of the audited financial statements, we would like to point out that the presented financial statements are individual financial statements and were prepared in accordance with Polish Accounting Standards. These financial statements cannot constitute the sole basis for evaluating the financial and economic position of the Company which is a holding company in the Capital Group. In addition to the individual financial statements, the Company also prepares the consolidated financial statements of the Capital Group, in which it acts as the holding company, in accordance with International Financial Reporting Standards. On April 3, 2007 we issued an unqualified opinion on these financial statements.

The Report on the Company’s activities in the 2006 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 underlying information disclosed in the audited financial statements.

.....  
Maria Rzepnikowska  
Certified Auditor  
No. 3499/1028

.....  
represented by

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

Warsaw, April 3, 2007

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

**REPORT SUPPLEMENTING THE OPINION ON THE AUDIT OF THE  
FINANCIAL STATEMENTS OF POLSKIE GÓRNICHTWO NAFTOWE  
I GAZOWNICTWO S.A.  
FOR THE 2006 FINANCIAL YEAR**

**I. GENERAL INFORMATION**

**1. Details of the audited Company**

The Company operates under the name of Polskie Górnictwo Naftowe i Gazowe S.A. The Company's registered office is located in Warsaw, ul. Krucza 6/14

The Company operates as a joint stock company established by the notarized deed of 21 October 1996 before Paweł Błaszczak, Notary Public in Warsaw (Repertory A No. 18871/96).

The Company was recorded in the Commercial Register kept by the District Court XVI Business-Registry Division in Warsaw, under the number RHB 48382, based on the decision of 27 December 2001. Currently, the Company is recorded in the Register of Entrepreneurs kept by the District Court XII Business-Registry Division in Warsaw, under KRS No. 0000059492.

The Company has the tax identification number NIP: 525-000-80-28 assigned by Tax Office Warszawa-Śródmieście No. 2 on November 22, 1996.

The REGON number assigned by the Statistical Office on 14 November 1996 is: 012216736.

The Company operates based on the provisions of the Code of Commercial Companies.

In accordance with the Company's By-laws (Articles of Association), the scope of its activity includes:

- geological and engineering excavations and drillings;
- general construction work on line structures: pipelines, electric energy lines, electric traction, telecommunication-transmission lines;
- construction of central heating and ventilation installations;
- service and repair of motor vehicles;
- retail sale of fuels;
- wholesale of solid, liquid and gas fuels as well as derivative products;
- wholesale of semi-finished products;
- freight road transport using specialised vehicles;
- freight road transport using general-purpose vehicles;
- pipeline transport;
- warehousing and storage in other storage facilities;
- production of crude oil;
- production of natural gas;
- services related to exploration of crude oil and natural gas fields;
- mining of sulphur-bearing materials;
- other mining, not classified anywhere else;
- production of crude oil refined products;
- reprocessing of crude oil refined products;
- services related to installation, repair and maintenance of machines for mining and the building industry;
- fixed line telephony and telegraphy;
- mobile telephony;
- data transmission; information and communication technology;

- radio communications;
- research and development work in technical science;
- geological and exploration activity;
- surveying and map making;
- rental of real property on own account;
- purchase and sales of real property on own account;
- activity of non-public libraries;
- archive activity;
- activity of museums;
- production of electricity;
- transmission of electricity;
- distribution of electricity;
- production of gas fuels;
- distribution of gas fuels through the network;
- hotels and motels with restaurants and without restaurants;
- travel agency activities;
- production and distribution of heat (steam and hot water);
- construction of gas installations;
- management of residential and non-residential real property;
- lease of the Company's assets dedicated to the transmission of energy and gas;
- technical tests and analyses;
- other specialised wholesale trade.

In the audited period, the Company conducted activities in the area of research and exploration of crude oil and natural gas fields, general construction work on line structures: pipelines and mines of crude oil and natural gas, lease of assets dedicated to the transmission of energy and gas.

As of 31 December 2006, the Company's share capital amounted to PLN 5,900,000,000.00 and was divided into:

- 1) bearer stock series A in the amount of 4,250,000,000 with a nominal value of PLN 1;
- 2) bearer stock series A1 in the amount of 750,000,000 with a nominal value of PLN 1;
- 3) bearer stock series B in the amount of 900,000,000 with a nominal value of PLN 1.

As of November 31, 2006 the Company's shareholders included:

- o the State Treasury – 84.74% of shares;
- o publicly traded shares – 15.26% of shares

No changes in the Company's share capital took place during the financial year.

No changes in the Company's shareholding structure took place in the audited period.

No changes in the Company's share capital took place after the balance sheet date.

As of 31 December 2006, the Company's total equity amounted to PLN 12,021,456.

The Company's financial year is the calendar year.

The Company has the following related parties:

- Karpacka Spółka Gazownictwa Sp. z o.o.- 100% shares;
- Górnśląska Spółka Gazownictwa Sp. z o.o.-100% shares;
- Mazowiecka Spółka Gazownictwa Sp. z o.o.- 100% shares;
- Wielkopolska Spółka Gazownictwa Sp. z o.o.- 100% shares;
- Pomorska Spółka Gazownictwa Sp. z o.o.- 100% shares;
- Dolnośląska Spółka Gazownictwa Sp. z o.o.- 100% shares;

- Górnictwo Naftowe Sp. z o.o.- 100% shares;
- PNIG Jasło Sp. z o.o.- 100% shares;
- PNIG Kraków Sp. z o.o.- 100% shares;
- Geovita Sp. z o.o.- 100% shares;
- PN Diament Sp. z o.o.- 100% shares;
- PNIG Nafta Piła Sp. z o.o.- 100% shares;
- BUG Gazobudowa Sp. z o.o.- 100% shares
- Geofizyka Kraków Sp. z o.o.- 100% shares;
- Geofizyka Toruń Sp. z o.o.- 100% shares;
- BN Naftomontaż Sp. z o.o.- 88,83% shares;
- Zakład Robót Górniczych Krosno Sp. z o.o. –100% shares;
- ZUN Naftomet Sp. z o.o.- 100% shares;
- ZRUG Sp. z o.o. (w Pogórskiej Woli)- 100% shares;
- PGNiG Finance B.V.- 100% shares;
- BUD-GAZ Sp. z o.o.- 100% shares;
- Investgas S.A.- 100% shares;
- BSiPG Gazoprojekt S.A.- 75% shares;
- PI Gazotech Sp. z o.o.- 69,44% shares;
- PP-UiH TURGAZ Sp. z o.o.- 51,14% shares;
- Nysagaz Sp. z o.o.- 51% shares;
- InterTransGas GmbH- 50% shares;
- Polskie Elektrownie Gazowe Sp. z o.o.- 48% shares;
- SGT EuRoPol Gaz S.A.- 48% shares;
- PFK Gaskon S.A.- 45,94% shares;
- Gas Trading S.A.- 43,41% shares;
- ZWUG Intergaz Sp. z o.o. – 38,30% shares;
- Devon S.A. – 36,38% shares;
- ZRUG Warszawa S.A.(w likwidacji)- 49% shares;
- Sahara Petroleum Technology Llc- 49% shares;
- Gazomontaż S.A.- 45,18% shares;
- ZRUG Sp. z o.o. (w Poznaniu) - 40,08% shares;
- HS Szczakowa S.A. – 33,30% shares;
- ZRUG Toruń S.A.- 31,33% shares;
- Przedsiębiorstwo Wielobranżowe MED-FROZ S.A. (w likwidacji)- 23,07% shares;
- ZRUG Zabrze Sp. z o.o.- 21,82% shares;
- „TE-MA” WOC Sp. z o.o.- 20,97% shares;

As at the opinion's date, the composition of the Company's Management Board was as follows:

- Krzysztof Głogowski - President of the Management Board
- Jan Anysz - Vice-President of the Management Board for Employment and Ownership Supervisory Matters
- Zenon Kuchciak - Vice-President of the Management Board for Trade and Marketing
- Stanisław Niedbalec – Vice-President of the Management Board for Technical and Investment Matters
- Tadeusz Zwierzyński - Vice-President of the Management Board for Strategic Projects

The following changes in the Company's Management Board took place during the audited period:

- according to the Supervisory Board Resolution no. 19/IV/06 and 30/IV/06 of January 17, 2006, Mr. Bogusław Marzec and Mr. Stanisław Niedbalec were appointed to the Management Board;
- according to the Supervisory Board Resolution no. 33/IV/06 of March 3, 2006, Mr. Franciszek Krok was dismissed from the Management Board;

- according to the Supervisory Board Resolution no. 53/IV/06 of April 6, 2006, Mr. Bartłomiej Pawlak was appointed to the Management Board;
- according to the Supervisory Board Resolution no. 55/IV/06 of April 7, 2006, Mr. Zenon Kuchciak was appointed to the Management Board;
- according to the Supervisory Board Resolution no. 63/IV/06 of April 25, 2006, Mr. Bogusław Marzec was appointed to the position of Chairman of PGNiG S.A.;
- Mr Bogusław Marzec resigned from position of the Chairman of PGNiG S.A. as at June 21, 2006;
- According to the Supervisory Board Resolution no. 63/IV/06 of June 23, 2006 Mieczysław Puławski – an independent member of the Supervisory Board, was delegated to act as President of the Management Board from June, 24 2006 to Septemeber 12, 2006;
- Bartłomiej Pawlak has resigned from his position as a Vice-President of the Management Board since 21 July 2006;
- According to the Supervisory Board Resolution no. 109/IV/06 of September 12, 2006, Mieczysław Puławski was extended to act as the President of PGNiG’s Management Board until September 23rd 2006.
- W dniu 12 września Pan Mieczysław Puławski – członek Rady Nadzorczej uchwałą nr 109/IV/06 został ponownie delegowany do czasowego wykonywania czynności Prezesa Zarządu PGNiG S.A. od 13 września 2006 roku do dnia 23 września 2006 roku;
- according to the Supervisory Board Resolution no. 108/IV/06 of September 11, 2006, Mr. Tadeusz Zwierzyński was appointed to the position of Member of the Management Board – Deputy Chairman for Strategic Projects;
- according to the Supervisory Board Resolution no. 107/IV/06 of September 11, 2006, Mr. Krzysztof Głogowski was appointed to the position of Chairman of PGNiG S.A.

The above changes were filed and recorded in the proper court register

## **2. Information on the financial statements for the previous financial year**

The activities of the Company in 2005 resulted in the net profit of PLN 1,132,228 thousand. The Company’s financial statements for the 2005 financial year were audited by a certified auditor. The audit was performed by authorised entity Deloitte Audyt Sp. z o.o. On April 6, 2006, the certified auditor issued an unqualified opinion with issues pointed out on these financial statements, stating as follows:

*“Without qualifying the accuracy and fairness of the audited financial statements, we would like to point out the following issues:*

*1. The presented financial statements are individual financial statements and were prepared in accordance with Polish Accounting Standards. These financial statements cannot constitute the sole basis for evaluating the financial and economic position of the Company which is a holding company in the Capital Group. In addition to the individual financial statements, the Company also prepares the consolidated financial statements of the Capital Group, in which it acts as the holding company, in accordance with International Financial Reporting Standards. By the opinion date, the consolidated financial statements had not been prepared.*

*2. In point 10.3 of the Introduction to the financial statements the Company informs that in 2002 land perpetual usufruct titles acquired free-of-charge were entered into accounting records. These rights were measured at values determined by administrative decisions issued before 1 January 2002 by authorities granting such rights. The equivalent of recognised perpetual usufruct titles was also disclosed in accounting records under prepayments and accruals. For the purpose of presentation in the financial statements, the value of recognised land perpetual usufruct rights was decreased by related prepayments and accruals.”*



The General Shareholders' Meeting which approved the financial statements for the 2005 financial year was held on June 27, 2006. The General Shareholders' Meeting decided on the following distribution of the net profit coverage for 2005:

- dividends to shareholders – PLN 835,000,000.00;
- transfer to share capital – PLN 203,327,947.23;
- contribution to Company Social Fund – PLN 7,300,000.00;
- Award Fund – PLN 27,600,000.00;
- Employment Restructuring Fund – PLN 8,000,000.00.

In accordance with applicable laws, the financial statements for the 2005 financial year were submitted to the National Court Register (KRS) on June 30, 2006 and submitted for publication in Monitor Polski B on July, 2006. The financial statements were published in Monitor Polski B No. 452 on March 12, 2007.

### **3. Details of the authorized entity and the Certified Auditor acting on its behalf**

The audit of the financial statements was performed based on the agreement of December 1, 2006 concluded between Polskie Górnictwo Naftowe i Gazownictwo S.A. and Deloitte Audyt Sp. z o.o. with registered office in Warsaw, ul. Piękna 18, recorded under number 73 on the list of entities authorised to provide audit services kept by the National Council of Certified Auditors. On behalf of the authorised entity, the audit of financial statements was conducted under the supervision of Certified Auditor Maria Rzepnikowska (No. 3499/1028), in the registered office of the holding company from February 12, 2006 to March 31, 2007.

The authorised entity was appointed by the Supervisory Board by the resolution of November 28, 2006 based on authorisation included in Article 33 of the holding company's Articles of Association.

Deloitte Audyt Sp. z o.o. and the Certified Auditor Maria Rzepnikowska confirm that they are authorised to carry out audits and meet the requirements of Article 66 clauses 2 and 3 of the Accounting Act to express an unbiased and independent opinion on the financial statements of Polskie Górnictwo Naftowe i Gazownictwo S.A.

### **4. Availability of data and management's representations**

The scope of our audit was not limited.

During the audit, all necessary documents and data as well as detailed information and explanations, were provided to the authorised entity and the Certified Auditor, as confirmed e.g. in the written representation of the Management Board of April 3, 2007.

## 5. Economic and financial position of the Company

Presented below are the main items from the profit and loss account as well as financial ratios describing the financial result of the Company and its economic and financial position compared to the previous years.

<u>Main items from the profit and loss account</u> (PLN '000)	<u>2006</u>	<u>2005</u>	<u>2004</u>
Sales revenues	12,121,673	9,867,803	8,447,521
Operating expenses	11,212,720	8,592,856	6,848,677
Other operating revenues	755,248	633,330	142,045
Other operating expenses	256,028	332,444	352,153
Financial revenues	890,510	889,901	1,062,703
Financial expenses	465,500	929,313	1,332,276
Extraordinary gains (losses)	0,0	(795)	(910)
Income tax	250,938	252,703	225,764
Other statutory reductions in profit	23	166,842	145,774
Net profit (loss)	1,582,268	1,132,227	746,712
<u>Profitability ratios</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
- gross profit margin	15%	16%	13%
- net profit margin	13%	11%	9%
- net return on equity	13%	10%	9%
<u>Effectiveness ratios</u>			
- assets turnover ratio	63%	51%	58%
- receivables turnover in days	32	38	43
- liabilities turnover in days	25	27	31
- inventory turnover in days	32	27	27
<u>Liquidity/Net working capital</u>			
- debt ratio	37%	41%	44%
- equity to fixed assets ratio	63%	59%	56%
- net working capital (PLN '000)	3,726,897	3,033,401	(2,480,921)
- current ratio	2,82	2,33	0,53
- quick ratio	2,21	2,01	0,42

The analysis of the above figures and ratios indicated the following trends occurring in 2006:

- an increase in net profit margin and net return on equity;
- a decrease in receivables in days and in liabilities turnover in days;
- a decrease in debt ratio;
- an improvement in liquidity ratios.

## **II. DETAILED INFORMATION**

### **1. Evaluation of the accounting system**

The Company has valid documentation describing the accounting principles (policy) applied, including in particular: definition of the financial year and reporting periods thereof, methods of measuring assets and liabilities and determining the financial result, method of keeping the accounting records and the system of data and file protection. The documentation of the accounting policy was developed in line with the Accounting Act and in respect to the measurement of assets and liabilities plus equity as well as evaluation of presentation of the financial statements – in line with IFRS as approved by the European Union. The documentation was approved for use starting from 1 January 2005 by the resolution of the Management Board No. 383/2002 of December 23, 2002. Principal methods of measuring assets, liabilities and the financial result were presented in the explanatory notes.

Accounting principles accepted by the Company comply with the Accounting Act. Accounting principles regarding valuation of assets and liabilities and determining the financial result were described in the introduction to the financial statements.

The Company uses SAP computerised accounting system, within which all business transactions are recorded. The Company additionally uses the a HR-Payroll module developed by Warsoft. The description of the IT system complies with the requirements of Article 10 clause 1 point 3 item c) of the Accounting Act. The SAP system is password-protected against unauthorized access and has functional access controls. The description of the information system complies with the requirements of Article 10 clause 1 point 3 letter c) of the Accounting Act.

The opening balance resulting from the approved financial statements for the prior financial year was properly introduced into the accounting records of the audited period.

In the audited documentation of business transactions, accounting records and the relationships between accounting entries, financial documents and financial statements complied with the requirements of section 2 of the Accounting Act.

The accounting records and vouchers, the documentation of the accounting system and the approved financial statements of the Company are stored in compliance with section 8 of the Accounting Act.

The Company performed a physical count of assets and liabilities within the scope, timing and frequency required by the Accounting Act. Identified differences were recorded and settled in the accounting records for the audited period.

### **2. Information on the audited financial statements**

The audited financial statements were prepared as of 31 December 2006 and include:

- balance sheet prepared as of 31 December 2006, with total assets and liabilities plus equity of PLN 19,229,857 thousand;
- profit and loss account for the period from 1 January 2006 to 31 December 2006, disclosing a net profit of PLN 1,582,268 thousand;

- statement of changes in equity for the period from 1 January 2006 to 31 December 2006, disclosing an increase in equity of PLN 654,413 thousand;
- cash flow statement for the period from 1 January 2006 to 31 December 2006, showing a net cash inflow of PLN 245,627 thousand;
- notes, including information on the adopted accounting policy and other explanatory notes.

The structure of assets and liabilities plus equity as well as items affecting the financial result were presented in the financial statements.

### **3. Information on selected material items of the financial statements**

#### Tangible fixed assets

The Company's tangible fixed assets include:

- fixed assets of PLN 3,334,254 thousand;
- fixed assets under construction of PLN 1,370,962 thousand;
- advance payments for fixed assets under construction of PLN 626 thousand.

Explanatory notes correctly describe changes in fixed assets and fixed assets under construction, including disclosure of any revaluation write-downs on such assets.

#### Long-term investments

The Company's long-term investments include:

- shares in related parties in the amount of PLN 5,015,643 thousand;
- shares in other parties in the amount of PLN 1,645 thousand;
- other long-term investments in the amount of 119,536 thousand.

Explanatory notes correctly describe changes in investments during the financial year.

#### Structure of inventory

In the position of "Material" the Company presents an inventory of gas in the amount of PLN 1,163,186 thousand, what is described in the point 11.9 of Introduction to Financial Statements. The structure of inventory was correctly presented in the respective explanatory note.

#### Structure of receivables

The ageing analysis of trade receivables was correctly presented in the respective explanatory note. The audited sample did not include expired or redeemed receivables.

#### Liabilities

The ageing analysis and liabilities by type were correctly presented in the respective explanatory note.

Key items of the Company's liabilities include:

- long-term loans in the amount of PLN 2,298,720 thousand;
- short-term loans in the amount of PLN 4,917 thousand;
- trade liabilities in the amount of PLN 792,664 thousand;
- public liabilities in the amount of PLN 644,199 thousand.

Specification of credits and description of their collaterals were disclosed in additional notes and information to financial statements. Long-term credits which should be repaid in 2007 and interests

calculated but not paid were presented in the financial statements as short-term liabilities. The audited sample did not include expired or redeemed liabilities.

Prepayments, accruals and provisions for liabilities

The structure of the above items is correctly described in the respective explanatory notes. Expenses and revenues settled over time were correctly classified in respect to the audited financial year.

Provisions for liabilities were determined at reliably estimated amounts.

The items are recognized completely and correctly in all material respects in relation to the financial statements as a whole.

Justification of the opinion issued

As a result of our audit we issued an unqualified opinion, pointing out the following issue:

Without raising any qualifications as to the correctness and fairness of the audited financial statements, we would like to point out that the presented financial statements are individual financial statements and were prepared in accordance with Polish Accounting Standards. These financial statements cannot constitute the sole basis for evaluating the financial and economic position of the Company which is a holding company in the Capital Group. In addition to the individual financial statements, the Company also prepares the consolidated financial statements of the Capital Group, in which it acts as the holding company, in accordance with International Financial Reporting Standards. On April 3, 2007 we issued an unqualified opinion on these financial statements.

**4. Completeness and correctness of drawing up notes and explanations and the report on the activities of the entity**

Introduction to the financial statements includes all information required under Attachment 1 to the Accounting Act. The Company confirmed the validity of the going concern principle followed in preparing the financial statements. The introduction gives a correct and complete description of valuation principles regarding assets and liabilities, principles of measuring the financial result and preparing the financial statements.

The Company prepared the additional information and explanations consisting of tabular notes to individual balance sheet and profit and loss account items as well as narrative descriptions.

Explanatory notes describing tangible assets, intangible assets, investments, liabilities and provisions correctly presented increases and decreases as well as their basis during the financial year. Limitations imposed on individual assets disclosed in the consolidated balance sheet arising from security granted to creditors were described. The additional information and explanations to the financial statements give a correct and complete description of the reporting items and clearly present other information required under Attachment 1 to the Accounting Act.

The additional information and explanations to the financial statements give a correct and complete description of reporting items as well as in a clear manner present other information in accordance with the requirements specified in the Minister of Finance's Ordinance of 18 October 2005 on the scope of information disclosed in financial statements and consolidated financial statements, required in the prospectuses of issuers with registered offices in the Republic of Poland, which should apply Polish Accounting Standards (Dz.U. No. 209 item 1743), as well as the Minister of Finance's Ordinance of 19 October 2005 on the ongoing and periodic information provided by the issuers of securities (Dz. U. No. 209 item 1744).

The financial statements are supplemented with the Management Board's Report on the activities of the Company in the 2006 financial year. The Report contains all information required under Article 49 of the Accounting Act. We have audited the Report with regard to the disclosed information derived directly from the audited financial statements.

**5. Final information and findings**

Management Board's Representation

Deloitte Audyt Sp. z o.o. and the Certified Auditor received a representation letter from the Company's Management Board, in which the Board stated that the Company complied with the laws in force.

.....  
Maria Rzepnikowska  
Certified Auditor  
No. 3499/1028

.....  
Represented by

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

Warsaw, April 3, 2007