

CIECH CAPITAL GROUP
WARSAW, UL. POWĄZKOWSKA 46/50

CONSOLIDATED FINANCIAL STATEMENT
FOR THE 1ST HALF OF 2007
AND

AUDIT REPORT

**REPORT OF AN INDEPENDENT STATUTORY AUDITOR FOR THE AUDIT OF
THE INTERIM CONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD
FROM 1ST JANUARY 2007 TO 30TH JUNE 2007**

To the Shareholders and Supervisory Board of CIECH SA

We have conducted the audit on the enclosed interim consolidated financial statement of the CIECH Capital Group, for which CIECH SA with its registered offices in Warsaw at ulica Powązkowska 46/50, is the parent company, including:

- consolidated balance sheet as of June 30th, 2007, showing a total of PLN 2,919,290 thousand on the side of assets and liabilities,
- consolidated profit and loss account for the period from January 1st to June 30th, 2007 showing a net profit of PLN 185,773 thousand,
- statement of changes in consolidated equity for the period from January 1st to June 30th, 2007, showing a 175,646 thousand increase in equity,
- consolidated cash flow statement, showing an increase in cash flow for the period from January 1st, 2007 to June 30th, 2007, in the amount of PLN 41,588 thousand,
- additional information and notes.

The Management Board of the parent of the CIECH SA Capital Group is responsible for the fairness, accuracy, and clarity of the information included in the interim consolidated financial statement

. Our task was to audit that consolidated financial statement.

The interim consolidated financial statement of the CIECH Capital Group for six months ended on June 30th, 2007 comprises financial information on the fourteen fully consolidated subsidiaries. The financial statements of one subsidiary were not subject to audit by the entities authorised to conduct financial statement audits. Share of the financial statements not subject to audit in the consolidated balance sheet total before the consolidation adjustments amounts to 0.0008%, while share in the consolidated income before the consolidation adjustments amounts to 0.0003%.

The audit was conducted according to the binding provisions of the Polish law and to professional standards for auditors issued by the Polish National Council of Statutory Auditors. The standards impose an obligation on us to plan and conduct the audit in such a way that it may be stated with reasonable certainty that the consolidated financial statement is free from significant irregularities. The audit was conducted mainly by means of analysis of the data included in the interim consolidated financial statement, inspection of the consolidation documentation, and the use of information obtained from the Management Board and from the personnel responsible for finances and bookkeeping of the Parent Company. The scope and method of conducting the audit of the interim consolidated financial statement are substantially different from the audit. The aim of the audit is to express an opinion on accuracy, reliability, and fairness of the consolidated financial statement. Therefore, we do not give such an opinion.

In our audit we did not identify any need to make substantial changes in the appended interim consolidated financial statement in order to present the financial and property situation of the CIECH SA Capital Group as at 30th June 2007, and its financial result for the period from 1st January 2007 to 30th June 2007 in an accurate and clear manner in accordance with the International Financial Reporting Standards in the form adopted by the European Union.

Without reporting any necessity to make any amendments to the interim consolidated financial statements we would like to point out the following:

1. Item no. 16 of the additional information and notes to the consolidated financial statement, in which the Management Board of the Parent Company declared that as of December 31st, 2006 it did not have necessary information on fair value required to be assigned to identifiable assets, liabilities and contingent liabilities of the companies acquired in 2006 such as ZACHEM S.A., Z.Ch."Organika-Sarzyna" S.A. and S.C. Uzinele Sodice Govora – Ciech Chemical Group S.A. With reference to the above, the Parent Company, according to section 61-62 of the International Financial Reporting Standard no. 3 (IFRS 3) resolved to make an initial provisional settlement as at December 31st, 2006 of the mentioned companies' merger, applying approximate figures to the acquired assets and liabilities, the measurements of which will be subject to adjustment within 12 months from the date of take-over and from the date of take-over on. The interim consolidated financial statement for the first half of 2007 does not include any final adjustments of initial settlement of which the Management Board of the Parent Company notified in the above item. Any possible adjustments after initial recognition will be recognised in accordance with the section 63-65 IFRS no. 3 Changes in fair values of assets, liabilities, and contingent liabilities will affect in a change of goodwill or in a change of surplus of the acquired net assets over the cost of their merger.

2. The court proceedings held against the Parent Company of CIECH SA, disclosed by the Management Board in item 28.1.1 of the additional information and notes to the interim consolidated financial statements of the CIECH Capital Group for the first half of 2007. Certain proceedings are still pending, and their results and effects cannot be adequately assessed at the present time. The Management Board has estimated a provision against the potential claims at 19,040 thousand and recognised that provision in the interim consolidated financial statement. No other provisions were raised for remaining part of potential claims, disclosed by the Management Board in the mentioned item that may arise in the event of unfavourable court judgments.

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Maria Rzepnikowska
Statutory auditor
registration no. 3499/1028

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persons representing the entity

Auditors (KRBR)

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Entity authorised to audit
financial statements, entered
on the list of licensed entities
under register no. 73
kept by the National Council of Statutory

Warsaw, September 14th, 2007