

CIECH S.A.
WARSAW, UL. PUŁAWSKA 182

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

**INDEPENDENT CERTIFIED AUDITOR'S REPORT ON THE REVIEW OF THE
CONDENSED INTERIM 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 attached condensed interim financial statement of CIECH S.A., having its registered office in Warsaw at ul. Puławska 182, which includes:

- an income statement for the period between January 1st, 2009 and June 30th, 2009, presenting a net loss in the amount of PLN 40,053 thousand,
- a statement of comprehensive income for the period between January 1st, 2009 and June 30th, 2009, presenting a total comprehensive income in the negative amount of PLN 4,815 thousand,
- a statement of financial position as at June 30th, 2009, presenting a total balance of assets and liabilities in the amount of PLN 2,125,973 thousand,
- a cash flow statement, presenting a decrease in cash in the period between January 1st, 2009 and June 30th, 2009 in the amount of PLN 14,527 thousand,
- a statement of changes in equity for the period between January 1st, 2009 and June 30th, 2009, presenting a decrease in equity in the amount of PLN 4,815 thousand,
- selected individual notes.

The Management Board of CIECH S.A. is responsible for the accuracy, correctness and transparency of the information included in the condensed interim 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"). Our task was to issue a report on the financial statement based on its review.

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 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 financial statement as well as the use of information obtained from the Management Board and the employees responsible for the Company's finances and accounting. The scope and method of the review of the 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 financial statement. Therefore, we do not give such an opinion.

In 2008, the Company 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 CIECH S.A. constitute an economic hedge of future sales revenues, and in connection with the restructuring of these instruments, ongoing and partially completed before the date of preparing the

financial statement for 2008, the 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 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 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 Company, could be assigned as a hedge of future sales revenues 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 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.

Except for the possible influence of the event described above and in Note 6.21 of the condensed interim financial statement of CIECH S.A., the conducted review did not reveal the need to introduce any material changes to the attached condensed interim financial statement for it to present accurately and transparently the asset and financial situation of CIECH S.A. 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 financial statement, we would like to pay attention to:

Note 6.20 to the condensed interim financial statement in which the Company's Management Board informed about the financial standing of CIECH S.A. 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. Moreover, 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 Company.

Despite the fact that the Company'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 Company's financial standing. Consequently, the Company's 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