

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

FINANCIAL STATEMENTS
FOR THE 2008 FINANCIAL YEAR
WITH
AUDITOR'S OPINION
AND
AUDIT REPORT

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**FINANCIAL STATEMENTS OF GRUPA LOTOS S.A.
FOR THE 2008 FINANCIAL YEAR**

1. Balance sheet
2. Income statement
3. Statement of changes in equity
4. Cash flow statement
5. Additional information and explanations

REPORT ON THE ACTIVITIES OF THE COMPANY

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 2008, with total assets and liabilities plus equity of PLN 9,491,020 thousand;
- income statement for the period from 1 January 2008 to 31 December 2008, disclosing a net loss of PLN 675,704 thousand;
- statement of changes in equity for the period from 1 January 2008 to 31 December 2008, disclosing a decrease in equity of PLN 675,704 thousand;
- cash flow statement for the period from 1 January 2008 to 31 December 2008, showing a cash inflow of PLN 139,833 thousand;
- notes, including information on the adopted accounting policy and other explanatory notes.

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.

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 of the accounting principles (policy) applied, 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 sufficient basis for our opinion.

In our opinion, the financial statements of Grupa LOTOS S.A. for the 2008 financial year were prepared in all material respects based on accounting records kept 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

profit or loss for the 12-month period ended 31 December 2008 in line with the International Financial Reporting Standards as endorsed 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 would allow it to launch the second stage of Program 10+. We would like to point out that the second stage of the implementation will depend on future events, including market factors, which might affect the effectiveness of the capital expenditure incurred so far, which as at 31 December 2008 amounted to PLN 45.8 million and pertained to the works related to the 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 acts as 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 2008 financial year is complete in the meaning of Article 49 clause 2 of the Accounting Act and the Ordinance of the Minister of Finance of 19 February 2009 on current and periodical information submitted by issuers of securities, as well as conditions on the basis of which information required by regulations of a non-member state and is consistent with the underlying information disclosed in the audited financial statements.

.....
Piotr Sokołowski
Certified auditor
no. 9752/7281

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Represented by

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

Warsaw, 27 April 2009

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 2008 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 established by a notarized deed of 18 September 1991 in Warsaw (Repertory No. A 8932/91).

The Company was entered to the Commercial Register kept by the District Court for Gdańsk-Północ, Business Registry Division in Gdańsk, section B, under the number KRS 0000106150 based on a decision of 10 April 2002.

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 By-laws, the scope of the Company's business activities includes:

- 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 crude oil refined products (PKD 23.20.A);
- processing 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 basic organic 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 and sales 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);
- services related to water distribution (PKD 41.00.B);
- general construction work on line distribution structures: pipelines, electric energy lines and telecommunication lines (PKD 45.21.D);
- erecting scaffoldings (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);

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- wholesale of chemical products (PKD 51.55.Z);
 - railway transport (PKD 60.10.Z);
 - road goods transport with special-purpose vehicles (PKD 60.24.A);
 - road goods 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 in sea ports (PKD 63.11.A);
 - cargo transshipment in inland ports (PKD 63.11.B);
 - cargo transshipment in other transshipment points (PKD 63.11.C);
 - warehousing and storage of goods in sea ports (PKD 63.12.A);
 - warehousing and storage of goods in inland ports (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 forms of extending loans (PKD 65.22.Z);
 - other financial brokerage, n.e.c. (PKD 65.23.Z);
 - auxiliary financial activity, n.e.c. (PKD 67.13.Z);
 - purchase and sale of real property on own account (PKD 70.12.Z);
 - rental of real property on own account (PKD 70.20.Z);
 - rental of passenger cars (PKD 71.10.Z);
 - rental of other land transport vehicles (PKD 71.21.Z);
 - rental of construction machines and equipment (PKD 71.32.Z);
 - rental of office machines, equipment and computer hardware (PKD 71.33.Z);
 - rental of other machines and equipment (PKD 71.34.Z);
 - computer hardware consulting services (PKD 72.10.Z);
 - computer software editing (PKD 72.21.Z);
 - other software-related activity (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 in chemical science (PKD 73.10.B);
 - research and development in earth science (PKD 73.10.C);
 - research and development in technical science (PKD 73.10.G);
 - research and development in technical and natural science (PKD 73.10.H);
 - accounting and bookkeeping services (PKD 74.12.Z);
 - business and management consulting (PKD 74.14.A);
 - holdings (PKD 74.15.Z);
 - geological, exploratory and prospecting activities (PKD 74.20.B);
 - surveying and cartography (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, n.e.c. (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);

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- advertising (PKD 74.40.Z);
 - market research and public opinion polling (74.13.Z);
 - photography (PKD 74.81.Z);
 - production of films and videos (PKD 92.11.Z);
 - other printing activity, n.e.c. (PKD 22.22.Z);
 - activity related to translation and secretarial services (PKD 74.85.Z);
 - publication of magazines and periodicals (PKD 22.13.Z);
 - manufacture of plastic packaging (PKD 25.22.Z);
 - manufacture of metal containers (PKD 28.71.Z);
 - other commercial activity, n.e.c. (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 gases;
- 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 in sea ports;
- cargo transshipment in inland ports;
- cargo transshipment in other points,
- warehousing and storage of goods in sea ports;
- warehousing and storage of goods in inland ports;
- warehousing and storage of goods in other storage facilities;
- research and development in chemical science;
- research and development in technical science;
- research and development in technical and natural science.

The Company holds the following concessions for its core activities:

- production of liquid fuels granted to the Company by the President of the Energy Regulatory Authority on 28 November 1998, extended for the period until 31 December 2025 by the decision of the President of the Energy Regulatory Authority of 5 October 2007;
- production of fuels as a result of crude oil processing and composing the fuel with the use of appropriate hydrocarbon fractions and projected component technologies, as well as in specific processes for the period until 31 December 2025 granted by the decision of the President of the Energy Regulatory Authority of 5 October 2007;
- liquid fuel trading concession granted to the Company by the President of the Energy Regulatory Authority on 23 November 1998, extended for the period until 31 December 2025 by the decision of the President of the Energy Regulatory Authority of 5 October 2007;
- storage of liquid fuels expiring on 15 October 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 until 10 September 2001 issued by the President of the Energy Regulatory Authority on 5 September 2001;
- transmission and distribution of electric energy for the period until 10 September 2011 issued by the President of the Energy Regulatory Authority on 5 September 2001.

As of 31 December 2008, the Company's share capital equaled PLN 113 700 000.00 and was divided into 113 700 000 ordinary shares with a face value of PLN 1.00 each. As at 30 June (the date of the last Shareholders' Meeting) the Company's shareholders included:

- Nafta Polska S.A. - 51.91% of shares;
- State Treasury - 6.93% of shares;
- other shareholders (A and B series 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.

As at 31 December 2008, the Company's equity amounted to PLN 4,399,811 thousand.

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;

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- LOTOS Park Technologiczny Sp. z o.o. - 27.45% subsidiary;
 - LOTOS Ochrona Sp. z .o.o. - 100% 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 date of issuing the opinion, the composition of the Company's Supervisory Board was as follows:

- Wiesława Skwarka - Chairman of the Supervisory Board,
- Leszek Starosta - Vice Chairman of the Supervisory Board,
- Mariusz Obszyński - Secretary of the Supervisory Board,
- Radosław Barszcz - Member of the Supervisory Board,
- Małgorzata Hirszel - Member of the Supervisory Boards,
- Jan Stefanowicz - Member of the Supervisory Boards.

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

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

- 30 June 2008 was the last day of office of the Supervisory Board composed of:
 - 1) Jan Stefanowicz – Chairman of the Supervisory Board;
 - 2) Henryk Siodmok – Deputy Chairman of the Supervisory Board;
 - 3) Grzegorz Szczodrowski – Secretary of the Supervisory Board;
 - 4) Marta Busz – Member of the Supervisory Board;
 - 5) Izabela Emerling – Member of the Supervisory Board;
 - 6) Jacek Mościcki – Member of the Supervisory Board
- On 30 June 2008 a new Supervisory Board was appointed and included the following people:
 - 1) Wiesław Skwarko – Chairman of the Supervisory Board;
 - 2) Radosław Barszcz – Member of the Supervisory Board;
 - 3) Piotr Chajderowski – Member of the Supervisory Board;
 - 4) Leszek Starosta – Member of the Supervisory Board;
 - 5) Jan Stefanowicz – Member of the Supervisory Board;
 - 6) Mariusz Obszyński – Member of the Supervisory Board.
- On 30 June 2008 the State Treasury i.e. the Company's shareholder dismissed Mrs. Beata Zawadzka from the position of Member of the Supervisory Board and appointed Mrs. Małgorzata Hirszel to hold the position of Member of the Supervisory Board as at 1 July 2008.
- On 10 March 2009 Mr. Piotr Chajderowski resigned from the position of Member of the Supervisory Board effective as of 10 March 2009.

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

- Paweł Olechnowicz - Chairman of the Management Board;
- Marek Sokółowski - Vice Chairman of the Management Board;
- Mariusz Machajewski - Vice-Chairman of the Management Board.

No changes to the composition of the Company's Management Board took place in the audited period and in the period between 1 January 2009 and the opinion date.

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

The activities of the Company in 2007 resulted in a net profit of PLN 745,084 thousand. The financial statements of the Company for the 2007 financial year were audited by a certified auditor. The audit was performed by the authorized entity Deloitte Audyt Sp. z o.o. On 6 May 2008, the certified auditor issued an opinion on these financial statements pointing 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 would allow it to launch the second stage of Program 10+. We would like to point out that the second stage of the implementation will depend on future events, including market factors, which might affect the effectiveness of the capital expenditure incurred so far, which as at 31 December 2007 amounted to PLN 46.5 million and pertained to the works related to the 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 acts as 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 General Shareholders' Meeting which approved the financial statements for the 2007 financial year was held on 30 June 2008. The General Shareholders' Meeting decided on the following distribution of the net profit for 2007:

- reclassification to supplementary capital – PLN 742,584 thousand;
- reclassification to special purpose fund – PLN 2,500 thousand.

The financial statements for the 2007 financial year were submitted in accordance with the law to the National Court Register on 11 July 2008 and submitted for publication in Monitor Polski B on 15 July 2008. The financial statements were published in Monitor Polski B no. 204 on 13 February 2009.

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. Piękna 18, recorded under number 73 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 of the financial statements was conducted under the supervision of a certified auditor Piotr Sokołowski (no. 9752/7281) at the Company's premises from 20 to 31 October 2008 and from 23 February to 20 March 2009 and from 14 April to 27 April 2009 outside the Company's premises.

The authorized entity was appointed by the Supervisory Board, by a resolution of 19 May 2008 based on the authorization included in Article 13 clause 2 point 4 of the Company's By-laws.

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 April 27, 2009

5. Economic and financial position of the Company

Presented below are the main items from the income statement as well as financial ratios describing the financial profit/loss of the Company and its economic and financial position compared to the previous year.

<u>Main items from the income statement (in PLN '000)</u>	<u>2008</u>	<u>2007</u>
Sales revenue	14 898 653	11 866 594
Operating expenses	(15 478 689)	(11 441 699)
Other operating revenue	6 580	41 376
Other operating expenses	(13 784)	(50 217)
Financial revenue	134 212	472 125
Financial expenses	(416 916)	(16 042)
Income tax	180 456	(127 053)
Net profit (loss)	(675 704)	745 084

<u>Profitability ratios</u>	<u>2008</u>	<u>2007</u>
– gross profit margin	(4%)	4%
– net profit margin	(5%)	6%
– net return on equity	(13%)	17%

<u>Effectiveness ratios</u>		
– assets turnover ratio	1.57	1.55
– receivables turnover in days	34	47
– liabilities turnover in days	19	27
– inventory turnover in days	56	64

<u>Liquidity/Net working capital</u>		
– debt ratio	54%	34%
– equity to fixed assets ratio	46%	66%
– net working capital (PLN '000)	2 157 557	2 317 772
– current ratio	2.10	2.17
– quick ratio	0.94	0.92

The analysis of the above figures and ratios identified the following trends in 2008:

- in 2008 all profitability ratios deteriorated as a result of a loss of PLN 675 704 thousand;
- inventory turnover ratio decreased significantly, by nearly 13%, which was the result of a change in regulations regarding obligatory inventory kept by the Company;
- the receivables and liabilities turnover ratios fell from 47 to 34 days and from 27 to 19 days respectively;
- in 2008 liquidity ratios did not change considerably.

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, measurement methods applied to assets and liabilities and determining the financial profit or loss, the 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 as regards the measurement of assets and liabilities plus equity and presentation of the financial statements – in accordance with the International Financial Reporting Standards as endorsed by the European Union. The basic measurement methods applied to assets and liabilities as well as principles for determining the financial profit or loss are presented in the additional explanatory notes.

The Company uses mySAP.com computerized accounting system, which allows it to record all business transactions. 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.

In the part we have audited, the documentation of business transactions, the accounting records and the relationships between the accounting entries and vouchers and the financial statements comply with the requirements of 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 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 2008 and include:

- balance sheet prepared as of 31 December 2008, with total assets and liabilities plus equity of PLN 9,491,020 thousand;
- income statement for the period from 1 January 2008 to 31 December 2008, disclosing a net loss of PLN 675,704 thousand;
- statement of changes in equity for the period from 1 January 2008 to 31 December 2008, disclosing a decrease in equity of PLN 675,704 thousand;
- cash flow statement for the period from 1 January 2008 to 31 December 2008, showing a cash inflow of PLN 139,833 thousand;
- notes, including information on the adopted accounting policy and other explanatory notes.

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

3. Information on selected material items of the financial statements

Property, plant and equipment

The Company's property, plant and equipment includes:

- fixed assets of PLN 1 409 661 thousand;
- fixed assets under construction of PLN 1 992 024 thousand;
- advance payments for fixed assets under construction of PLN 1 194 489 thousand.

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

Long-term investments

The 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 analysis of trade receivables was correctly presented in the respective explanatory note. The audited sample did not include expired or cancelled 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 borrowings of PLN 3 098 491 thousand;
- short-term borrowings of PLN 314 478 thousand;
- trade liabilities of PLN 574 182 thousand.

Details of the contracted loans and a description of their collateral have been disclosed in the explanatory notes. The audited sample did not include expired or cancelled 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 in 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 2008 pointing 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 would allow it to launch the second stage of Program 10+. We would like to point out that the second stage of the implementation will depend on future events, including market factors, which might affect the effectiveness of the capital expenditure incurred so far, which as at 31 December 2008 amounted to PLN 45.8 million and pertained to the works related to the 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 acts as 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 applied to assets and liabilities, financial profit or loss as well as the 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 remaining data required by IFRS in a clear manner.

The financial statements are supplemented with the Management Board's Report on the activities of the Company in the 2008 financial year. The Report on the activities includes information required by Article 49 clause 2 of the Accounting Act and the Ordinance of the Minister of Finance of 19 February 2009 on current and periodical information submitted by issuers of securities, as well as conditions on the basis of which information required by regulations of a non-member state are considered equivalent. We have audited the Report with 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, April 27, 2009