

**CIECH CAPITAL GROUP
WARSAW, UL. PUŁAWSKA 182**

**CERTIFIED AUDITOR'S REPORT ON THE
REVIEW OF THE CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENT
FOR H1 2009**

**INDEPENDENT CERTIFIED AUDITOR'S REPORT ON THE REVIEW OF THE
CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENT FOR THE PERIOD BETWEEN JANUARY 1ST, 2009 AND JUNE
30TH, 2009**

To the Shareholders and Supervisory Board of CIECH S.A.

We have reviewed the condensed interim consolidated financial statement of the Ciech Capital Group for which CIECH SA, with its registered office in Warsaw, at ul. Puławska 182, is the Parent Company. The financial statement includes:

- a consolidated income statement for the period between January 1st, 2009 and June 30th, 2009, presenting a net profit in the amount of PLN 35,192 thousand,
- a consolidated statement of comprehensive income for the period between January 1st, 2009 and June 30th, 2009, presenting a total comprehensive income in the amount of PLN 46,893 thousand,
- a consolidated statement of financial position as at June 30th, 2009, presenting a total balance of assets and liabilities in the amount of PLN 4,369,224 thousand,
- a consolidated cash flow statement, presenting an increase in cash in the period between January 1st, 2009 and June 30th, 2009 by PLN 10,537 thousand,
- a consolidated statement of changes in equity for the period between January 1st, 2009 and June 30th, 2009, presenting an increase in equity in the amount of PLN 41,218 thousand,
- selected notes.

The Management Board of the Parent Company of the Ciech Capital Group is responsible for the accuracy, correctness and transparency of the information included in the condensed interim consolidated financial statement prepared in accordance with the International Financial Reporting Standards applicable to interim financial reporting in the form adopted by the European Union ("IFRS 34"), and for the correctness of the consolidation documentation. Our task was to issue a report on the financial statement based on its review.

The condensed interim consolidated financial statement of the Ciech Capital Group for the six-month period ending on June 30th, 2009 covers the financial figures of fourteen subsidiaries. The share in the consolidated balance sheet total before consolidation adjustments of the financial statements not subject to the review amounts to 0.28%, while in the consolidated revenues before consolidation adjustments to 0.36%.

The review was conducted pursuant to the binding Polish legal regulations and standards for certified auditors issued by the National Council of Statutory Auditors, and the International Standard on

Review Engagements 2400 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. Pursuant to the aforesaid standards, we are obliged to plan and conduct the review in such a way as to obtain reasonable certainty that the condensed interim consolidated financial statement is free from any material misstatements. The review was conducted mainly by way of an analysis of the data included in the condensed interim consolidated financial statement, the inspection of the consolidation documentation as well as the use of information obtained from the Management Board and the employees responsible for the Parent Company’s finances and accounting. The scope and method of the review of the consolidated financial statement are significantly different from an audit. The aim of the review is not to issue an opinion on the correctness, accuracy and transparency of the consolidated financial statement. Therefore, we do not give such an opinion.

In 2008, the Parent Company CIECH S.A. concluded derivative transactions, covering option structures, consisting of the put options acquired and call options issued. Due to the fact that the option structures concluded by the Company constitute an economic hedge of future sales revenues of the Capital Group, and in connection with the restructuring of these instruments, ongoing and partially completed before the date of preparing the financial statement for 2008, the Parent Company designated in 2008 a portion of the concluded derivative transactions as the hedge of these revenues within the meaning of hedge accounting. Therefore, the Parent Company fragmented them into component instruments, and distinguished among them a portion of derivative transactions, constituting an option structure, which, as a synthetic forward contract, was subject to hedge accounting principles. The transactions which were not included in the option structure, constituting a hedging instrument, are treated as derivative instruments of commercial character. In H1 2009, the Parent Company restructured a portion of option structures concluded in 2008 through concluding a derivative transaction covering the acquired put options and issued call options.

In our opinion, despite their hedging character in terms of economy, the synthetic forward contracts, resulting from the disintegration of derivatives concluded in 2008 conducted by the Parent Company, could be assigned as a hedge of future sales revenues of the Capital Group if they had been concluded as identical in relation to parameters but as separate with respect to legal provisions. This is connected with the fact that despite the non-inferiority of the economic result, IAS 39 forbids assigning only a portion of a derivative instrument as a hedging instrument in hedge accounting. Moreover, pursuant to IAS 39, the option transactions concluded in H1 2009, resulting from the restructuring of previously concluded option structures and assigned for hedge accounting, could not be hedging instruments, for they constitute the net option issued. Nevertheless, the Parent Company designates for hedge accounting a derivative structure, consequently constituting a synthetic forward contract, which could be assigned as a hedging instrument pursuant to the requirements of IAS 39, if it had been concluded as a single derivative.

Detailed information concerning the concluded derivative instruments and the applied principles of hedge accounting is included in point 6 of the notes to the condensed interim consolidated financial statement of the Ciech Capital Group.

Except for the possible influence of the event described above and in point 6 of the notes to the condensed interim consolidated financial statement of the Ciech Capital Group, the conducted review did not reveal the need to introduce any material changes to the attached condensed interim consolidated financial statement for it to present accurately and transparently the asset and financial situation of the Ciech Capital Group as at June 30th, 2009 as well as its financial result for the period between January 1st, 2009 and June 30th, 2009 in accordance with the International Financial Reporting Standards in the form approved by the European Union and applicable to interim reporting.

Reporting no need to introduce further changes to the attached condensed interim consolidated financial statement, we would like to pay attention to:

- I. Point 7.3 of the notes to the condensed interim consolidated financial statement, in which the Management Board of the Parent Company informed about the court judgement in the case

against PTU S.A. instituted by FSO S.A., delivered on April 28th, 2009. Due to the fact that the judgement lacks the force of law, the Management Board of the Parent Company is not able to estimate the financial results and influence of the court's decision on the further control over PTU, and, what follows, the influence on the consolidated financial statement as at June 30th, 2009. Therefore, the interim consolidated financial statement does not include any related adjustments, which would be necessary in the case of an unfavourable valid court judgement.

- II. Point 4 of the notes to the condensed interim consolidated financial statement, in which the Management Board of the Parent Company informed about the financial standing of the Ciech Capital Group as at June 30th, 2009, a decrease in the return on sales and maintenance of negative working capital as well as of the violations of the conditions of current loan agreements. Further in this point, the Management Board presented its plans and actions, *inter alia*, as to debt restructuring, aimed at providing long-term and stable sources of financing for the Parent Company and the Ciech Capital Group. Despite the fact that the Group's financial standing may raise doubts among the recipients of the statement as to the required levels of liquidity ratios, working capital and sources of external financing, in the opinion of the Management Board the actions described therein will ensure improvement of the Capital Group's financial standing. Consequently, its going concern in the foreseeable future in the same or a similar scope is unthreatened. Therefore, there exists no need to reclassify or re-measure assets and liabilities, which would be necessary if the assumption of going concern was groundless.

Maria Rzepnikowska
Certified auditor
Reg. No. 3499

Representatives

Entity authorised to audit financial statements
entered into the list of authorised entities kept by
the National Council of Statutory Auditors under
no. 73

Warsaw, August 25th, 2009