

**Independent Auditor's Opinion  
on consolidated financial statements  
for the year ended 31 December 2006**

**To the Supervisory Board of Petrolinvest S.A. ("the Issuer") with its registered office in Gdynia,**

1. For the purposes of this prospectus and in accordance with the requirements of the Commission Regulation (EC) No. 809/2004 of 29 April 2004, implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, we have audited the consolidated financial statements of Petrolinvest S.A.'s Capital Group ("the Group") for the year ended 31 December 2006 ("the attached consolidated financial statements for the year ended 31 December 2006") included by the Issuer in the prospectus.
2. The truth and fairness of the attached consolidated financial statements for the year ended 31 December 2006, as well as appropriateness of its preparation are the responsibility of the Issuer's Management Board. Our responsibility was to audit the attached consolidated financial statements for the year ended 31 December 2006 and to express an opinion whether it is true and fair.
3. We conducted our audit of the attached consolidated financial statements for the year ended 31 December 2006 in accordance with the following regulations and professional standards being in force:
  - chapter 7 of the Accounting Act dated 29 September 1994 ("the Accounting Act") (Journal of Laws of 2002 no. 76, item 694, as amended), and
  - the auditing standards issued by the National Chamber of Auditors,

in order to obtain reasonable assurance whether the consolidated financial statements for the year ended 31 December 2006 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 for the year ended 31 December 2006, as well as the overall assessment of the consolidated financial statements for the year ended 31 December 2006. The audit also included examining whether the accounting principles adopted and applied by the Issuer and significant estimates made by the Management Board of the Issuer were correct, and evaluating the overall presentation of the attached consolidated financial statements for the year ended 31 December 2006. We believe our audit has provided a reasonable basis to express our opinion on the attached consolidated financial statements for the year ended 31 December 2006 as a whole.

4. The statutory consolidated financial statements for the year ended 31 December 2006 prepared in accordance with the Accounting Act, approved by the Management Board for publication on 2 April 2007 was audited by us and on 2 April 2007 we issued an opinion with emphases of matter on these statutory consolidated financial statements. The emphases of matter paragraphs pertain to issues also discussed in point 6 below.

5. In our opinion, the attached consolidated financial statements for the year ended 31 December 2006 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and in all material respects present truly and fairly all information material for the assessment of the Group's financial situation and assets as at 31 December 2006, and its results of operations, changes in equity and cash flows for the year then ended.
6. Without qualifying our opinion, we draw attention to the following issues:
- a) In notes 19.1 and 32.1 to the attached consolidated financial statements for the year ended 31 December 2006, the Group presented the main conditions and liabilities with respect to licences for exploration and extraction of hydrocarbon resources in the Russian Federation and Kazakhstan. As presented in detail in note 38 to the attached consolidated financial statements for the year ended 31 December 2006, a jointly controlled entity OilTechnoGroup ("OTG") was informed on 3 January 2007 by the Kazakh Ministry of Energy and Mineral Resources that one of its exploration licences was suspended due to breaches of certain licence obligations. On 25 March 2007, the Ministry informed OTG that upon consideration of materials and documents presented by OTG to confirm the undertaking of actions to remedy the breaches of licence obligations, the above-mentioned exploration licence was renewed. At the same time, the Ministry informed that it would analyse the fulfilment of licence obligations by OTG on the basis of the results for the first half of 2007.

As certain licence obligations will be realised in the future, it is impossible at this stage to assess whether all licence obligations will be satisfied in accordance with the accepted investment programs.

- b) In note 20 to the attached financial statements for the year ended 31 December 2006, the Group presented the most important assumptions that were made to run an impairment test of goodwill and other assets acquired with newly purchased subsidiaries. Assumptions adopted by the Company's Management Board were based on the Company's own experience and research. These assumptions, such as for example the production level of crude oil, depend on future conditions and circumstances, which cannot be defined today and the potential impact of which on the Group's financial results is unknown.
- c) In accordance with disclosures made in note 2 to the attached consolidated financial statements for the year ended 31 December 2006, the Company's Management Board pointed to some threats to the going concern assumption. In 2006, the Group started an extensive investment program, the aim of which is to expand the Group's activities in the area of exploration and subsequent extraction of crude oil.

Translation of auditors' report originally issued in Polish.  
The Polish original should be referred to in matters of interpretation.

---

Due to the start-up phase of the investments, as at the date of the attached financial statements for the year ended 31 December 2006 there is no certainty that the Group will achieve the stated goals as a result of capital expenditures planned and incurred to date. The success of the investment program depends on the possibility to obtain long-term financing of the Company's licence and investment obligations. Failure to obtain necessary financing may result in delays or cancellation of a part of or an entire investment program and may have a direct impact on the Group's business, financial condition and results of operations.

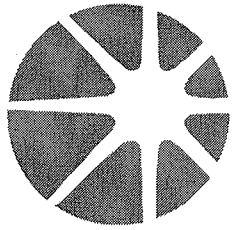
on behalf of

Ernst & Young Audit Sp. z o.o.  
Rondo ONZ 1  
00-124 Warsaw  
Reg. No. 130

Michał Rybus  
Certified Auditor No 9872 / 7351

Jacek Hryniuk  
Certified Auditor No 9262 / 6958

Warsaw, 2 April 2007



# ***Petrolinvest***

**PETROLINVEST GROUP**  
of Petrolinvest Spółka Akcyjna

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006  
WITH THE INDEPENDENT AUDITOR'S OPINION**

Translation of financial statements originally issued in Polish.  
The Polish original should be referred to in matters of interpretation.

---

Translation of financial statements originally issued in Polish.  
The Polish original should be referred to in matters of interpretation.

*PETROLINVEST SPÓŁKA AKCYJNA GROUP*

Consolidated financial statements for the year ended 31 December 2006

---

## APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

The Management Board of Petrolinvest S.A. has approved the consolidated financial statements of Petrolinvest Spółka Akcyjna (a joint stock company) for the year ended 31 December 2006.

The consolidated income statement, consolidated balance sheet, consolidated cash flow statement, consolidated statement of changes in equity and notes to the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") approved by the EU.

Information is presented in the following order:

	page
<b>1. Consolidated Income Statement for the period:</b>	<b>3</b>
from 1 January 2006 to 31 December 2006 with a net profit amounting to	(21 571) PLN thousand
<b>2. Consolidated Balance Sheet as at:</b>	<b>4</b>
31 December 2006 with total assets and liabilities amounting to	682 789 PLN thousand
<b>3. Consolidated Cash Flow Statement for the period:</b>	<b>5</b>
from 1 January 2006 to 31 December 2006 with a net cash inflow amounting to	35 450 PLN thousand
<b>4. Consolidated Statement of Changes in Equity for the period:</b>	<b>6</b>
from 1 January 2006 to 31 December 2006 with an increase in equity amounting to	284 957 PLN thousand
<b>5. Notes to the consolidated financial information</b>	<b>7</b>

The financial statements were prepared in thousands of Polish zloty unless otherwise explicitly stated.

Paweł Gricuk  
President

Zenon Grablewski  
Vice President

Gdynia, 2 April 2007

Translation of financial statements originally issued in Polish.  
The Polish original should be referred to in matters of interpretation.  
PETROLINVEST SPÓŁKA AKCYJNA GROUP  
Consolidated financial statements for the year ended 31 December 2006

CONSOLIDATED INCOME STATEMENTS.....	3
CONSOLIDATED BALANCE SHEETS.....	4
CONSOLIDATED CASH FLOW STATEMENTS.....	5
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	6
Notes to the consolidated financial information.....	7
1. Corporate information.....	7
2. Going concern.....	7
3. Composition of the Group.....	8
4. Composition of the management board of the parent entity.....	9
5. Approval of consolidated financial statements.....	9
6. Significant accounting judgements and estimates.....	9
6.1. Judgements.....	9
6.2. Estimation uncertainty.....	9
7. Basis of preparation.....	10
7.1. Material differences between IFRS and Polish accounting standards.....	11
7.2. Statement of compliance.....	12
7.3. Functional currency and presentation currency.....	12
8. Changes in accounting policies.....	13
9. IFRS and IFRIC Interpretations issued but not yet effective.....	14
10. Summary of significant accounting policies.....	14
10.1. Basis of consolidation.....	14
10.2. Interests in joint ventures.....	14
10.3. Minority interest.....	15
10.4. Foreign currency translation.....	15
10.5. Property, plant and equipment.....	15
10.6. Leases.....	16
10.7. Impairment of non-financial assets.....	16
10.8. Borrowing costs.....	17
10.9. Investment property.....	17
10.10. Intangible assets.....	17
10.11. Financial assets.....	18
10.12. Impairment of financial assets.....	19
10.13. Derivative financial instruments.....	20
10.14. Inventories.....	20
10.15. Trade and other receivables.....	20
10.16. Cash and cash equivalents.....	20
10.17. Interest-bearing loans and borrowings.....	21
10.18. Trade and other payables.....	21
10.19. Provisions.....	21
10.20. Retirement benefits.....	21
10.21. Revenue.....	21
10.22. Income tax.....	22
10.23. Earnings per share.....	23
10.24. Expenditure on exploration for and evaluation of mineral resources.....	23
10.25. Employee benefits schemes.....	23
11. Segment information.....	24
12. Revenues and expenses.....	27
12.1. Other operating income.....	27
12.2. Other operating costs.....	28
12.3. Finance income.....	28
12.4. Finance costs.....	28
12.5. Employee benefits expense.....	29
12.6. External services expense.....	29
13. Income tax.....	29
14. Social assets and liabilities.....	31
15. Earnings per share.....	32
16. Property, plant and equipment.....	32
17. Finance lease commitments.....	35
18. Investment property.....	35

Translation of financial statements originally issued in Polish.  
The Polish original should be referred to in matters of interpretation.

PETROLINVEST SPÓŁKA AKCYJNA GROUP

Consolidated financial statements for the year ended 31 December 2006

---

19. Intangible assets.....	36
20. Acquisitions of businesses and shares in jointly-controlled entities.....	38
21. Interest in joint venture.....	44
22. Other financial assets.....	45
23. Employee benefits.....	48
23.1. Employee share incentive plan.....	48
23.2. Pensions and other post-employment benefit plans.....	48
24. Inventories.....	49
25. Trade, income tax and other receivables.....	49
26. Cash and short-term investments.....	49
27. Issued capital and reserves.....	50
27.1. Share capital.....	50
27.2. Other reserve capital.....	51
27.3. Other components of share capital.....	52
27.4. Minority interest.....	52
28. Interest-bearing loans and borrowings.....	53
29. Provisions.....	55
30. Trade and other payables (current).....	55
31. Prepayments and accruals.....	56
32. Contingent liabilities.....	56
32.1. Capital commitments.....	56
32.2. Legal claims.....	57
32.3. Tax settlements.....	57
33. Changes in working capital, inflows and outflows in the cash flow statement.....	59
33.1. Reasons behind differences in the balance sheet changes in working capital and the changes in operating activities in the cash flow statement.....	59
33.2. Inflows and outflows in financing activities.....	60
33.3. Inflows and outflows in investing activities.....	61
34. Related party disclosures.....	62
34.1. Entity with significant influence over the Group.....	62
34.2. Terms and conditions of transactions with related parties.....	62
34.3. Re-measurement of related party balances.....	63
35. Compensation of key management personnel of the Group.....	63
36. Financial risk management objectives and policies.....	63
36.1. Interest rate risk.....	64
36.2. Foreign currency risk.....	64
36.3. Commodity price risk.....	64
36.4. Credit risk.....	64
36.5. Liquidity risk.....	65
36.6. Operating risk.....	65
37. Employment structure.....	65
38. Events after the balance sheet date.....	65

Translation of financial statements originally issued in Polish.  
The Polish original should be referred to in matters of interpretation.  
*PETROLINVEST SPÓŁKA AKCYJNA GROUP*  
Consolidated financial statements for the year ended 31 December 2006

**CONSOLIDATED INCOME STATEMENTS**

	<i>notes</i>	<i>for 12 months</i>	
		<i>ended 31 December</i>	
		<i>2006</i>	<i>2005</i>
		<i>PLN '000</i>	<i>PLN '000</i>
<b>Continuing operations</b>			
Sale of goods		213 120	205 885
Rendering of services		589	611
Changes in inventories of finished goods and work-in-progress		89	(168)
<b>Revenue</b>		<b>213 798</b>	<b>206 328</b>
Value of goods and materials sold		184 415	182 363
Materials and energy		3 833	3 624
Employee benefits	12.5	8 607	8 356
Depreciation and amortisation		1 803	2 000
External services	12.6	12 269	8 324
Taxes and charges		1 368	701
Other expenses		701	746
<b>Operating expenses</b>		<b>212 996</b>	<b>206 114</b>
<b>Gross profit</b>		<b>802</b>	<b>214</b>
Other operating income	12.1	1 323	4 871
Other operating expenses	12.2	1 166	520
Finance income	12.3	3 461	551
Finance costs	12.4	26 216	1 892
Revaluation of goodwill	20	73	0
<b>Profit before tax</b>		<b>(21 869)</b>	<b>3 224</b>
Income tax expense	13	(298)	501
<b>Profit for the year from continuing operations</b>		<b>(21 571)</b>	<b>2 723</b>
<b>Profit for the year</b>		<b>(21 571)</b>	<b>2 723</b>
Attributable to:			
Equity holders of the parent		(21 361)	2 768
Minority interest		(210)	(45)
Weighted average number of issued shares for basic earnings per share	15	1 446 172	293 900
Earnings (loss) per share in PLN		(14.77)	9.42