

THE PETROLINVEST CAPITAL GROUP

**LONG-FORM AUDITORS' REPORT
SUPPLEMENTING THE INDEPENDENT AUDITORS' OPINION
ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

I. GENERAL NOTES

1. Background

The parent company of the Petrolinvest Capital Group (hereinafter 'the Group' or 'the Capital Group') is PETROLINVEST S.A. ('the parent company', 'the Company').

The parent company is the legal successor of Petrolinvest Spółka z ograniczoną odpowiedzialnością which was incorporated on the basis of a Notarial Deed dated 31 October 1995. On 29 December 2006, a resolution of the Shareholders' Meeting of Petrolinvest Spółka z ograniczoną odpowiedzialnością dated 22 December 2006 was registered based on which Petrolinvest Spółka z ograniczoną odpowiedzialnością was transformed into Petrolinvest Spółka Akcyjna.

The Company's registered office is located in Gdynia, at ul. Podolska 21.

The parent company is the issuer of securities referred to in Article 4 of Regulation of the European Parliament and the Council of the European Union dated 19 July 2002, No. 1606/2002/WE concerning application of International Accounting Standards (Official Journal of the European Union No. L 243 dated 11 September 2002, page 1; Official Journal of the European Union, Special Polish Edition, chapter 13, volume 29, page 609) and based on Article 55.6a of the Accounting Act dated 29 September 1994 (uniform text: Journal of Laws 2001, No. 76, item 1223 with further amendments – 'the Accounting Act') prepares consolidated financial statements of the Group in accordance with International Financial Reporting Standards, which have been endorsed by the European Union. This obligation concerns the consolidated financial statements that have been prepared for the financial year commencing in 2005 or later.

On 29 December 2006, the Company was entered in the Register of Entrepreneurs of the National Court Register of the District Court Gdańsk- Północ in Gdańsk, VIII Economic Department, Entry No. KRS 0000270970.

The Company was issued with tax identification number (NIP) 586-10-27-954 on 23 February 1995 and statistical number (REGON) 190829082 on 9 January 2007.

The parent company operates as part of the Prokom Investments capital group. Details of transactions with affiliated entities are included in note 35 of the additional notes and explanations ('additional notes') to the audited financial statements for the year ended 31 December 2009.

The principal activities of the Company are as follows:

- oil-field and gas-field development,
- wholesale of solid, liquid and gas fuels and derivative products,
- retail of fuels,
- production of gas fuels,
- services consisting in installation of metal constructions,
- development of gas installations.

The scope of activities of subsidiaries, jointly-controlled entities and associates is related to that of the parent company.

The Petrolinvest Capital Group
*Long-form auditors' report supplementing the independent auditors' opinion
for the year ended 31 December 2009
(in thousand zlotys)*

As at 31 December 2009, the Company's issued share capital amounted to 215,266 thousand zlotys. Group equity as at that date amounted to 311,517 thousand zlotys.

Based on current reports available to the public, in accordance with the requirements of Article 56 of the Act on public trading and terms and conditions for introducing financial instruments to organized public trading and on public companies dated 29 July 2005 (Journal of Laws 2009, No. 185, item 1439 (further 'current reports'), the Company's shareholding structure as at 31 December 2009 was as follows:

	Number of shares	Number of votes	Par value of shares	% of issued share capital
PROKOM				
INVESTMENTS S.A. together with Osiedle Wilanowskie	9,617,307	9,617,307	96,173,070	44.68%
Ryszard Krauze	3,586	3,586	35,860	0.02%
Other shareholders	11,905,706	11,905,706	119,057,060	55.30%
	-----	-----	-----	-----
Total	21,526,599	21,526,599	215,265,990	100%
	=====	=====	=====	=====

In accordance with the excerpt from the National Court Register dated 5 February 2010 and in accordance with current reports, during the financial year and during the period from the balance sheet date to the date of opinion, the following movements took place in the share capital of the Company:

	Number of shares	Par value of shares
Opening balance	6,348,092	63,480,920
Share capital increase – issue of shares, class G	2,613,163	26,131,630
Share capital increase – issue of shares, class H	447,942	4,479,420
Share capital increase – issue of shares, class K	599,212	5,992,120
Share capital increase – issue of shares, class L	2,100,000	21,000,000
Share capital increase – issue of shares, class M	730,000	7,300,000
Share capital increase – issue of shares, class N	1,052,000	10,520,000
Share capital increase – issue of shares, class Q	2,778,991	27,789,910
Share capital increase – issue of shares, class P	300,000	3,000,000
Share capital increase – issue of shares, class R	600,000	6,000,000
Share capital increase – issue of shares, class T	1,453,571	14,535,710
Share capital increase – issue of shares, class U	2,503,628	25,036,280
	-----	-----
Balance as at 31 December 2009	21,526,599	215,265,990
	-----	-----
Share capital increase – issue of shares, class PB	70,800	708,000
Share capital increase – issue of shares, class S	300,000	3,000,000
	-----	-----
Balance as at 22 March 2010	21,897,399	218,973,990
	=====	=====

As at 22 March 2010, the Company's Management Board was composed of:

Paweł Gricuk - President
 Marcin Balicki - Vice President

During the reporting period and during the period from the balance sheet date to the date of this report, the following changes took place in the composition of the Management Board:

On 16 January 2009, Mr. Zenon Grablewski resigned as Vice-president of the Management Board and Mr. Marcin Balicki resigned as Board Member and was appointed as Vice-president of the Management Board.

2. Group Structure

As at 31 December 2009, the Petrolinvest Group consisted of the following subsidiaries (direct or indirect) and jointly controlled entities:

<u>Company name</u>	<u>Consolidation method</u>	<u>Type of opinion</u>	<u>Name of authorised entity that audited financial statements</u>	<u>Balance sheet date</u>
<i>Petrolinvest Gaz S.A. (Poland)</i>	<i>Full method</i>	<i>Unqualified, with emphasis of matter</i>	<i>Ernst & Young Audit sp. z o.o</i>	<i>31 December 2009</i>
<i>UAB Petrolinvest Mockavos Perpyla (Lithuania)</i>	<i>Full method</i>	<i>No audit requirement</i>	<i>No audit requirement</i>	<i>31 December 2009</i>
<i>Occidental Resources, Inc. (USA)</i>	<i>Full method</i>	<i>No audit requirement</i>	<i>No audit requirement</i>	<i>31 December 2009</i>
<i>TOO OilTechnoGroup (Kazakhstan)</i>	<i>Full method</i>	<i>No audit requirement</i>	<i>No audit requirement</i>	<i>31 December 2009</i>
<i>TOO Company Profit (Kazakhstan)</i>	<i>Proportionate method</i>	<i>No audit requirement</i>	<i>No audit requirement</i>	<i>31 December 2009</i>
<i>TOO EmbaJugNieft (Kazakhstan)</i>	<i>Full method</i>	<i>No audit requirement</i>	<i>No audit requirement</i>	<i>31 December 2009</i>

Details of the type and impact of changes in entities included in the consolidation as compared to the prior year may be found in note 3 of the additional notes to the consolidated financial statements of the Group for the year ended 31 December 2009.

3. Consolidated Financial Statements

3.1 Auditors' opinion and audit of consolidated financial statements

Ernst & Young Audit sp. z o.o. with its registered office in Warsaw, at Rondo ONZ 1, is registered on the list of entities authorised to audit financial statements under no. 130.

Ernst & Young Audit sp. z o.o. was appointed by the Company's Supervisory Board on 11 June 2009 to audit the Group's consolidated financial statements.

Ernst & Young Audit sp. z o.o. and the key certified auditor in charge of the audit meet the conditions required to express an impartial and independent opinion on the financial statements, as defined in Art. 56.3 and 56.4 of the Act on statutory auditors and their self-governance, audit firms authorized to audit financial statements and public oversight, dated 7 May 2009 (Journal of Laws 2009, No. 77, item 649).

Under the contract executed on 1 July 2009 with the parent company's Management Board, we have audited the consolidated financial statements for the year ended 31 December 2009.

Our responsibility was to express an opinion on the consolidated financial statements based on our audit. The auditing procedures applied to the consolidated financial statements were designed to enable us to express an opinion on the consolidated financial statements taken as a whole. Our procedures did not extend to supplementary information that does not have an impact on the consolidated financial statements taken as a whole.

Based on our audit, we issued a qualified auditors' opinion including emphases of matter, dated 22 March 2010, stating the following:

'To the Supervisory Board of Petrolinvest S.A.

1. We have audited the attached consolidated financial statements of Petrolinvest Group ('the Group'), for which the holding company is Petrolinvest S.A. ('the Company') located in Gdynia at 21 Podolska Street, for the year ended 31 December 2009 containing:
 - the consolidated balance sheet as at 31 December 2009 with total assets amounting to 1 059 957 thousand zlotys,
 - the consolidated income statement for the period from 1 January 2009 to 31 December 2009 with a net loss amounting to 440 665 thousand zlotys,
 - the consolidated statement of comprehensive income for the period from 1 January 2009 to 31 December 2009 with a total comprehensive loss amounting to 622 736 thousand zlotys,
 - the consolidated statement of changes in equity for the period from 1 January 2009 to 31 December 2009 with a net decrease in equity amounting to 94 152 thousand zlotys,
 - the consolidated cash flow statement for the period from 1 January 2009 to 31 December 2009 with a net cash outflow amounting to 8 648 thousand zlotys and
 - the summary of significant accounting policies and other explanatory notes

(‘the attached consolidated financial statements’).

2. The truth and fairness¹ of the attached consolidated financial statements, the preparation of the attached consolidated financial statements in accordance with the required applicable accounting policies and the proper maintenance of the consolidation documentation are the responsibility of the Company’s Management Board. Our responsibility was to audit the attached consolidated financial statements and to express an opinion on whether, based on our audit, these financial statements comply, in all material respects, with the required applicable accounting policies and whether they truly and fairly² reflect, in all material respects, the financial position and results of the operations of the Group.
3. We conducted our audit of the attached consolidated financial statements in accordance with:
 - chapter 7 of the Accounting Act, dated 29 September 1994 (Journal of Laws 2009, No. 152, item 1223 with further amendments - ‘the Accounting Act’),
 - general practice of audit of financial statements applied in Poland (based on the previously binding auditing standards issued by the National Council of Statutory Auditors and after considering the provisions of the Act on statutory auditors and their self-governance, audit firms authorized to audit financial statements and public oversight, dated 7 May 2009 (Journal of Laws 2009, No. 77, item 649),

in order to obtain reasonable assurance whether these financial statements are free of material misstatement. In particular, the audit included examining, to a large extent on a test basis, documentation supporting the amounts and disclosures in the attached consolidated financial statements. The audit also included assessing the accounting principles adopted and used and significant estimates made by the Management Board, as well as evaluating the overall presentation of the attached consolidated financial statements. We believe our audit has provided a reasonable basis to express our opinion on the attached consolidated financial statements treated as a whole.

4. The consolidated financial statements for the proceeding financial year ended 31 December 2008 were subject to our audit and we issued qualified opinion including emphases of matter on these consolidated financial statements, dated 30 April 2009. The modification paragraphs pertain to issues also discussed in point 5, 6 and 8 below.
5. As further described in notes 13 and 35 to the attached consolidated financial statements, the Company is a party of agreements with the companies from the principal shareholder’s capital group in order to establish rules, on which the mentioned companies enable the Company to use their assets as bank loan collateral. The above mentioned agreements contain a clause on an authorisation granted to the companies from the principal shareholder’s capital group for a conversion request that the Company would issue shares as part of its target capital and offer the shares precluding the pre-emptive rights of the existing shareholder (‘call option’) as well as other embedded derivatives. In the previous years, the Company received loan from the Company’s principal shareholder which contained call option. Since the Company was

¹ Translation of the following expression in Polish: ‘*rzetelność i jasność*’

² Translation of the following expression in Polish: ‘*rzetelne i jasne*’

not able to make a precise assessment of certain assumptions, it has neither made any valuation of the embedded derivative instruments being part of the above mentioned agreements nor has it presented to us any valuation of the loans to fair values as at the date of the modification of the loan agreements. If the valuation of the above mentioned embedded derivative instruments as well as new valuations of the loans to their fair values as at the date of signing the amendments to the loan agreements had been performed, it would have affected the consolidated net result for the year ended 31 December 2009.

6. As further described in note 21 to the attached consolidated financial statements, the Company acquired subsidiaries and jointly controlled entities and recognized goodwill which amounted to 350 million zlotys as at 31 December 2009. In our opinion, the holding company should disclose the value of the licence purchased in transactions of acquiring subsidiaries and jointly controlled entities and disclose the deferred tax liability relating to the above mentioned licences. The attached consolidated financial statements do not contain adjustments mentioned above.
7. In our opinion, except for the effects of the matters described in paragraphs 5 and 6 above, the attached consolidated financial statements, in all material respects:
 - present truly and fairly all information material for the assessment of the results of the Group's operations for the period from 1 January 2009 to 31 December 2009, as well as its financial position³ as at 31 December 2009;
 - have been prepared in accordance with International Financial Reporting Standards as adopted by the EU;
 - are in respect of the form and content, in accordance with the legal regulations governing the preparation of financial statements.
8. Without further qualifying our opinion, we draw attention to the following issues:
 - (a) In note 21 to the attached consolidated financial statements, the Group presented the most important assumptions underlying an impairment test of goodwill and other assets acquired together with the newly acquired entities. The assumptions adopted by the Company's Management Board were based on the Group's entities' own experience and research as well as the results of the assessments performed by an independent industry expert. These assumptions concerning, for instance, the level of crude oil production, depend on future conditions and circumstances, which cannot be defined today and which potential impact on the Group's financial results is unknown.
 - (b) In notes 16 and 33 to the attached consolidated financial statements, the Group disclosed matters relating to licences for exploration and extraction of hydrocarbons resources in the Republic of Kazakhstan. The licences provide certain obligations of the Group's entities which, if breached or not complied with, may result in the rights under the licences being suspended or licences being cancelled.

As further described in note 16 to the attached consolidated financial statements, as at 29 June 2009, the prolongation date concerning one of the licences expired. The Management Board of the holding company expects to sign the amendment to the

³ Translation of the following expression in Polish: *'sytuacja majątkowa i finansowa'*

contract with Kazakhstan's Energy Ministry that would prolong this licence for the next two years. As at the date of this opinion, the Management Board of the holding company is certain that the above-mentioned amendment will be signed in the nearest future.

As the above-mentioned licence obligations will be realized in the future, there is an uncertainty at the date of issuing this opinion whether all licence obligations will be met in accordance with the conditions of the licences as well as the accepted investment programs, and whether the licences for exploration and extraction of hydrocarbon resources will not be suspended or cancelled in the future.

- (c) In accordance with disclosures made in note 2 to the attached consolidated financial statements, the Management Board of the holding company pointed to some potential threats to the Group's going concern. In 2006 the Group started an investment program aiming at expansion of the Group's activities in the area of exploration and subsequent extraction of hydrocarbons. The further development and going concern assumption of the Group and the Group's entities depends on realisation of these plans.

The investment program is run in the Republic of Kazakhstan, which has relatively young legal and tax systems. The lack of reference to well established legal and tax regulations in this country may result in lack of clarity and integrity in the regulations. Frequent contradictions may arise in legal interpretations of tax regulations, as well as regulations applicable to the exploration and development of hydrocarbons, both within government bodies and between companies and government bodies, which may create uncertainties and conflicts. These facts create investment risks in this country which are substantially more significant than those typically found in countries with more developed systems, which may have a direct impact on the valuation of the Group's assets.

Due to the start-up phase of the investments, as at the date of the attached consolidated financial statements, there is uncertainty as to whether the Group will achieve the established goals as a result of capital expenditures planned and incurred to date. The investment program is financed from the Group's own resources, loans received from its principal shareholder and external resources. The success of the investment program depends on the ability to obtain sufficient external financing by the Group.

As further described in note 2 to the attached consolidated financial statements in March 2010 the Company gained access to new sources of financing. The part of the above-mentioned financing was obtained subject to conditions precedent to closing, further describe in note 43 to the attached consolidated financial statements.

Failure to meet conditions precedent and to obtain further financing may result in suspending the investment program and may have a negative impact on the business, financial position, results of operations and the Group's ability to continue as a going concern.

The attached consolidated financial statements were prepared on the assumption that the Group will continue as a going concern and do not include any adjustment relating to different methods of valuation and classification of assets and liabilities

which might have been necessary if the Group were unable to continue as a going concern for 12 months from the balance sheet date.

9. We have read the Directors' Report for the period from 1 January 2009 to 31 December 2009 the rules of preparation of annual consolidated financial statements' ('the Directors' Report') and concluded that the information derived from the attached consolidated financial statements reconciles with these financial statements. The information included in the Directors' Report corresponds with the relevant regulations of the Decree of the Minister of Finance dated 19 February 2009 on current and periodic information published by issuers of securities and conditions for recognition as equivalent the information required by laws of non-EU member states (Journal of Laws 2009, No. 33, item 259).'

We conducted the audit of the Group's consolidated financial statements during the period from 23 November 2009 to 27 November 2009 and from 25 January 2010 to 22 March 2010. We were present at the Company's head office from 23 November 2009 to 27 November 2009 and from 1 February 2010 to 12 February 2010.

3.2 Representations provided and data availability

The Management Board of the holding company confirmed its responsibility for the truth and fairness⁴ of the consolidated financial statements and the correctness of consolidation documentation. The Board stated that it provided us with all financial statements of the Group companies included in the consolidated financial statements, consolidation documentation and other required documents as well as all necessary explanations. We also obtained a written representation dated 22 March 2010 from the Management Board of the holding company confirming that:

- the information included in the consolidation documentation was complete,
- all contingent liabilities had been disclosed in the consolidated financial statements, and
- all material events from the balance sheet date to the date of the representation letter had been disclosed in the consolidated financial statements,

and confirmed that the information provided to us was true and fair to the best of the holding company Management Board's knowledge and belief, and included all events that could have had an effect on the consolidated financial statements.

3.3 Consolidated financial statements for prior financial year

The consolidated financial statements of the Group for the year ended 31 December 2008 were audited by Michał Rybus, key certified auditor No. 9872, acting on behalf of Ernst & Young Audit sp. z o.o., with its registered office in Warsaw at Rondo ONZ 1, entered on the list of auditors kept by the National Chamber of Certified Auditors under No. 130. The key certified auditor issued a qualified opinion on the consolidated financial statements for the year ended 31 December 2008 concerning lack of valuation of the embedded derivative instruments and loans to fair values and of separation of the value of the licence acquired as part of settlement of the transactions of acquisition of subsidiaries and jointly controlled

⁴ Translation of the following expression in Polish: "*rzetelność, prawidłowość i jasność*"

entities and with emphases of matter relating to the variability of assumptions made for impairment tests, uncertainty concerning fulfilment of concession obligations and potential going concern issues.

The consolidated financial statements for the year ended 31 December 2008 were approved by the General Shareholders' Meeting on 30 June 2009.

The consolidated financial statements of the Group for the financial year ended 31 December 2008, together with the auditors' opinion, a copy of the resolution approving the consolidated financial statements and the Directors' Report, were filed on 15 July 2009 with the National Court Register.

The consolidated balance sheet as at 31 December 2008, the consolidated profit and loss account, the statement of changes in consolidated equity and the consolidated cash flow statement for the year ended 31 December 2008, together with the auditors' opinion and a copy of the resolution approving the financial statements were published in Monitor Polski B, No. 329 on 10 February 2010.

4. Analytical Review

4.1 Basic data and financial ratios

Presented below are selected financial ratios indicating the economic or financial performance of the Group for the years 2007 – 2009. The ratios were calculated on the basis of financial information included in the consolidated financial statements for years ended 31 December 2009 and 31 December 2008 and do not take into account any implications of the qualifications included in the auditors' opinion

	2009	2008	2007
Total assets	1,059,957	1,388,314,	1,035,776
Shareholders' equity	311,51	405,669	,361,364
Net profit/ loss	- 440,665	- 306,938	- 12,502
Return on assets (%)	-41.6%	-22.1%	-1.2%
$\frac{\text{Net profit/loss} \times 100}{\text{Total assets}}$			
Return on equity (%)	-108.6%	-84.9%	-4.0%
$\frac{\text{Net profit/loss} \times 100}{\text{Shareholders' equity at the beginning of the period}}$			
Profit margin (%)	-581.8%	-120.2%	-5.6%
$\frac{\text{Net profit/loss} \times 100}{\text{Sales of finished goods, goods for resale and raw materials}}$			
Liquidity I	0.1	0.4	0.4
$\frac{\text{Current assets}}{\text{Short-term creditors}}$			
Liquidity III	0.05	0.1	0.2
$\frac{\text{Cash and cash equivalents}}{\text{Short-term creditors}}$			
Debtors days	24 days	12 days	24 days
$\frac{\text{Trade debtors} \times 365}{\text{Sales of finished goods, goods for resale and raw materials}}$			

The Petrolinvest Capital Group
*Long-form auditors' report supplementing the independent auditors' opinion
for the year ended 31 December 2009
(in thousand zlotys)*

	2009	2008	2007
Creditors days	23 days	12 days	10 days
Trade creditors x 365 <hr/> Costs of finished goods, goods for resale and raw materials sold			
Inventory days	8 days	6 days	16 days
Inventory x 365 <hr/> Costs of finished goods, goods for resale and raw materials sold			
Stability of financing (%)	75.1%	82.6%	87.6%
(Equity + long-term provisions and liabilities) x 100 <hr/> Total liabilities, provisions and equity			
Debt ratio (%)	70.6%	70.8%	65.1%
(Total liabilities and provisions) x 100 <hr/> Total assets			
Rate of inflation:			
yearly average	3.5%	4.2%	2.5%
December to December	3.5%	3.3%	4.0%

4.2 Comments

The following trends may be observed in 2009 based on the above financial ratios:

In 2009 all profitability ratios deteriorated compared to the year ended 31 December 2008 and 31 December 2007 which was the result of higher net loss incurred in the current year than that incurred in 2008 or 2007.

In 2009 ROA was -41.6% and decreased compared to 2008 and 2007 when it was -22.1% and -1.2%, respectively. ROE decreased from -84.9% in 2008 and -4.0% in 2007 to -108.6% in 2009. Net Profit Margin decreased in 2009 compared to 2008 by over 461 pp, i.e. from -120.2% to -581.8%. In 2007 Net Profit Margin was -5.6%.

Liquidity I decreased compared to 2008 to 0.1 as at 31 December 2009. In 2008 and 2007 it was 0.4. Liquidity III decreased from 0.1 as at 31 December 2008 and 0.2 as at 31 December 2007 to 0.05 as at 31 December 2009.

Debtors Days ratio, which in 2009 was 24 days, in 2008 and 2007 it was 12 and 24 days, respectively. Creditors Days ratio was 23 days in 2009 and compared to 2008 increased by 11 days (from 12 days). In 2007, Creditors Days ratio was 10 days. Inventory Days ratio

increased compared to prior years and in 2009 was 8 days, in 2008 – 6 days and in 2007 – 16 days.

Stability of financing showed an over 7.5 pp decrease from 82.6% as at 31 December 2008 to 75.1% as at 31 December 2009. As at 31 December 2007, Stability of financing was 87.6%. Debt ratio decreased slightly and was 70.6% as at 31 December 2009, while as at 31 December 2008 was 70.8% and as at 31 December 2007- 65.1%.

4.3 Going concern

In Note 2 of the additional notes to the audited consolidated financial statements for the year ended 31 December 2009, the Management Board of the parent company has stated that the financial statements of the Group entities included in the consolidated financial statements were prepared on the assumption that these entities will continue as a going concern for a period of at least twelve months subsequent to 31 December 2009.

However, in note 2 of the additional notes to the audited consolidated financial statements for the year ended 31 December 2009, the Management Board of the parent company has stated that there are circumstances indicating significant uncertainty as to the Group entities' ability to continue as a going concern. The Management Board has also described the actions planned and taken by the Group to eliminate that uncertainty.

We have addressed the issue of the ability to continue as a going concern in the auditors' opinion on the consolidated financial statements for the year ended 31 December 2009 (see also section I.3.1 of this Report).

II. DETAILED REPORT

1. Completeness and accuracy of consolidation documentation

During the audit no material irregularities were noted in the consolidation documentation which could have a material effect on the audited consolidated financial statements, and which were not subsequently adjusted. These would include matters related to the requirements applicable to the consolidation documentation (and in particular eliminations relating to consolidation adjustments).

2. Accounting policies for the valuation of assets and liabilities

The Group's accounting policies and rules for the presentation of data are detailed in note 10 of the additional notes to the Group's consolidated financial statements for the year ended 31 December 2009.

3. Structure of assets, liabilities and equity

The structure of the Group's assets and equity and liabilities is presented in the audited consolidated financial statements for the year ended 31 December 2009.

The data disclosed in the consolidated financial statements reconcile with the consolidation documentation.

Included in the auditors' opinion were the following qualifications:

- lack of valuation of derivatives embedded in loan agreements and re-measurement of said loan agreements to fair value as at the date of change in loan terms and conditions;
- lack of separation of the value of the licence acquired as part of settlement of the transactions of acquisition of subsidiaries and jointly controlled entities.

3.1 Goodwill on consolidation and amortisation

The method of determining goodwill on consolidation, the method on determining impairment of goodwill, the impairment charged in the financial year and up to the balance sheet date were presented in note 21 of the additional notes to the consolidated financial statements.

Included in our auditors' opinion is qualification concerning lack of separation of the value of the licence acquired as part of settlement of the transactions of acquisition of subsidiaries and jointly controlled entities.

3.2 Shareholders' funds including minority interest

The amount of shareholders' funds is consistent with the amount stated in the consolidation documentation and appropriate legal documentation. Minority shareholders' interest amounted to zero zlotys as at 31 December 2009. It was correctly calculated and is consistent with the consolidation documentation.

Information on shareholders' funds has been presented in note 28 of the additional notes to the consolidated financial statements.

3.3 Financial year

The financial statements of all Group entities forming the basis for the preparation of the consolidated financial statements were prepared as at 31 December 2009 and include the financial data for the period from 1 January 2009 to 31 December 2009.

4. Consolidation adjustments

4.1 Elimination of inter-company balances (receivables and liabilities) and inter-company transactions (revenues and expenses) of consolidated entities.

All eliminations of inter-company balances (receivables and liabilities) and inter-company transactions (revenues and expenses) of the consolidated companies reconcile with the consolidation documentation.

4.2 Elimination of unrealised gains/losses of the consolidated companies, included in the value of assets, as well as relating to dividends

All eliminations of unrealised gains/losses of the consolidated companies, included in the value of assets, as well as relating to dividends reconcile with the consolidation documentation.

5. Disposal of all or part of shares in a subordinated entity

The effects of the sale of shares in OOO Siewiergeofizyka, OOO Nieftegoserwis oraz ZAO Peczora-Petroleum were disclosed in the Group's consolidated financial statements in accordance with the appropriate legal documents and consolidation documentation.

6. Items which have an impact on the group's result for the year

Details of the items which have an impact on the Group's result for the year have been included in the audited consolidated financial statements for the year ended 31 December 2009.

7. The appropriateness of the departures from the consolidation methods and application of the equity accounting as defined in International Financial Reporting Standards as adopted by the EU

During the process of preparation of the consolidated financial statements there were no departures from the consolidation methods or application of the equity accounting that would have resulted in the modifications in the auditors' opinion.

8. Additional notes to the consolidated financial statements

The additional notes to the consolidated financial statements for the year ended 31 December 2009 were prepared, in all material respects, in accordance with International Financial Reporting Standards as adopted by the EU.

9. Directors' Report

We have read the Directors' Report for the period from 1 January 2009 to 31 December 2009 and the rules of preparation of annual consolidated financial statements' ('the Directors' Report') and concluded that the information derived from the attached consolidated financial statements reconciles with these financial statements. The information included in the Directors' Report corresponds with the relevant regulations of the Decree of the Minister of Finance dated 19 February 2009 on current and periodic information published by issuers of securities and conditions for recognition as equivalent the information required by laws of non-EU member states (Journal of Laws No. 33, item 259).

10. Conformity with Law and Regulations

We have obtained a letter of representations from the Management Board of the parent company confirming that no laws, regulations or provisions of the Articles of Association of Group entities were breached during the financial year.

11. Work of Experts

During our audit we have taken into account the results of the work of the following independent experts:

- Prospecto Sp. z o.o. (Marek Kajdanowicz, Actuary, License No. 62) – valuation of provisions for retirement, pension and posthumous benefits for the employees of Petrolinvest S.A. as at 31 December 2009,
- Gdańska Agencja Nieruchomości (Beata Jezierska, Property valuer, License No. 2757) – valuation of land property (operat szacunkowy) located in Przybiernowo and Żabowo as at 31 December 2009,
- McDaniel & Associates Consultants Ltd. – report from July 2009 presenting prospective resources of the company Profit, based on which impairment of investments in this company was recognized.

on behalf of
Ernst & Young Audit sp. z o.o.
Rondo ONZ 1, 00-124 Warsaw
Reg. No 130

Key Certified Auditor

Michał Rybus
certified auditor
no. 9872

Warsaw, 22 March 2010