

**CIECH SPÓŁKA AKCYJNA
WARSAW,
UL. POWĄZKOWSKA 46/50**

**STATUTORY AUDITOR'S REPORT
ON THE CONDENSED
FINANCIAL STATEMENT
FOR THE 1st HALF OF 2006**

**INDEPENDENT STATUTORY AUDITOR'S REPORT ON THE
CONDENSED SEMI-ANNUAL FINANCIAL STATEMENT OF CIECH
SPÓŁKA AKCYJNA COVERING THE PERIOD FROM JANUARY 1st,
2006 TO JUNE 30th, 2006. INCLUDED IN THE CONSOLIDATED
SEMI-ANNUAL REPORT**

To the Shareholders and Supervisory Board of Ciech Spółka Akcyjna

I. We have reviewed the appended condensed semi-annual financial statement of Ciech S.A. with its registered office in Warsaw, at ul. Powązkowska 46/50, including:

- balance sheet prepared as at June 30th, 2006, showing the total assets and liabilities of PLN 1,014,300,000
- profit and loss account for the period from January 1st, 2006 to June 30th, 2006, showing a net profit of PLN 121,609,000
- statement of changes in equity for the period from January 1st, 2006 to June 30th, 2006, showing an increase in equity by PLN 99,209,000
- cash flow statement showing an increase in cash in the period from January 1st, 2006 to June 30th, 2006 by PLN 73,323,000
- condensed additional information.

The Management Board of Ciech S.A. is responsible for the accuracy, correctness, and clarity of information contained in the condensed semi-annual financial statement. Our task was to review that statement.

II. We carried out the review according to professional standards for statutory auditors issued by the Polish National Council of Statutory Auditors. The standards impose an obligation on us to plan and carry out the review, in order to become reasonably certain that the condensed semi-annual financial statement does not contain substantial irregularities. We carried out the review mainly by means of analysis of data in the condensed semi-annual financial statement, inspection of accounting books and use of information obtained from the management and from people responsible for finance and bookkeeping in Ciech S.A.

The scope and method of reviewing the condensed semi-annual financial statement differs greatly from examination. It is not an objective of the review to express an opinion on the correctness, accuracy, and clarity of the condensed semi-annual financial statement and thus we do not give such an opinion.

III. Our review did not identify any need to make substantial changes in the appended condensed semi-annual financial statement in order for it to present the property and financial standing of Ciech S.A. as at June 30th, 2006 and its financial result for the period from January 1st, 2006 to June 30th, 2006 in a correct, reliable and clear manner, in accordance with the accounting standards defined in the Accounting Act of September 29th, 1994, provisions of the

Regulation of the Minister of Finance of October 19th, 2005 concerning Current and Periodic Information to be Published by the Issuers of Securities (Journal of Laws of 2005, No. 209, item 1744) and Regulation of the Minister of Finance of October 18th, 2005 concerning the scope of information conveyed in financial statements and consolidated financial statements, required in prospectuses for issuers with their registered offices in the territory of the Republic of Poland, to whom Polish accounting standards apply (Journal of Laws of 2005, No. 209, item 1743).

IV. Not reporting a need for substantial changes, we would like to point out:

- the fact that the presented condensed financial statement is an individual statement prepared in the condensed form, in accordance with §87 section 4 of the Regulation of the Council of Ministers concerning Current and Periodic Information to be Published by the Issuers of Securities. It cannot be considered as the sole basis for assessing the financial standing and property of the Parent Company of the Capital Group. Besides the condensed individual statement, the Company also prepares a consolidated financial statement of the Capital Group whose dominant company it is in accordance with the International Financial Reporting Standards

- court cases pending against the Company as described by the Management Board in Section 28.1.1 of the consolidated financial statement of the Ciech S.A. Capital Group for the 1st quarter of 2006. Certain proceedings are still pending and their outcomes and consequences cannot be adequately assessed now. The Management Board of the Company has estimated a provision against the potential claims at the total amount of PLN 17,500,000 and recognised this provision in the condensed financial statement. No provisions have been established for any other potential claims, as described by the Management Board in the aforementioned section, which could arise in the event of rulings awarded against the Company

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Maria Rzepnikowska
Statutory auditor
Registration No. 3499

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company representatives

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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, September 25th, 2006