

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

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

INDEPENDENT STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENT COVERING THE PERIOD FROM JANUARY 1st, 2006 TO JUNE 30th, 2006

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

I. We have reviewed the 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 prepared as at June 30th, 2006, showing the total assets and liabilities of PLN 1,724,283,000
- consolidated profit and loss account for the period from January 1st, 2006 to June 30th, 2006, showing a net profit of PLN 90,131,000
- statement of changes in consolidated equity for the period from January 1st, 2006 to June 30th, 2006, showing an increase in equity by PLN 70,892,000
- consolidated cash flow statement showing an increase in cash in the period from January 1st, 2006 to June 30th, 2006 by PLN 68,177,000
- additional information and explanatory notes

The Management Board of the parent company of the Ciech S.A. Capital Group is responsible for the accuracy, correctness, and clarity of information contained in the consolidated financial statement. Our task was to review that consolidated statement.

II. The consolidated financial statement of the Ciech S.A. Capital Group for the period of six months ended on June 30th, 2006, includes financial information of the Parent Company - Ciech S.A. - and nine fully consolidated subsidiaries and one associate consolidated using the equity method. The share in the consolidated balance-sheet total and consolidated revenues before consolidation adjustments to data in the financial statement, not reviewed by us and relating to one subsidiary amounts to 1.00% and 1.28% respectively.

III. We carried out the review according to applicable provisions of the Polish law and 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 consolidated financial statement does not contain substantial irregularities. We carried out the review mainly by means of analysis of data in the consolidated financial statement, inspection of consolidation documentation and use of information obtained from the Management Board and from people responsible for finance and bookkeeping in the parent

company. The scope and method of reviewing the consolidated 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 consolidated financial statement and thus we do not give such an opinion.

IV. Our review did not identify any need to make substantial changes in the appended consolidated financial statement in order for it to present the property and financial standing of the Ciech S.A. Capital Group as at June 30th, 2006 and its financial result for the period from January 1st, 2006 to June 30th, 2006 in an accurate and clear manner, in accordance with the International Financial Reporting Standard, as approved by the European Union.

V. Not reporting a need for changes in the appended consolidated financial report, we would like to point out court cases pending against the Parent Company as described by the Management Board of the Company 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 has estimated a provision against the potential claims at the total amount of PLN 17,500,000 and recognised this provision in the consolidated 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.

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