

GRUPA LOTOS S.A.
GDAŃSK, UL. ELBLĄSKA 135

FINANCIAL STATEMENTS
FOR THE 2007 FINANCIAL YEAR
WITH
AUDITOR'S OPINION
AND
AUDIT REPORT

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**FINANCIAL STATEMENTS OF GRUPA LOTOS S.A.
FOR THE 2007 FINANCIAL YEAR**

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OPINION OF THE INDEPENDEND CERTIFIED AUDITOR

To the Supervisory Board of Grupa LOTOS S.A.

We have audited the attached financial statements of GRUPA LOTOS S.A. with registered office in Gdańsk, ul. Elbląska 135, including:

- balance sheet prepared as of 31 December 2007, with total assets and liabilities plus equity of PLN 7,680,471 thousand;
 - profit and loss account for the period from 1 January 2007 to 31 December 2007, disclosing a net profit of PLN 745,084 thousand;
 - statement of changes in equity for the period from 1 January 2007 to 31 December 2007, disclosing an increase in equity of PLN 722,759 thousand;
 - cash flow statement for the period from 1 January 2007 to 31 December 2007, showing a cash outflow of PLN 155,152 thousand;
- additional information and explanations.

Preparation of these financial statements is the responsibility of the Management Board of the Company. Our responsibility was to audit and express an opinion on the fairness, correctness and clarity of these financial statements and the correctness of the underlying accounting records.

The financial statements of the Company for the previous financial year ended 31 December 2006 were audited by another certified auditor, who issued an opinion on the financial statements on 17 April 2007 with the qualification regarding the uncertainty as to whether and to what extent the expenses in the amount of PLN 102 million incurred due to agreements concluded on the base Program 10+ project (formerly PKRT) generate the expected economic benefits, pointing to:

- the issue of the Company's ability to fulfill its obligations as regards operating and investing activities of Rafineria Nafty Glimar S.A.,
- the uncertainty as to the ability to pay advances in the amount of PLN 75 million for reactor delivery under Program 10+, as well as
- the information that the Company prepares consolidated financial statements.

Our opinion refers only to the financial statements for the financial year ended 31 December 2007.

Our audit of the financial statements was planned and performed in accordance with:

- section 7 of the Accounting Act of 29 September 1994 (Dz.U. of 2002 No. 76, item 694 with subsequent amendments);
- auditing standards issued by the National Council of Statutory Auditors in Poland;

in such a way as to obtain reasonable and sufficient basis for expressing an opinion as to whether the financial statements were free of material misstatements. Our audit included in particular the examination, largely on a test basis, of the accounting evidence and records supporting the amounts and disclosures in the financial statements, assessment the accounting principles (policy) applied, the material estimates made by the Management Board, as well as evaluation of the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements of Grupa LOTOS S.A. for 2007 financial year were prepared in all material respects in accordance with the Accounting Act of 29 September 1994 and present fairly and clearly all the information required to evaluate the economic and financial position of the Company as well as its financial result for the 12-month period ended 31 December 2007 in accordance with the International Financial Reporting Standards in the form approved by the European Union.

Without qualifying the correctness and fairness of the audited financial statements, we would like to point out to:

- note 11 of the additional information and explanations to the financial statements, in which the Company undertakes to continue the implementation of the concept for Integrated Gasification Combined Cycle (IGCC), that allows launching of the second stage of Program 10+. We would like to point out that the second stage implementation shall depend on future events, including market factors, which might affect the effectiveness of the capital investment incurred so far, which as at 31 December 2007 amounted to PLN 46,5 million and pertained to implementation of IGCC,

- the fact that the presented financial statements are individual financial statements and cannot constitute the sole basis for evaluation of the financial and economic position of the Company, which is the Parent in the Capital Group. In addition to the individual financial statements, the Company prepares the consolidated financial statements of the Capital Group in which it acts as the parent in accordance with the International Financial Reporting Standards.

The Report on the activities of the Company in the 2007 financial year is complete in the meaning of Article 49 clause 2 of the Accounting Act the Minister of Finance's ordinance on current and periodical information submitted by issuers of securities, and consistent with the underlying information disclosed in the audited financial statements.

.....
Piotr Sokołowski
Certified auditor:
No. 9752/7281

.....
Represented by

.....
Entity authorized to audit
financial statements entered under
number 73 on the list kept by the
National Council of Statutory Auditors

Warsaw, 6 May 2008

The above audit opinion together with audit report is a translation from the original Polish version. In case of any discrepancies between the Polish and English version, the Polish version shall prevail.

**REPORT SUPPLEMENTING THE OPINION ON THE AUDIT OF THE
FINANCIAL STATEMENTS OF GRUPA LOTOS S.A. FOR THE 2007
FINANCIAL YEAR**

I. GENERAL INFORMATION

1. Details of the audited entity

The Company operates under the name Grupa LOTOS S.A. The Company's registered office is located in Gdańsk, ul. Elbląska 135.

The Company operates as a joint stock company incorporated by the notarized deed on 18 September 1991 in Warsaw (Repertory No. 8932/91).

On 10 April 2002, the Company was recorded in the Record of Entrepreneurs kept by the District Court Gdańsk-Północ, VII Business Division of the National Court Register in Gdańsk, under the number KRS 0000106150.

The Company has the following tax identification number NIP: 583-000-09-60 assigned on 9 June 1993.

The REGON number assigned to the Company by the Statistical Office on 25 February 1998 is: 190541636.

The Company operates based on the provisions of the Code of Commercial Companies.

In accordance with its Articles of Association, the Company conducts its business activities in the following areas:

- production of crude oil (PKD 11.10.A);
- production of natural gas (PKD 11.10.B),
- services related to development of crude oil and natural gas fields (PKD 11.20.Z);
- manufacturing of crude oil refined products (PKD 23.20.A),
- processing of crude oil refined products (PKD 23.20.B),
- production of technical gases (PKD 24.11.Z),
- production of other basic inorganic chemicals (PKD 24.13.Z),
- production of other limited basic inorganic chemicals (PKD 24.14.Z),
- production of plastics (PKD 24.16.Z),
- production of electric energy (PKD 40.11.Z);
- transmission of electric energy (PKD 40.12.Z);
- distribution and sales of electric energy (PKD 40.13.Z),
- production of gas fuels (PKD 40.21.Z);
- distribution of gas fuels in the network system (PKD 40.22.Z);
- production of heat (steam and hot water) (PKD 40.30.A);
- distribution of heat (steam and hot water) (PKD 40.30.B);
- water consumption and treatment, except for service activity (PKD 41.00.A),
- activity in the area of water distribution (PKD 41.00.B),
- general construction works on line distribution structures: pipelines, electric energy lines and telecommunication-local lines - (PKD 45.21.D);
- erecting scaffolding (PKD 45.25.A);
- other electric installations (PKD 45.31.D),
- retail sale of fuels (PKD 50.50.Z);

- wholesale of solid, liquid and gas fuels as well as derivative products (PKD 51.51.Z);
- wholesale of chemical products (PKD 51.55.Z),
- railway transport (PKD 60.10.Z);
- road freight transport with special-purpose vehicles (PKD 60.24.A);
- road freight transport with general-purpose vehicles (PKD 60.24.B);
- lease of trucks with drivers (PKD 60.24.C),
- pipeline transport (PKD 60.30.Z);
- cargo transshipment at sea harbors (PKD 63.11.A),
- cargo transshipment at inland harbors (PKD 63.11.B),
- cargo reloading in other transshipment points (PKD 63.11.C),
- warehousing and storage of goods in sea harbors (PKD 63.12.A),
- warehousing and storage of goods in inland harbors (PKD 63.12.B),
- warehousing and storage of goods in other storage facilities (PKD 63.12.C),
- fixed line telephony and telegraphy (PKD 64.20.A);
- data transmission (PKD 64.20.C);
- other telecommunication activity (PKD 64.20.G),
- other financing forms (PKD 65.22.Z),
- other financial brokerage, not elsewhere classified (PKD 65.23.Z),
- auxiliary financial activity, not elsewhere classified (PKD 67.13.Z),
- purchase and sales of real property on own account (PKD 70.12.Z);
- rental of real property on own account (PKD 70.20.Z.Z);
- rental of passenger cars (PKD 71.10.Z),
- rental of other road transportation vehicles (PKD 71.21.Z);
- rental of construction machines and equipment (PKD 71.32.Z),
- rental of office machines and equipment and computer hardware (PKD 71.33.Z),
- rental of other machines and equipment (PKD 71.34.Z),
- computer consulting services (PKD 72.10.Z),
- computer software editing (PKD 72.21.Z),
- other software-related activities (PKD 72.22.Z),
- data processing (PKD 72.30.Z),
- database-related activities (PKD 72.40.Z),
- maintenance and repair of office and accounting equipment and computer hardware (PKD 72.50.Z),
- other IT-related activities (PKD 72.60.Z),
- research and development work in chemical science (PKD 73.10.B),
- research and development work in earth science (PKD 73.10.C),
- research and development work in technical science (PKD 73.10.G);
- research and development work in other natural and technical science (PKD 73.10.H);
- accounting and bookkeeping services (PKD 74.12.Z),
- business and management consultancy activities (PKD 74.14.A);
- activities related to holdings (PKD 74.15.Z);
- geological, exploratory and prospecting activities (PKD 74.20.B);
- surveying and cartography activity (PKD 74.20.C);
- technical tests and analyses (PKD 74.30.Z);
- activity related to employee recruitment and placement (PKD 74.50.A),
- packing (PKD 74.82.Z),
- fire protection (PKD 75.25.Z);
- continuous education of adults and other forms of education, not classified elsewhere (PKD 80.42.B),
- ambulance services (PKD 85.14.B),
- sewage drainage and treatment (PKD 90.01.Z),

- waste management (PKD 90.02.Z);
- sanitary and similar services (PKD 90.03.Z),
- advertising (PKD 74.40.Z);
- market research and polling (74.13.Z),
- photography (PKD 74.81.Z);
- production of films and videos (PKD 92.11.Z),
- other printing operations, not elsewhere classified (PKD 22.22.Z),
- activity related to translation and secretarial services (PKD 74.85.Z),
- publication of press and periodicals (PKD 22.13.Z),
- production plastic packaging (PKD 25.22.Z),
- production of metal containers (PKD 28.71.Z);
- other commercial activity, not elsewhere classified (PKD 74.87.B),
- other wholesale (PKD 51.90.Z).

In the audited period, the Company conducted the following business activities:

- manufacturing of crude oil refined products,
- processing of crude oil refined products;
- production of technical gas;
- production of other basic inorganic chemicals;
- production of other limited basic inorganic chemicals;
- production of plastics,
- production of electric energy,
- transmission of electric energy;
- distribution and sales of electric energy;
- production of gas fuels;
- distribution and sales of gas fuels in a network system,
- heat production;
- heat distribution;
- water consumption and treatment, except for services,
- water distribution;
- crude oil production;
- production of natural gas;
- general construction works on line distribution structures: pipelines, electric energy lines and telecommunication lines;
- wholesale of solid, liquid and gas fuels as well as derivative products,
- wholesale of chemicals,
- railway transport;
- pipeline transport;
- cargo transshipment at sea harbors;
- cargo transshipment at inland harbors;
- cargo transshipment in other points,
- warehousing and storage of goods in sea harbors;
- warehousing and storage of goods in inland harbors;
- warehousing and storage of goods in other storage facilities,
- research and development work in chemical science;
- research and development work in technical science;
- research and development work in other natural and technical science.

The Parent holds the following concessions for its core activities:

- production of liquid fuels expiring on 30 November 2008 issued by the President of the Energy Regulatory Authority on 28 November 1998,
- production of fuels in crude oil processing and fuel composing with the use of appropriate hydrocarbon fractions and component technologies as well as in specific processes expiring on 31 December 2025 and issued by the President of the Energy Regulatory Authority on 5 October 2007,
- liquid fuel trading concession expiring on 21 December 2008 issued by the President of the Energy Regulatory Authority on 23 November 1998,
- liquid fuel trading concession expiring on 31 December 2025 issued by the President of the Energy Regulatory Authority on 5 October 2007,
- storage of liquid fuels expiring on 15 November 2016 issued by the President of the Energy Regulatory Authority on 10 October 2006,
- production of electric energy expiring on 5 October 2010 issued by the President of the Energy Regulatory Authority on 29 September 2000,
- electric energy trading concession for the period from 10 September 2001 to 10 September 2011 issued by the President of the Energy Regulatory Authority on 5 September 2001,
- transmission and distribution of electric energy for the period from 10 September 2001 to 10 September 2011 issued by the President of the Energy Regulatory Authority on 5 September 2001.

As of 31 December 2007, the Company's share capital equaled PLN 113,700,000.00 and was divided into 113,700,000 shares of face value PLN 1.00 each. As of 28 April 2008 (the date of the last Shareholders' Meeting), the Company's shareholding structure was as follows:

- Nafta Polska S.A. - 51.91% of shares,
- State Treasury - 6.93% of shares,
- Other shareholders (series A and B shares) - 41.16% of shares.

No changes in the Company's share capital took place during the financial year.

There were no changes in the ownership structure of the Company in the audited period.

No changes in the Company's share capital took place after the balance sheet date.

The Company's financial year is the calendar year.

The Company has the following related parties:

- LOTOS Paliwa Sp. z o.o. - 100% subsidiary;
- LOTOS Kolej Sp. z o.o. - 100% subsidiary;
- LOTOS Ekoenergia S.A. - 100% subsidiary;
- LOTOS Oil S.A. - 100% subsidiary,
- LOTOS Serwis Sp. z o.o. - 100% subsidiary,
- LOTOS Lab Sp. z o.o. - 100% subsidiary,
- LOTOS Straż Sp. z o.o. - 100% subsidiary,
- LOTOS Asphalt Sp. z o.o. - 100% subsidiary,
- LOTOS Gaz Sp. z o.o. - 100% subsidiary,
- LOTOS Exploration and Production Norge AS - 100% subsidiary,
- LOTOS Hydrokompleks Sp. z o.o. in liquidation - 100% subsidiary,
- LOTOS Park Technologiczny Sp. z o.o. - 27.45% subsidiary,
- LOTOS Ochrona Sp. z o.o. - 100% subsidiary,

GRUPA LOTOS S.A.

- Rafineria Nafty Glimar S.A. in bankruptcy - 91.54% subsidiary,
- LOTOS Czechowice S.A. - 80.04% subsidiary,
- LOTOS Jasło S.A. - 80.01% subsidiary,
- PETROBALTIC S.A. - 69% subsidiary,
- UAB Lotos Baltija - 100% subsidiary,
- LOTOS Tank Sp. z o.o. - 100% subsidiary,
- LOTOS Parafiny Sp. z o.o. - 100% subsidiary.

In addition, Grupa LOTOS S.A. treats the companies within GRUPA LOTOS S.A. Capital Group as its related parties.

As at the date of issuing the opinion, the composition of the Company's Supervisory Board was as follows:

- Jan Stefanowicz - Chairman of the Supervisory Board,
- Henryk Siodmok - Vice Chairman of the Supervisory Board,
- Grzegorz Szczodrowski - Secretary of the Supervisory Board,
- Beata Zawadzka - Member of the Supervisory Board,
- Marta Busz - Member of the Supervisory Board,
- Izabela Emerling - Member of the Supervisory Board,
- Jacek Mościcki - Member of the Supervisory Board.

The following changes in the composition of the Company's Supervisory Board took place during the audited period:

1. At the meeting held on 28 May 2007, the General Shareholder's Meeting of Grupa LOTOS S.A. dismissed Mr. Jacek Tarnowski as the Member of the Supervisory Board of Grupa LOTOS S.A. and appointed :
 - Jan Stefanowicz as the Chairman of the Supervisory Board of Grupa LOTOS S.A. who was the Vice Chairman of the Supervisory Board of Grupa LOTOS S.A.
 - Marta Bucz as the Member of Supervisory Board of Grupa LOTOS S.A.
 - Izabela Emerling as the Member of Supervisory Board of Grupa LOTOS S.A.
2. At the meeting held on 14 June 2007, the Company's Management Board appointed Mr. Henryk Siodmok as the Vice Chairman of the Supervisory Board of Grupa LOTOS S.A.

As at the opinion date, the composition of the Company's Management Board was as follows:

- Paweł Olechnowicz - Chairman of the Management Board,
- Marek Sokołowski - Vice Chairman of the Management Board,
- Mariusz Machajewski - Vice Chairman of the Management Board.

The following changes in the Company's Management Board took place during the audited period:

- At the meeting held on 13 November 2007, the Supervisory Board dismissed Mr. Jarosław Kryński as the Vice Chairman of the Management Board responsible for Commercial affairs and entrusted his duties to the Chairman of the Management Board until the appointment of a new Member of the Management Board.

The above changes were filed with and recorded in the proper court register.

2. Information about the financial statements for the previous financial year

The activities of the Company in 2006 resulted in a net profit of PLN 406,714 thousand. The Company's financial statements for the 2006 financial year were audited by a certified auditor. The audit was performed by authorized entity Ernst & Young Audit sp. z o.o. On 17 April 2007, the certified auditor issued an opinion with the following qualification:

- the Company is implementing a "Complex Technological Development Program" (PKRT). Under the program, the Company has signed two contracts for PKRT base project as well as estimate and offer for the project implementation. Total cost of both contracts amounted to PLN 102 million and was recognized in fixed assets under construction. At present, the Company is performing analysis of both projects to develop a single, complex project best suited to the Company's needs. At this analysis stage, the Company is not able to determine the extent, to which both project will be effectively implemented in the future to develop a final base PKRT implementation project. Due to the above, we are not able to determine, whether the portion of the expenses incurred due to the above projects should be charged to profit or loss and in what amount.

In addition, the certified auditor pointed out the following issues: the Company's ability to fulfill its obligations as regards operating and investing activities of Rafineria Nafty Glimar S.A. as well as the uncertainty as to the ability to pay advances in the amount of PLN 75 million for reactor delivery under Program 10+ as well as the information that the Company prepares consolidated financial statements.

The Annual Shareholders Meeting which approved the consolidated financial statements for the 2006 financial year was held on 28 May 2007. The General Shareholders Meeting decided about the following distribution of the net profit for 2006:

- reclassification to supplementary capital – PLN 365,781,884.93,
- dividend for shareholders – PLN 40,932,000.00.

In accordance with the law, the financial statements for the 2006 financial year were submitted to the National Court Register on 4 June 2007. The financial statements were published in Monitor Polski B No. 1690 on 23 October 2007.

3. Data identifying the entity authorized to audit financial statements and the certified auditor acting on its behalf

The audit of the financial statements was performed based on the agreement of 29 June 2007, concluded between Grupa Lotos S.A. and Deloitte Audyt Sp. z o.o. with registered office in Warsaw, ul. Piekna 5, recorded under number 2006 on the list of entities authorized to provide audit services kept by the National Council of Statutory Auditors. On behalf of the authorized entity, the audit was conducted under the supervision of a certified auditor Piotr Sokołowski (No. 9752/7281), at the Company's premises from 22 October to 2 November 2007, from 2 March to 30 April 2008 and outside the Company's premises from 1 May to 6 May 2008.

The authorized entity was appointed by the Supervisory Board by resolution of 8 May 2007 based on authorization included in paragraph 13, item 2(4) of the Company's Articles of Association.

Deloitte Audyt Sp. z o.o. and the certified auditor Piotr Sokołowski confirm that they are authorized to audit financial statements and they meet the requirements of Article 66 clauses 2 and 3 of the Accounting Act to express an unbiased and independent opinion on the financial statements of Grupa LOTOS S.A.

4. Availability of data and management representations

The scope of our audit was not limited.

During the audit, all necessary documents and data as well as detailed information and explanations were provided to the authorized entity and the certified auditor, as confirmed in a written representation of the Management Board of the Company of 6 May 2008.

5. Economic and financial position of the Company

Presented below are the main items from the profit and loss account as well as financial ratios describing the financial result of the Company and its economic and financial situation compared with the previous years.

<u>Main items from the profit and loss account (PLN '000)</u>	<u>2007</u>	<u>2006</u>
Sales revenues	11 866 594	11 629 821
Operating expenses	11 441 699	11 288 201
Other operating revenues	41 376	1 859
Other operating expenses	50 217	5 002
Financial revenues	472 125	163 211
Financial expenses	16 042	10 177
Income tax	127 053	84 797
Net profit	745 084	406 714

<u>Profitability ratios</u>	<u>2007</u>	<u>2006</u>
– gross profit margin	4%	3%
– net profit margin	6%	3%
– net return on equity	17%	10%

<u>Effectiveness ratios</u>		
– assets turnover ratio	1.55	2.00
– receivables turnover in days	47	40
– liabilities turnover in days	27	23
– inventory turnover in days	64	46

<u>Liquidity/Net working capital</u>		
– debt ratio	34%	25%
– equity to fixed assets ratio	66%	75%
– net working capital (PLN '000)	2 317 772	1 805 118
– current ratio	2.17	2.38
– quick ratio	0.92	1.17

The analysis of the above figures and ratios identified the following trends occurring in 2007:

- in 2007, all profitability ratios improved as a result of a net financial result higher by PLN 338,370 thousand as compared to 2006,
- inventory turnover ratio increased significantly, i.e. by nearly 40%, which was the result of a significant sales increase in 2007 as well as change of regulations regarding obligatory inventory kept by the Company,
- receivables turnover ratio increased from 40 to 47 days,
- in 2007, liquidity ratios decreased as compared to previous year due to increase in short-term liabilities.

II. DETAILED INFORMATION

1. Evaluation of the accounting system

The Company has valid documentation describing the accounting principles (policy) applied, including in particular: definition of the financial year and reporting periods thereof, methods of measuring assets and liabilities, and determination of the financial result, method of keeping the accounting records and the system of data and file protection. The documentation of the accounting policy was developed in line with the Accounting Act; and in accordance with the International Financial Reporting Standards as approved by the European Union as regards the measurement of assets and liabilities and presentation of the financial statements. Principle methods of measurement of assets and liabilities, and measurement of the financial result have been presented in the additional explanatory notes.

The Company uses mySAP.com computerized accounting system, which allows for recording all business transactions occurring in the Company. MySAP.com system is password protected against unauthorized access and has functional access controls. The description of the information system complies with the requirements of Article 10 clause 1 point 3 letter c) of the Accounting Act.

The opening balance resulting from the approved financial statements for the previous financial year was properly introduced into the accounting records of the audited period.

In relation to the opening balance, we executed procedures necessary to confirm that it does not contain material misstatements.

The audited documentation of business transactions, the accounting records and the relationships between the accounting entries and vouchers and the financial statements comply with the requirements provided for in section 2 of the Accounting Act.

The accounting records and vouchers, the documentation of the accounting system and the approved financial statements of the Company are stored in compliance with section 8 of the Accounting Act.

The Company performed a physical count and reconciliation of assets and liabilities within the scope, timing and frequency provided for in the Accounting Act. The identified differences were recorded and settled in the accounting records for the audited period.

2. Information on the audited financial statements

The audited financial statements were prepared as of 31 December 2007 and include:

- balance sheet prepared as of 31 December 2007, with total assets and liabilities plus equity of PLN 7,680,471 thousand;
- profit and loss account for the period from 1 January 2007 to 31 December 2007, disclosing a net profit of PLN 745,084 thousand;
- statement of changes in equity for the period from 1 January 2007 to 31 December 2007, disclosing an increase in equity of PLN 722,759 thousand;

- cash flow statement for the period from 1 January 2007 to 31 December 2007, showing a cash outflow of PLN 155,152 thousand;
- additional information and explanations.

The structure of assets and liabilities as well as items affecting the financial profit/loss were correctly presented in the financial statements.

3. Information on selected material items of the financial report

Property, plant and equipment

The Company's property, plant and equipment include:

- fixed assets in the amount of PLN 1,508,882 thousand,
- fixed assets under construction in the amount of PLN 381,361 thousand.
- advances for fixed assets under construction in the amount of PLN 766,004 thousand.

Notes correctly describe changes in fixed assets and fixed assets under constructions, including disclosure of any revaluation write-downs on such assets.

Long-term investments

The Company's long-term investments include:

- shares in controlled entities in the amount of PLN 427,863 thousand;
- shares in other entities in the amount of PLN 3,033 thousand,
- contribution to capital in the amount of PLN 247,081 thousand.

Notes correctly describe changes in investments during the financial year.

Structure of inventory

The structure of inventory was correctly presented in respective explanatory note.

Structure of receivables

The aging structure of trade receivables was correctly presented in respective explanatory note. The audited sample did not include expired or redeemed receivables.

Liabilities

The ageing analysis of liabilities and liabilities by type were correctly presented in the respective explanatory note.

Key items of the Company's liabilities include:

- long-term credit facilities and loans amounting to PLN 486,379 thousand;
- short-term credits and loans amounting to PLN 378,580 thousand;
- trade liabilities amounting to PLN 1,048,661 thousand.

The nature of contracted loans and description of their collateral has been presented in notes. The audited sample did not include expired or written-off liabilities.

Prepayments, accruals and provisions for liabilities

The structure of prepayments, accruals and provisions for liabilities is correctly described in the respective notes.

Expenses and revenues recognized over time were correctly classified in relation to the audited financial year.

Provisions for liabilities were determined at reliably estimated amounts.

These items are recognized completely and correctly in all material respects in relation to the financial statements as a whole.

Justification of the opinion issued

We issued an opinion on the audited financial statements for 2007 pointing to:

- note 11 of the additional information and explanations to the financial statements, in which the Company undertakes to continue the implementation of the concept for Integrated Gasification Combined Cycle (IGCC), that allows launching of the second stage of Program 10+. We would like to point out that the second stage implementation shall depend on future events, including market factors, which might affect the effectiveness of the capital investment incurred so far, which as at 31 December 2007 amounted to PLN 46,5 million and pertained to implementation of IGCC,

- the fact that the presented financial statements are individual financial statements and cannot constitute the sole basis for evaluation of the financial and economic position of the Company, which is the Parent in the Capital Group. In addition to the individual financial statements, the Company prepares the consolidated financial statements of the Capital Group in which it acts as the parent in accordance with the International Financial Reporting Standards.

4. Completeness and correctness of drawing up additional information and explanations and the report on the activities of the entity

The Company confirmed the validity of the going concern principle followed while drawing up the financial statements. The explanatory notes give a correct and complete description of measurement principles regarding assets and liabilities, financial result as well as method of preparation of the financial statements.

Limitations imposed on individual assets disclosed in the balance sheet arising from pledges granted to creditors were described.

The notes fully describe the reporting items and present the other data required by the IFRS in a clear manner.

The financial statements are supplemented with the Management Board's Report on the activities of the Company in the 2007 financial year. The Report contains all the information required under Article 49 clause 2 of the Accounting Act as well as the ordinance of the Minister of Finance of 19 October 2005 on the ongoing and periodic information provided by the issuers of securities. We have audited the Report in respect to the disclosed information derived directly from the audited financial statements.

Management Board's Representations

Deloitte Audyt Sp. z o.o. and the certified auditor received a representation letter from the Management Board of the Company in which the Board stated that the Company complied with the laws in force.

.....
Piotr Sokołowski
Certified auditor:
No. 9752/7281

.....
Represented by

.....
entity authorized to audit
financial statements entered under
number 73 on the list kept by the
National Council of Statutory Auditors

Warsaw, 6 May 2008