

**CIECH S.A. CAPITAL GROUP
WARSAW,
UL. POWĄZKOWSKA 46/50**

**CONSOLIDATED FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR 2005
WITH
STATUTORY AUDITOR'S OPINION
AND
AUDIT REPORT**

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INDEPENDENT AUDITOR'S OPINION

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

We have audited the accompanying consolidated financial statement of the Ciech S.A. Capital Group, whose parent company is CIECH S.A. with its registered office in Warsaw, at ul. Powązkowska 46/50, including:

consolidated balance sheet as of December 31, 2005, showing the total assets and liabilities of 1 635 132 000 PLN

consolidated profit and loss account for the period from January 1, 2005 to December 31, 2005, showing the net profit of 117 853 000 PLN

statement of changes in consolidated equity for the period from January 1, 2005 to December 31, 2005, showing a 261 147 000 PLN increase in equity

consolidated cash flow statement for the period from January 1, 2005 to December 31, 2005, showing an increase in the amount of cash of 63 780 000 PLN

additional information and explanatory notes

The Management Board of the Parent Company is responsible for compilation of the above-mentioned consolidated financial statement. Our task was to audit this consolidated financial statement and express our opinion concerning its reliability, accuracy, and clarity.

Starting from 2005, according to Art. 55 of the Polish Accounting Act, the entity compiles to its consolidated financial statements in line with the International Financial Reporting Standards, as approved by the European Union.

The consolidated financial statement has been compiled using the full method for ten subsidiaries and with the use of the equity method for

one associate. Financial statements of one subsidiary and the associate have been audited by other entities authorised to audit financial statements.

We have been provided with financial statements of the aforementioned subsidiary, and associate as well as relevant auditor's opinions. Figures from the consolidated financial statement of the subsidiary account for 0.93% and 1.42% of the consolidated assets and consolidated income from sales, respectively, before making any consolidation adjustments.

We have planned and conducted our audit of the consolidated financial statement in accordance with the following laws and standards:

chapter 7 of the Polish Accounting Act of 29 September 1994 (Journal of Laws of 2002, No. 76, Item 694, as amended)

professional standards for auditors issued by the Polish National Council of Statutory Auditors (KRBR)

To obtain reasonable assurance whether the consolidated financial statement is free from material misstatements. The audit included in particular the check of consolidation documentation, which constitutes the source of amounts and information included in the consolidated financial statement, as well as the assessment of the accounting principles (policy) used, important relevant estimations, and the general evaluation of the consolidated financial statement.

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

In our opinion, based on the audit of the consolidated financial statement of the CIECH S.A. Capital Group for the financial year 2005, the statement in question conforms to all material respects with the consolidation documentation maintained in accordance with the Act of Accounting of 29 September 1994. Moreover, it presents fairly and clearly all information important for the assessment of the financial standing and result of the Capital Group as of December 31, 2005 and for the 12-month period ending on that day in accordance with the International Financial Reporting Standards, as approved by the European Union.

Without qualifying our opinion on correctness and reliability of the consolidated financial statement subject to our audit, we would like to point out to the court cases pending against the Parent Company, as described by the Management Board in Section 28.1.1 of additional explanatory notes to the consolidated financial statement. Certain proceedings are still pending, and their outcomes and consequences cannot be adequately assessed now. The Management Board has estimated a provision against the potential claims at the total amount of 17 500 000 PLN, and recognised this provision in the consolidated financial statement. No provisions have been created for any additional claims, as described by the Management Board in the aforementioned note, which could arise in the event of award rulings against the Parent.

The Capital Group Management Report for the financial year 2005 is complete within the meaning of Art. 49 section 2 of the Accounting Act, and the Ordinance of the Minister of Finance of 19 October 2005, concerning current and periodic reports to be published by issuers of publicly traded securities (J. of Laws of 2005, No. 209, item 1744), and the information included therein that have been taken directly from the audited financial statement are compliant with it.

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.....
Grażyna Sikorska
Statutory Auditor
Registration No. 9699

persons representing the entity

.....
entity authorised to audit
financial statements, entered
on the list of authorised entities
under Reg. No. 73
kept by the Polish National Council of

Statutory Auditors (KRBR)

Warsaw, April 28, 2006

**SUPPLEMENTARY REPORT TO THE AUDITOR'S REPORT ON THE
2005 CONSOLIDATED FINANCIAL STATEMENT OF THE CIECH
S.A. CAPITAL GROUP**

I. GENERAL INFORMATION

1. Basic information about the audited company

The Parent Company of the Capital Group conducts business under the name of CIECH S.A. The company's registered office is located in Warsaw, at ul. Powązkowska 46/50.

The Parent Company operates as a joint-stock company, set up by the notarial deed issued on May 30, 1995 in Warsaw, and concluded before Notary Paweł Błaszczak (Register No. A 7513/95).

Currently, the Company is registered in the Register of Entrepreneurs kept by the District Court for the Capital City of Warsaw, 12th Economic Division of the National Court Register in Warsaw under KRS No. 0000011687.

The Parent Company's Taxpayer Identification Number (NIP) is 118-00-19-377, as assigned by the Warszawa Żoliborz Tax Office on June 15, 1993.

The Parent Company's statistical number (REGON) as assigned by the Statistical Office on December 19, 2001, is 011179878.

The Parent Company conducts business based on the Polish Code of Commercial Companies.

The Parent's primary business is domestic trade in chemicals and export/import on the chemical market.

The range of business of the Parent's subsidiaries and the associate is related to the Parent's business and consists of manufacturing and sales chemicals on the domestic market as well as export and import of the chemical and pharmaceutical products.

The core capital of the Capital Group is the share capital of the Parent Company, Ciech S.A., which amounted as of December 31, 2005 to 140 001 000 PLN, divided into 28 000 000 ordinary shares of a par value of 5 PLN each. The difference between the core capital disclosed in the consolidated financial statement and the Parent Company's registered capital is the effect of hyperinflation.

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As of February 17, 2006, (the date of the last General Meeting of Shareholders), the Parent Company's shareholders were as follows:

Kompania Węglowa S.A.	– 36.68% shares
Franklin Templeton Investments	– 9.83 % shares
Otwarty Fundusz Emerytalny PZU 'Złota Jesień'	– 8.93% shares
minor shareholders, individuals	– 44.56% shares

The financial year saw the changes in the Parent Company's share capital: on May 19, 2004, the Extraordinary General Meeting of Shareholders adopted a resolution concerning the increase of the share capital to 140 001 000 PLN by issuing 8 203 984 class-C shares with a par value of five PLN each. On February 16, 2005, the above-mentioned increase was registered with the District Court for the Capital City of Warsaw.

No other changes in the share capital of the Parent Company were recorded in the audited period.

No changes in the share capital of the Parent Company were recorded after the balance-sheet date.

As of December 31, 2005, the Capital Group's equity stood at 1 019 131 000 PLN.

The financial year of the Capital Group is the same as the calendar year.

As of the date of this Opinion, the Parent Company's Management Board was composed of:

Ludwik Klinkosz	- President of the Management Board
Jerzy Golis	- Member of the Management Board
Stefan Rojewski	- Member of the Management Board

The Parent's Proxy is Mr Kazimierz Przełomski.

No changes in the Parent's Management Board composition were made in the audited period.

As of December 31, 2005, the CIECH S.A. Capital Group was composed of:

Parent company – CIECH S.A. and subsidiaries:

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Chemia.com S.A.
Petrochemia Blachownia S.A.
BI-Trans Sp. z o.o.
Polcommerce GmbH, Austria
Ciech-SERVICE Sp. z o.o.
Ciech- POLFA Sp. z o.o.
Polcommerce Ltd. Hungary
Boruta-Kolor Sp. z o.o.
IZCh Soda Mątwy S.A.
Transoda Sp. z o.o.
Soda-Med. Sp. z o.o.
Elektrociepłownia Kujawy Sp. z o.o.
JZS Janikosoda S.A.
Jantrans – Janikowo Sp. z o.o.
Przedsiębiorstwo Chemiczne Cheman S.A.
Nordiska Unipol AB
GZNF Fosfory Sp. z o.o.
Agrochem Sp. z o.o. Dobrze Miasto
Agrochem Sp. z o.o. Człuchów
Zakłady Chemiczne Alwernia S.A.
Alwernia Fosforany Sp. z o.o.
Alwernia Chrom Sp. z o.o.
Soc-Al. Sp. z o.o.
Polsin Pte. Ltd.
Daltrade Plc
Vitrosilicon S.A
Chemiepetrol GmbH
Danske Umipol A/S
InChem Sp. z o.o.
Ciech Finanse Sp. z o.o.
Calanda Polska Sp. z o.o. – in liquidation

As of December 31, 2005, the consolidated financial statement included the following companies:

a) Parent company - CIECH S.A.

We have audited the financial statement of the parent company, CIECH S.A. for the period from 1 January 2005 to 31 December 2005. Based on the results of the audit, on April 12, 2006 we issued an unqualified opinion, pointing out to the court cases pending against the Company, as described by the Management Board in Section 2 of additional explanatory notes to the financial statement.

In our Opinion, we emphasised that "the audited financial statement is

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a separate, individual statement of one entity, so it should primarily serve the purposes defined in the Articles of Association, and that it cannot be considered as the sole basis for assessing the financial standing of the Parent of a group of companies in the Capital Group. In addition to the individual statement, the Company, as the parent company, also prepares the consolidated financial statement of the Capital Group. Such a statement is prepared in conformity with the International Financial Reporting Standards.”

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b) The companies consolidated with the use of the full method – subsidiaries of Ciech S.A.:

Name and the registered office of the Company	Share in the capital (in %)	Entity auditing the financial statement; type of opinion issued	Date of opinion
Petrochemia Blachownia S.A., Kędzierzyn-Koźle	100%	<i>With regard to the individual financial statement:</i> Deloitte Audyt Sp. z o.o. – unqualified opinion with a commentary *	13.02.2006
		<i>with regard to the consolidated financial statement:</i> Deloitte Audyt Sp. z o.o. – unqualified opinion	23.02.2006
Ciech Polfa Sp. z o.o., Warszawa	100%	<i>With regard to the individual financial statement:</i> Deloitte Audyt Sp. z o.o. – unqualified opinion	22.02.2006
IZCh Soda Mątwy S.A., Inowrocław	99.77%	<i>with regard to the individual financial statement:</i> Deloitte Audyt Sp. z o.o. – unqualified opinion with a commentary *	29.03.2006
		<i>with regard to the consolidated financial statement:</i> Deloitte Audyt Sp. z o.o. – unqualified opinion	14.04.2006
JZS Janikosoda S.A., Janikowo	99.26%	<i>with regard to the individual financial statement:</i> Deloitte Audyt Sp. z o.o. – unqualified opinion	21.04.2006
Przedsiębiorstwo Chemiczne Cheman S.A., Warsaw	100%	<i>with regard to the individual financial statement:</i> Deloitte Audyt Sp. z o.o. – unqualified opinion, pointing out to the Company's financial standing and non-discharge in line with Art. 397 of the Code of Commercial Companies	20.03.2006
GZNF Fosfory Sp. z o.o., Gdańsk	89.03%	<i>with regard to the individual financial statement:</i> Deloitte Audyt Sp. z o.o. – unqualified opinion with a commentary *	6.04.2006
		<i>with regard to the consolidated financial statement:</i> Deloitte Audyt Sp. z o.o. – unqualified opinion	10.04.2006
Zakłady Chemiczne Alwernia S.A., Alwernia	73.75%	<i>with regard to the individual financial statement:</i> Deloitte Audyt Sp. z o.o. – unqualified opinion with a commentary *	7.03.2006
		<i>with regard to the consolidated financial statement:</i> Deloitte Audyt Sp. z o.o. – unqualified opinion	14.03.2006
Polsin Pte. Ltd., Singapore	65%	<i>with regard to the individual financial statement:</i> Deloitte & Touche – unqualified opinion	23.01.2006
Daltrade Plc., London	61.20%	<i>with regard to the individual financial statement:</i> COVENEY NICHOLLS Chartered Accountants & Registered Auditors – unqualified opinion	9.03.2006
Vitrosilicon S.A., Iłowa	Total direct and indirect share of 99.81%	<i>with regard to the individual financial statement:</i> Deloitte Audyt Sp. z o.o. – unqualified opinion	24.03.2006

* commentaries in the opinions read: "the audited financial statement is a separate, individual statement of one entity, so it should primarily serve the purposes defined in the Articles of Association, and that it cannot be considered as the sole basis for assessing the financial standing of the Parent of a group of companies in the Capital Group. In addition to the individual statement, the

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Company, as the parent company, also prepares the consolidated financial statement of the Capital Group."

c) The companies consolidated with the use of the equity method:

Name and the registered office of the Company	Share in the capital (in %)	Entity auditing the financial statement; type of opinion issued	Date of opinion
Przedsiębiorstwo Transportowo-Uslugowe TRANSCLEAN Sp. z o.o., Bydgoszcz	50%	Kancelaria Consultingowo-Uslugowa "Financier" - unqualified opinion	22.02.2006

In addition, the equity method is used to value the indirect associate of CIECH S.A., Polskie Towarzystwo Ubezpieczeń S.A. with its registered office in Warsaw, whose shares are held by the Ciech S.A.'s subsidiaries:

JZS Janikosoda S.A. (22.71% shares) and IZCh Soda Mątwy S.A. (22.71% shares). Total indirect share of Ciech SA in the share capital of Polskie Towarzystwo Ubezpieczeń S.A. is 45.19%. On April 11, 2006, the financial statement of PTU S.A. of 31.12.2005 was given an unqualified opinion by BDO Polska Sp. z o.o.

2. Information on the consolidated financial statement for the financial previous year

The consolidated financial statement for 2004 was prepared in accordance with the Polish Accounting Act. In accordance with IFRS 1 "First-Time Adoption of International Financial Reporting Standards," the consolidated financial statement for 2004 was appropriately restated to present comparable data in the consolidated financial statement for 2005. Effects of the restatement to IFRS, including the influence on consolidated equity as of January 1, 2004 and December 31, 2004, and consolidated result for 2004 is accounted for in an explanatory note to the consolidated financial statement.

The operations of the Capital Group in 2004, ended with the net profit of 79 250 000 PLN. The consolidated financial statement of the Capital Group for the financial year 2004 was audited by the statutory auditor. The audit was carried out by an entity authorised to audit financial statements, Deloitte&Touche Audit Services Sp. z o.o. On April 15, 2005, the statutory auditor issued an unqualified opinion on that financial statement, drawing the attention to the following issues:

"- the court cases pending against the parent company of the Capital Group, as described by the Management Board in Section 2 of additional explanatory notes to the consolidated financial statement. The total claims against the Parent amount to 35 582 000 PLN. Certain proceedings are still pending, and their results and effects cannot be adequately assessed now. The Management Board has estimated a provision against the potential claims at 10 000 000 PLN, and recognised this provision in the financial statement. No provisions have

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been created for any additional claims that may be awarded against the Company.

– the information included in section O) of the introduction to the consolidated financial statement, which includes the reconciliation of the equity and net profit recognised in this consolidated statement with the equity and net profit that would have been recognised in a financial statement prepared according to IFRS. In addition, we would also like to point out that according to IFRS, only the complete financial statement, including the balance sheet, profit and loss account, statement of changes in equity, cash flow statement, as well as comparable data and explanatory notes, may present the financial standing, operating results and cash flows of the company in a reliable way.

– the statutory auditor that audited the company associated indirectly with Ciech S.A. i.e. Polskie Towarzystwo Ubezpieczeń S.A., drew (in his opinion) the attention to the "issue described as additional information concerning the shares of Pro Futuro S.A. of the balance sheet value of 19 059 000 PLN, which are not publicly traded, and which are not currently covered by the book value of that Company, and which were received by Polskie Towarzystwo Ubezpieczeń as non-cash contribution to the share capital and recognised as a deposit. The future economic benefits from the deposit concerned depend on the fulfilment of the long-term business plan of that Company, as well as on the pace of development of transmission services while the Board of Directors of Polskie Towarzystwo Ubezpieczeń SA stated that the loss of value of shares is not of a permanent nature." The Management Board of Ciech S.A. shares the opinion of the Board of Directors of Polskie Towarzystwo Ubezpieczeń S.A."

The consolidated financial statement for the financial year 2004 was approved by the General Meeting of Shareholders held on June 29, 2005.

The 2004 consolidated financial statement was filed with the National Court Register on July 14, 2005, in conformity with applicable laws. It was later published in the Official Gazette of the Republic of Poland, Monitor Polski B No. 1760 on November 17, 2005.

3. Information about the authorised entity and the statutory auditor conducting the audit on behalf of the authorised entity

The audit of the consolidated financial statement of the Ciech S.A. Capital Group was conducted according to the agreement of 15 November 2005, concluded between Ciech S.A. and Deloitte Audyt Sp. z o.o. with its registered office in Warsaw, at ul. Piękna 18, entered under No. 73 as an entity entitled to audit financial statements in the list kept

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by the National Council of Statutory Auditors (KRBR). On behalf of the authorised entity, the audit of the consolidated financial statement was conducted under the supervision of the statutory auditor Grażyna Sikorska (Registration No. 9699): outside the Company's premises from 15 March to 14 April 2006, and at the registered office of the Parent from 17 April to 28 April 2006.

The entity entitled to audit the financial statements was selected by the Supervisory Board, by way of Resolution issued on April 18, 2005 based on authorisation provided for in section 21 of the Parent's Articles of Association.

Deloitte Audyt Sp. z o.o. and the statutory auditor Grażyna Sikorska confirm that they are entitled to audit financial statements, and that they meet the requirements set forth in Art. 66 sections 2 and 3 of the Polish Accounting Act, and can therefore express their objective and independent opinion on the consolidated financial statement of the Ciech S.A. Capital Group.

4. Access to information and statements by the Management

We met no obstructions in conducting our audit.

The authorised entity and the statutory auditor had unlimited access to all the documents and data requested, and were provided with sufficient information and explanations, which has been confirmed by a written statement of the Parent Company's Management Board issued on April 28, 2006.

5. Financial standing of the Capital Group

Below you can find basic information derived from the consolidated profit and loss account and the financial ratios reflecting the financial result and standing of the Capital Group, compared to the corresponding values in the previous year. We would also like to point out that the consolidated financial statement for 2005 has been compiled for the first time in accordance with the International Financial Reporting Standards. Consequently, comparable data for 2004 have been restated too. The data for the years preceding 2004, have not been restated, and as such are not included in the analysis below.

<u>Basic profit and loss account figures</u> (thousands PLN)	<u>2005</u>	<u>2004</u>
Sales income	2.209.545	2.314.916

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Operating expense	(2.065.37	(2.142.95
	7)	8)
Other operating income	52.441	50.376
Other operating expense	(53.054)	(67.155)
Financial income	34.759	16.742
Financial expense	(38.685)	(53.523)
Income tax	(25.148)	(24.889)
Net profit (loss)	117.853	92.340

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<u>Profitability ratios</u>	<u>2005</u>	<u>2004</u>
return on sales $\frac{\text{sales profit} \times 100\%}{\text{sales income}}$	7%	7%
net return on sales $\frac{\text{net profit} \times 100\%}{\text{sales income}}$	5.33%	3.99%
net return on equity $\frac{\text{net profit}}{\text{equity}}$	12%	12%
<u>Performance ratios</u>		
asset turnover ratio $\frac{\text{sales income}}{\text{total assets}}$	1.35	1.51
receivables turnover ratio (days) $\frac{\text{trade receivables} \times 365}{\text{sales income}}$	84	75
liabilities turnover ratio (days) $\frac{\text{trade liabilities} \times 365}{\text{operating expense}}$	62	64
inventories turnover (days) $\frac{\text{inventories} \times 365}{\text{operating expense}}$	23	22
<u>Liquidity/Net working capital</u>		
debt ratio $\frac{\text{total liabilities}}{\text{total assets}}$	37.67%	50.56%
equity to assets ratio $\frac{\text{equity}}{\text{total assets}}$	62%	49%
net working capital (thousands PLN) current assets – short-term liabilities	311.308	39.972
liquidity ratio $\frac{\text{current assets}}{\text{short-term liabilities}}$	1.62	1.06
quick ratio $\frac{\text{current assets} - \text{inventories}}{\text{short-term liabilities}}$	1.35	0.86

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The analysis of the figures and ratios presented above shows the following phenomena of 2005:

as for profitability ratios: stable ROS and ROE, increased net return on sales

shorter turnover cycle of assets and liabilities (in days) with longer inventories and receivables turnover cycles (in days)

lower debt ratio

increased equity to assets ratio

significant increase of net working capital

significant increase of liquidity ratios

II. DETAILED INFORMATION

1. Information concerning the audited consolidated financial statement

The consolidated financial statement subject to the audit was compiled as of December 31, 2005, and comprises:

consolidated balance sheet as of December 31, 2005, showing the total assets and liabilities of 1 635 132 000 PLN

consolidated profit and loss account for the period from January 1, 2005, to December 31, 2005, showing the net profit of 117 853 000 PLN

statement of changes in consolidated equity for the period from January 1, 2005 to December 31, 2005, showing a 261 147 000 PLN increase in equity

consolidated cash flow statement for the period from January 1, 2005 to December 31, 2005, showing an increase in the amount of cash of 63 780 000 PLN

additional information and explanatory notes

The structure of assets and liabilities and the items determining the financial result was also presented in the consolidated financial statement.

The audit included the period from January 1, 2005 to December 31, 2005 and consisted mainly of:

- analysis of correctness and reliability of the consolidated financial statement prepared by the Management Board of the parent company
- analysis of consolidation documentation
- assessment of correctness of consolidation methods and procedures used during consolidation
- review of the opinions and reports on audit of financial statements of subsidiaries and associates that are subject to consolidation, as prepared by other statutory auditors

The consolidated financial statement was audited in accordance with the relevant legal provisions and professional standards for auditors issued by the Polish National Council of Statutory Auditors (KRBR).

2. Consolidation documentation

The parent company has presented consolidation documentation, including:

- 1) financial statements of associates, including:
 - a) basic (original) financial statements of associates;
 - b) financial statements of subsidiaries adjusted to the accounting principles (policy) that are binding to consolidation
 - c) restatement of the previously published consolidated financial statements to apply the principles of the International Financial Reporting Standards
- 2) all adjustments and exclusions made during consolidation that are necessary for compilation of the consolidated financial statement
- 3) calculations of the Company's goodwill

Basis for preparing of the consolidated financial statement

The Capital Group's 2005 consolidated financial statement has been prepared in accordance with the International Financial Reporting Standards, as approved by the European Union.

Determination of the entities of the Capital Group

While establishing the range and methods for consolidation as well as affiliation of individual entities, the criteria of the International Financial Reporting Standards have been applied.

Financial period

The consolidated financial statement has been prepared as of the same balance sheet date and for the same financial year as the financial statement of the parent company, CIECH S.A. Subsidiaries and associates subject to consolidation prepared their financial statements as of the same balance sheet date as the parent company. The financial year of all subordinates and associates subject to consolidation ended on December 31, 2005.

Consolidation method

Consolidation of the statements of the Capital Group used the full method in the case of subsidiaries, i.e. it was carried out by adding full amounts of all relevant items from the financial statements of consolidated subsidiaries and the parent company.

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After adding the figures, the adjustments and exclusions were made, which concerned:

- purchase value of shares of subsidiaries held by the parent company, and of the part of net assets of subsidiaries that reflects the share of the parent company in the ownership of these companies

- mutual receivables and liabilities of consolidated entities

- material income and expenditure concerning operations between consolidated entities

The associates have been consolidated with the use of the equity method. The value of the share of the parent company in the associate was adjusted by increases or decreases of equity of the associate that are due to the parent company, and which occurred during the consolidation period, and was decreased by the dividends due from these companies.

In accordance with IFRS 1 "First-Time Adoption of International Financial Reporting Standards," the consolidated financial statement for 2004 was appropriately restated, to present comparable data in the consolidated financial statement for 2005. Effects of restatement to IFRS, including influence on consolidated equity as of January 1, 2004 and December 31, 2004, and consolidated result for 2004 is accounted for in additional explanatory notes. Accumulated revenue resulting from restatement to IFRS has been recognised in the consolidated financial statement for 2005 as the non-settled profit/loss brought forward.

3. Justification of the opinion

Our opinion on the consolidated financial statement subject to the audit is unqualified, yet we would like to point out to the court cases pending against the Parent Company, as described by the Management Board in Section 28.1.1 of additional explanatory notes to the consolidated financial statement. Certain proceedings are still pending, and their outcomes and consequences cannot be adequately assessed now. The Management Board has estimated a provision against the potential claims at the total amount of 17 500 000 PLN, and recognised this provision in the consolidated financial statement. No provisions have been created for any additional claims, as described by the Management Board in the aforementioned note, which could arise in the event of award rulings against the Parent.

4. Completeness and correctness of the additional information and explanations as well as the Capital Group Management Report

The Parent Company has confirmed the legitimacy of the application of the business continuity principle while preparing the consolidated the financial statement. The additional information and explanations to the consolidated financial statement correctly and fully described the valuation principles applied to assets and liabilities, assessment of profit, and the approach to preparation of the consolidated financial statement.

The Parent Company provided additional information and explanations in the form of tabular notes to the individual items of the consolidated balance sheet and the consolidated profit and loss account, as well as descriptions in line with the principles of IFRS.

Explanatory notes to the following items: tangible fixed assets, intangible assets, investments, liabilities and provisions, correctly present additions and deductions plus reasons for such changes during the financial year.

The Company provided information with respect to individual assets disclosed in the balance sheet, stating whether or not, the assets could be disposed of freely, taking into account the creditors' pledges.

The Parent Company presented particular items of assets and liabilities, as well as income and expense in the consolidated financial statement in a correct way. The consolidated balance sheet, consolidated profit and loss account, statement of changes in consolidated equity, and the consolidated cash flow statement, with additional notes, information and explanations that constitute the integral part thereof, include all items whose presentation in the consolidated financial statement is required by the provisions of IFRS.

The Management Board prepared and appended to the consolidated financial statement, the Capital Group Management Report for the financial year 2005. The management report contains all the information required by art. 49 section 2 of the Accounting Act, and the Ordinance of the Minister of Finance of 19 October 2005, concerning current and periodic reports to be published by issuers of publicly traded securities (J. of Laws of 2005, No. 209, item 1744). We have audited the information disclosed in the report as originating directly from the audited consolidated financial statement.

5. Conclusions

Management Board's Statements

Deloitte Audyt Sp. z o.o. and the statutory auditor received a written statement from the Management Board of the Parent Company, asserting that the Capital Group complied with all the applicable laws in force.

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Grażyna Sikorska
Statutory Auditor
Registration No. 9699

.....
persons representing the entity

Statutory Auditors (KRBR)

.....
entity authorised to audit
financial statements, entered
on the list of authorised entities
under Reg. No. 73
kept by the Polish National Council of

Warsaw, April 28, 2006