

***CAPITAL GROUP OF
POLSKI KONCERN NAFTOWY ORLEN S.A.***

**LONG FORM
AUDITOR'S REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2000**

I. GENERAL NOTES

1. Background

The parent company of the Capital Group of Polski Koncern Naftowy ORLEN S.A. (further referred to as the "Group" or "Capital Group") is Polski Koncern Naftowy ORLEN Spolka Akcyjna, (further referred to as the "Parent Company"). The Parent company was formed through transformation of a State-owned enterprise into a joint stock company, on the basis of the Public Notarial Act of 29 June 1993 as Mazowieckie Zakłady Rafineryjne i Petrochemiczne "Petrochemia Plock" Spolka Akcyjna (joint stock company). It was registered in the District Court in Plock on 1 July 1993 under the registration number RHB VIII 780. The Company is located in Plock, ul. Chemikow 7.

The Company uses the NIP number 774-00-01-454 granted on 10 September 1993 and the REGON statistical number 610188201 granted on 8 July 1993.

According to the statutory regulations the Parent Company's activities include:

- processing of crude oil and the manufacturing of oil-derivative/refinery and petrochemical products and semi-finished products,
- domestic and foreign trade on own account, on commission and as consignee, including in particular: the trade of crude oil, oil-derivative products and other fuel, the sale of motor vehicles, parts and accessories for them as well as sale of consumer and industrial goods,
- research and development activity, project work, construction and production activities on own account and as the consignee, in the areas of manufacturing, storage, packaging and trade in solid, liquid and gaseous oil products, secondary chemical products as well as transportation: by land, by trail, water and by pipeline,
- transportation activity including land transport, trail transport, water and pipeline transport,
- storage of crude oil and liquid gas, creation and management of oil stock according to the appropriate regulations,
- services connected to the principal activity, especially: land and sea reloading, refining of gas and oil including ethylisation, dyeing and blending of components,
- purchase, trade and manufacturing of used lubricant oil and other chemical wastes,
- manufacturing, transportation and trade in electrical and heating energy,
- reconditioning of the appliances used in core activities, especially refinery and petrochemical appliances, oil storage appliances, gas stations and means of transportation,
- metal production and manufacturing of plastic raw materials,
- operation of gas stations, bars, restaurants and hotels,
- capital investment activity, in particular: purchasing and trade of shares and stock in Polish and foreign trade,
- activities in the area of education, professional schooling and internal human capital services.

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The scope of activities of subordinate and associated entities include in particular:

- liquid fuels trading
- sales of liquid gas
- trustee services for PKN ORLEN
- transport services
- industry machinery manufacturing
- telecommunication services
- paraffin processing, production and sales of fuels and oils
- sale of recycled products
- industrial brine production processing of vacuum salt
- building and technological projecting services
- medical activity
- building and repairs of gas stations and other
- polymers trading
- sport activity
- guard services
- resting and recreation activity
- maintenance services for gas stations
- maintenance and trade of cars
- repair services for gas stations
- maintenance services for gas stations and storage terminals of petrochemical products
- repairs of water supply and sewage installation
- wholesale and production of fuels and underground storage
- repair services for mechanical division
- education and training services
- repair services for automation division
- storing of goods for resale
- repair services for power plant
- repair services for spinning machinery division
- repair services for petrochemical division
- repair services for electrical division
- retail and wholesale trade of technology devices
- technical consulting services
- maintenance and repair services
- preventive and curing activity
- technical advisory
- sale of devices for fuel installations
- storage and distribution of fuels services
- train supply services, spedition of products, tank administration, fuel and oil trading
- containers and tanks production
- trading of chemical, refinery and petrochemical products
- producing of PCV and fertilizers
- construction and utilizing of liquid fuels, reloading terminals
- trading of chemical and derivative products
- catering and hotel services
- wholesale trading and spedition of fuels
- cleaning services
- folio production and packaging

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The information concerning:

- share capital of the parent company;
- ownership structure of the share capital of the parent company;
- movements on the share capital of the parent company;
- composition of the Management Board

were presented in the long form auditor's report on the financial statements for the year ended 31 December 2000 of the parent company, issued on 23 March 2001.

The annual average employment in entities of the Group in year 2000 was 14,689.

2. The entities of the PKN Capital Group

As at 31 December 2000 the following entities were in the Capital Group of PKN ORLEN and were consolidated as at 31 December 2000.

- **Subsidiary entities (indirect and direct)**

Name and location	Activity	Method of consolidation
ORLEN KolTrans Sp. z o.o.- Plock	Train supply services, spedition of products, tank administration, fuel and oil trading	Full method
PetroCentrum Sp. z o.o.- Plock	Liquid fuels trading	Full method
Petrogaz Plock Sp. z o.o.- Plock	Liquid gas sales	Full method
Petrogaz Redaki Sp. z o.o.- Redaki*	Liquid gas sales	Full method
Petrogaz Hrubieszow Sp. z o.o. - Hrubieszow*	Liquid gas sales	Full method
ORLEN Medica Sp. z o.o. (former Petrolek Sp. z o.o)- Plock	Medical activity	Full method
ORLEN Budonaft Sp. z o.o. (former CPN BUDONAFT Sp. z o.o.) - Krakow	Building and repairs of gas stations	Full method
Petrogaz Inowroclaw Sp. z o.o. - Inowroclaw	Liquid gas sales	Full method
Petrogaz Jaworzno Sp. z o.o.- Jaworzno	Liquid gas sales	Full method
ORLEN Powiernik Sp. z o.o.- Plock	Trustee services for PKN ORLEN	Full method
PKN Transport Szczecin Sp. z o.o. - Szczecin	Transport services	Full method
ORLEN Transport Krakow Sp. z o.o. (former PKN Transport Krakow Sp. z o.o.)- Krakow	Transport services	Full method

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Name and location	Activity	Method of consolidation
ORLEN Transport Plock Sp. z o.o. (former PetroTransport Sp. z o.o.)- Plock	Transport activity	Full method
ORLEN Transport Lublin Sp. z o.o. (former PKN Transport Lublin Sp. z o.o.)- Lublin	Transport services	Full method
PKN Transport Nowa Sol Sp. z o.o. - Nowa Sol	Transport services	Full method
Zaklad Budowy Aparatury S.A.- Plock	Industry machinery manufacturing	Full method
ORLEN Transport Poznan Sp. z o.o. (former PKN Transport Poznan Sp. z o.o.)- Poznan	Transport services	Full method
PKN Transport Slupsk Sp. z o.o.- Slupsk	Transport services	Full method
ORLEN Transport Warszawa Sp. z o.o. (former PKN Transport Warszawa Sp. z o.o.) – Warszawa	Transport services	Full method
Petrotel Sp. z o.o.- Plock	Telecommunication services	Full method
ORLEN Transport Olsztyn Sp. z o.o. (former PKN Transport Olsztyn Sp. z o.o.)- Olsztyn	Transport services	Full method
Petrogaz Lapy Sp. z o.o.- Lapy	Liquid gas sales	Full method
ORLEN Transport Kedzierzyn-Kozle Sp. z o.o. (former PKN Transport Kedzierzyn-Kozle Sp. z o.o.) - Kedzierzyn-Kozle	Transport services	Full method
ORLEN PetroProfit Sp. z o.o. (former PetroProfit Sp. z o.o.)- Niemce	Liquid fuels trading	Full method
Rafineria Trzebinia S.A.- Trzebinia	Paraffin processing, production and sales of fuels and oils	Full method
Petro - Oil Sp. z o.o.- Krakow	Chemicals, petrochemicals and crude oil products trading	Full method
Rafineria Nafty Jedlicze S.A.- Jedlicze	Paraffin processing, production and sales of paraffin products	Full method
Inowroclawskie Kopalnie Soli "SOLINO" S.A.- Inowroclaw	Industrial brine production processing of vacuum salt	Full method
ORLEN Petro-Tank Sp. z o.o. (former Petro-Tank Sp. z o.o.)- Widelka	Liquid fuels trading	Full method
Petrogaz Nowa Brzeznicza Sp. z o.o. – Nowa Brzeznicza	Liquid gas sales	Full method
Petrozachod Sp. z o.o.- Poznan	Liquid fuels trading	Full method
ORLEN Petrogaz Wroclaw Sp. z o.o. (former Petrogaz Wroclaw Sp. z o.o.) - Wroclaw	Liquid gas sales	Full method
Petrolot Sp. z o.o.- Warszawa	Liquid fuels trading	Full method
Petroprojekt S.A.- Plock	Building and technological projecting services	Full method
Energomedia Sp. z o.o.- Trzebinia	Production, purchasing and forwarding of energy, gas, waste utilization	Full method
PetroNaft Sp. z o.o.- Trzebinia	Retail and wholesale trading of fuels, chemical and crude oil products	Full method

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Name and location	Activity	Method of consolidation
NaftoTransRem Sp. z o.o.- Trzebinia	Technical supervising, repairs, services	Full method
RAF-KOLTRANS Sp. z o.o. Jedlicze	– Transport, spedition and repair services, cleaning of transportation units	Full method
Bitrex Sp. z o.o.- Trzebinia	Production of asphalt, roofing paper, bituminous pulp and other crude oil products	Full method
NaftoWax Sp. z o.o.- Trzebinia	Production and sales of paraffin, microwax and other chemical and crude oil products	Full method
RAF-ENERGIA Sp. z o.o.- Jedlicze	Energy production and trading	Full method
RAF-TRANS Sp. z o.o.- Jedlicze	Transport, spedition and repair services	Full method
RAF-REMAT Sp. z o.o.- Jedlicze	Repair, maintenance, diagnostic, storing and catering services	Full method
RAF-EKOLOGIA Sp. z o.o.- Jedlicze	Waste utilization, sewage treatment	Full method
Petrooktan Sp. z o.o.- Swidnik	Gas station, retail trade	Full method

* at the end of 2000 the company's assets were transferred as contribution in kind to Petrogaz Plock Sp. z o.o.

• **Associated entities**

Name and location	Activity	Method of consolidation
Naftoport Sp. z o.o.- Gdansk	Construction and utilizing of liquid fuels, reloading terminals	equity method
Capitla Group of Anwil S.A. – Wloclawek	Producing of PCV and fertilizers	equity method
Chemiepetrol GmbH- Hamburg	Trade and intermediary activities regarding to chemical and derivative products	equity method
Flexpol Sp. z o.o.- Plock	Folio production	equity method

Other subsidiaries and associates listed below were excluded from consolidation pursuant to Article 56 Clause 2 of the Accounting Act of 29 September 1994 (Journal of Laws No. 121 Item 591 with subsequent amendments) hereinafter the Act.

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• **Subsidiary entities (direct and indirect)**

Name and location	Activity
Zakład Urządzeń Dystrybucyjnych Sp. z o.o. - Opole	Import, export, industry and energy installation trading, hostel and logistic services
ORLEN Polimer Sp. z o.o. (former Petropolimer Sp. z o.o.) - Płock	Polymers trading
ORLEN Sportowa S.A. (former Petro Płock Sportowa S.A.) - Płock	Sport activity
Petroochrona Sp. z o.o. - Płock	Guard services
CPN Serwis Kielce Sp. z o.o. - Kielce	Maintenance services regarding to gas stations and storage terminals of petrochemical products
Z.W. Mazowsze Leba Sp. z o.o. - Leba	Resting and recreation activity
CPN Serwis Gdańsk Sp. z o.o. - Gdańsk	Maintenance services for gas stations
CPN Serwis Słupsk Sp. z o.o. - Słupsk	Maintenance services for gas stations
CPN Serwis Nowa Wieś Wielka Sp. z o.o. - Nowa Wieś Wielka	Maintenance services for gas stations
Petromot Sp. z o.o. - Kędzierzyn-Koźle	Maintenance and trade of cars
CPN Serwis Łódź Sp. z o.o. - Łódź	Repair services for gas stations
CPN Serwis Rzeszów Sp. z o.o. - Rzeszów	Maintenance services for gas stations
CPN Serwis Mazowsze Sp. z o.o. - Warszawa	Maintenance services regarding to gas stations and storage terminals of petrochemical products
CPN Serwis Podlasie Sp. z o.o. - Białystok	Maintenance services regarding to gas stations and storage terminals of petrochemical products
D.W. Mazowsze Jaszowiec Sp. z o.o. - Ustron Jaszowiec	Resting and recreation activity
CPN Serwis Kraków Sp. z o.o. - Kraków	Maintenance services regarding to gas stations and storage terminals of petrochemical products
CPN Serwis Wrocław Sp. z o.o. - Wrocław	Repair services for gas stations
Zakład Remontowy Gospodarki Wodno-Ściekowej PetroKan Sp. z o.o. (former PetroKan Sp. z o.o.) - Płock	Repairs of water supply and sewage installation
B.H.T. Dromech S.A. - Warszawa	Containers and tanks production
CPN Serwis Kędzierzyn-Koźle Sp. z o.o. - Kędzierzyn-Koźle	Repair services for gas stations
CPN Serwis Szczecin Sp. z o.o. - Szczecin	Repair service for gas stations
CPN Serwis Zachód Sp. z o.o. - Nowa Sol	Maintenance services for gas stations
CPN Marine Service Gdańsk Sp. z o.o. - Gdańsk	Wholesale and production of fuels and underground storage
Centrum Edukacji Przemysłu Naftowego Sp. z o.o. - Płock	Education and training activity
PetroMechanika Sp. z o.o. - Płock	Repair services for mechanical division
CPN Serwis Katowice Sp. z o.o. - Katowice	Maintenance services regarding to gas stations and storage terminals of petrochemical products

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Name and location	Activity
ORLEN Automatyka Sp. z o.o. (former Centrum Serwisowe Automatyki Sp. z o.o.)- Plock	Repair services for automotive division
Petromor Sp. z o.o.- Gdansk	Storing of goods for resale
ORLEN Remont Sp. z o.o. (former PetroRemont Sp. z o.o.) – Plock	Repair services for power plant
ORLEN Eltech Sp. z o.o. (former PetroEltech Sp. z o.o.) - Plock	Repair services for electrical division
ORLEN EnergoRem Sp. z o.o. (former PetroEnergoRem Sp. z o.o.)- Plock	Repair services for petrochemical division
Zaklad Remontow Sprezarek i Turbin “PetroWir” Sp. z o.o. (former PetroWir Sp. z o.o.)- Plock	Repair services for spinning machinery division
CPN Serwis Poznan Sp. z o.o.- Poznan	Maintenance and repair services, retail and wholesale trade of technology devices, technical consulting services
Centrum Uzdrowiskowe “Krystynka” Sp. z o.o. – Ciechocinek	Preventing and curing, resting and recreation activity
Petro-Oil Lubelskie Centrum Sprzedazy Sp. z o.o.- Lublin	Trade of petrochemical products and services
Zakladowa Straz Pozarna Sp. z o.o.- Trzebinia	Fire fighting services
EkoNaft Sp. z o.o.- Trzebinia	Environmental protection and laboratory services
Raf-Sluzba Ratownicza Sp. z o.o.- Jedlicze	Fire fighting and rescue services
Petromont Sp. z o.o.- Niemce n.Lublin	Trade and building services
Medikor Sp. z o.o.- Jedlicze	Services and trade activities, medical supervising of work environment and sanitation
Raf- Ochrona Sp. z o.o.- Jedlicze	Guard services
VARIA S.A.- Warszawa	Transport and spedition services, wholesale and retail trade
Dom Handlowy Arian Petrooil- Kijov (Ukraine)	Production and trade of petrochemical products
Ran-Flex Sp. z o.o.- Kielce	Used oil collection and purchase
Ran-Starol Sp. z o.o.- Katowice	Used oil collection and purchase
NTVK (Nacionaline Turto Valdybos Korporacija) - Vilnus (Lithuania)	Trade
Ran-Sigma Sp. z o.o.- Walbrzych	Used oil collection and purchase
Ran-Ole-Par Sp. z o.o.- Lodz	Used oil collection and purchase
Montonaft Sp. z o.o.- Trzebinia	Building and construction services
Ran-Oil Sp. z o.o.- Tarnow	Used oil collection and purchase
Ran-Akant Sp. z o.o.- Lublin	Used oil collection and purchase
Ran-Petromex Sp. z o.o.- Opole	Used oil collection and purchase
Ran-Kiczmer Sp. z o.o.- Piszowice	Used oil collection and purchase
Ran-Dickmar Sp. z o.o.- Tarnobrzeg	Used oil collection and purchase
Ran-GGC Sp. z o.o.- Gdansk	Used oil collection and purchase
Ran-Akses Sp. z o.o.- Szczecin	Used oil collection and purchase
Ran-Watt Sp. z o.o.- Torun	Used oil collection and purchase
Ran-Mega Sp. z o.o.- Gliwice	Used oil collection and purchase

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• **Associate entities (direct and indirect)**

Name and location	Activity
P.H.U. Malnaft Sp. z o.o.- Malbork	Gasoline wholesale and forwarding
Motell Sp. z o.o.- Krakow	Catering and hotel services
Niezalezny Operator Miedzystrefowy Sp. z o.o. – Warszawa	Telecommunication services
P.U. “Zielen” Sp. z o.o.- Plock	Cleaning services
Ran-Bialy Sp. z o.o.- Bialystok	Used oil collection and purchase
Wspolne Ukrainsko-Polskie Przedsiębiorstwo Petro-Ukraina- Lvov (Ukraine)	Trade
Piast Sp. z o.o.- Krakow	Fuels trading
Petro-Oil Seewax Sp. z o.o.- Sulejowek n. Warszawa	Trade and services in oil industry
Petro-Oil Malopolskie Centrum Sprzedazy Sp. z o.o. – Szczecin	Production and trade of petrochemical products
Petro-Oil Podlaskie Centrum Sprzedazy Sp. z o.o. – Bialystok	Trade of petrochemical products and services
Petro-Oil Buwar Sp. z o.o.- Legnica	Production and sales of petrochemical products
Pomorskie Centrum Sprzedazy Sp. z o.o.- Gdansk	Trade of petrochemical products and services
Petro-Oil Wielkopolskie Centrum Sprzedazy Sp. z o.o.- Suchy Las n. Poznan	Production and trade of petrochemical products
RAF-Uniwersal Sp. z o.o.- Jedlicze	Trade and services activity
Petro-Pak S.A.- Mielec	Production, sales and services

The type and impact of changes on the list of consolidated entities relative to the prior year is described in Notes 4B and 4C to the consolidated financial statements of Capital Group PKN ORLEN for the year ended 31 December 2000 (“Explanatory Notes”).

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3. FINANCIAL STATEMENTS

3.1. Auditor's opinion and audit of consolidated financial statements

Arthur Andersen Sp. z o.o. is a certified auditor entered on the list of certified auditors under no. 66.

Pursuant to the arrangement letter executed on 25 April 2000 with the Company's Management Board, we have audited the consolidated financial statements for the year ended 31 December 2000.

Based on our audit, we issued the auditor's opinion dated 30 April 2001, which reads as follows:

"1. We have audited the consolidated financial statements of Capital Group of Polski Koncern Naftowy ORLEN S.A. (the "Capital Group"), of which the parent company is Polski Koncern Naftowy ORLEN S.A (the "Parent Company") located in Plock, ul. Chemikow 7, including:

- the introductory notes,
- the consolidated balance sheet as of 31 December 2000 with total assets and liabilities amounting to 13,604,448,941.74 zloty,
- the consolidated profit and loss account for the period from 1 January 2000 to 31 December 2000 with a net profit amounting to 804,849,971.03 zloty,
- the statement of changes in consolidated shareholders' equity for the period from 1 January 2000 to 31 December 2000 with a net increase of consolidated shareholders' equity amounting to 794,042,672.93 zloty,
- the consolidated cash flow statement with a net cash outflow for the period from 1 January 2000 to 31 December 2000 amounting to 806,859.54 zloty and
- the explanatory notes.

The form of the consolidated financial statements is prescribed by the Decree of the Council of Ministers dated 22 December 1998 on type, form and scope of current and periodic information and dates of its publication by issuers of securities allowed to be traded publicly (Journal of Law No 163, pos. 1160).

2. The Company's management is responsible for preparation of these consolidated financial statements. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
3. We conducted our audit of the consolidated financial statements in accordance with regulations being in force in Poland:
 - chapter 7 of the Accounting Act dated 29 September 1994 (the "Accounting Act"),
 - auditing standards issued by the National Chamber of Auditors,

in order to obtain reasonable assurance about whether the financial statements are free of material misstatement. In particular the audit included examining, mainly on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. The audit also included assessing the accounting principles used and significant estimates made by the Company, as well as evaluating the overall consolidated financial statements presentation.

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4. The consolidated financial statements of capital group of Polski Koncern Naftowy ORLEN S.A. include the financial data of 30 subsidiaries and of 4 associates that was audited by other auditors. The other auditors' reports have been furnished to us and our opinion, insofar as it relates to the amounts included for those entities, is based on the reports of the other auditors. The combined share in the consolidated total assets of the financial statements audited by other auditors amounts to 12.1%, in the consolidated revenues amounts to 13.2% and in the consolidated net profit of Capital Group of Polski Koncern Naftowy ORLEN S.A. 10.6%.
5. In our opinion, the attached consolidated financial statements have been prepared in all material aspects in accordance with the accounting principles prescribed by the Accounting Act referred to above and the Ministry of Finance Decree dated 14 June 1995 on special regulations for preparation of the consolidated financial statements by entities other than banks, applied on a consistent basis. The consolidated financial statements are prepared in accordance with legal requirements in force in Poland, both in terms of presentation and substance, and present fairly and clearly all material information needed for the assessment of the Capital Group's performance and results of its operations for the period from 1 January 2000 to 31 December 2000, as well as its financial position as of 31 December 2000.
6. We have read the Commentary of the Management Board of the Parent Company on the Capital Group's activities and rules of preparing annual consolidated financial statements and we consider the information presented there consistent with information included in the attached consolidated financial statements."

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 in such a way as to enable us to express an opinion on the consolidated financial statements taken as a whole.

The audit of the consolidated financial statements was carried out on the parent company's premises from 15 March 2001 to 13 April 2001.

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3.2. Information on audits of financial statements of consolidated companies

• Parent company

<i>Name of company</i>	<i>Auditor</i>	<i>Financial statements for the year ended</i>	<i>Type of auditor's opinion</i>
Polski Koncern Naftowy ORLEN S.A.	Arthur Andersen Sp. z o.o.	31.12.2000	Unqualified

• Subsidiaries (direct and indirect)

<i>Name of company</i>	<i>Auditor</i>	<i>Financial statements for the year ended</i>	<i>Type of auditor's opinion</i>
ORLEN KolTrans Sp. z o.o.	No requirement to audit financial statements	31.12.2000	No requirement to audit financial statements
PetroCentrum Sp. z o.o.	Przedsiębiorstwo Usługowe "RACHMISTRZ" Sp. z o.o.	31.12.2000	Unqualified
Petrogaz Plock Sp. z o.o.	W. Frackowiak i Partnerzy, Wielkopolska Grupa Audytująca Sp. z o.o.	31.12.2000	Unqualified
Petrogaz Redaki Sp. z o.o.	Audyt S.C. Biuro Biegłych Rewidentów	31.12.2000	Unqualified
Petrogaz Hrubieszów Sp. z o.o.	DORADCA Sp. z o.o., Zespół Doradców Finansowo-Księgowych	31.12.2000	Unqualified
ORLEN Medica Sp. z o.o. (former PetroLek Sp. z o.o.)	Waldemar Olejniczak, Biuro Biegłego Rewidenta "EKSPERTYZA"	31.12.2000	Unqualified
ORLEN Budonaft Sp. z o.o. (former CPN BUDONAFT Sp. z o.o.)	Zakład Rachunkowości Stowarzyszenia Księgowych w Polsce "INTERFIN" Sp. z o.o.	31.12.2000	Qualified
Petrogaz Inowrocław Sp. z o.o.	Biuro Usług Księgowych "EWELINA"	31.12.2000	Unqualified
Petrogaz Jaworzno Sp. z o.o.	Zespół Biegłych Rewidentów Sp. z o.o. STORNO	31.12.2000	Unqualified
ORLEN Powiernik Sp. z o.o.	No requirement to audit financial statements	31.12.2000	No requirement to audit financial statements

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<i>Name of company</i>	<i>Auditor</i>	<i>Financial statements for the year ended</i>	<i>Type of auditor's opinion</i>
PKN Transport Szczecin Sp. z o.o.	Biuro Usług Rachunkowości "BUR" Sp. z o.o.	31.12.2000	Unqualified
ORLEN Transport Krakow Sp. z o.o. (former PKN Transport Krakow Sp. z o.o.)	Audit in progress	31.12.2000	Audit in progress
ORLEN Transport Plock Sp. z o.o. (former PetroTransport Sp. z o.o.)	Biuro Biegłych Rewidentów "OPINIA" Sp. z o.o.	31.12.2000	Unqualified
ORLEN Transport Lublin Sp. z o.o. (former PKN Transport Lublin Sp. z o.o.)	"SALDO PLUS" Sp. z o.o.	31.12.2000	Unqualified
PKN Transport Nowa Sol Sp. z o.o.	Biuro Usług Finansowo-Księgowych DEBET Sp. z o.o.	31.12.2000	Unqualified
Zakład Budowy Aparatury S.A.	Biuro Biegłych Rewidentów "OPINIA" Sp. z o.o.	31.12.2000	Unqualified
ORLEN Transport Poznan Sp. z o.o. (former PKN Transport Poznan Sp. z o.o.)	KBR Kancelaria Biegłych Rewidentów Sp. z o.o.	31.12.2000	Unqualified
PKN Transport Slupsk Sp. z o.o.	Audit in progress	31.12.2000	Audit in progress
ORLEN Transport Warszawa Sp. z o.o. (former PKN Transport Warszawa Sp. z o.o.)	KRD, Kancelaria Rewidentów i Doradców Sp. z o.o.	31.12.2000	Unqualified
Petrotel Sp. z o.o.	Biuro Biegłych Rewidentów Sp. z o.o., FINEX	31.12.2000	Unqualified
ORLEN Transport Olsztyn Sp. z o.o. (former PKN Transport Olsztyn Sp. z o.o.)	Zakład Usług Księgowych i Doradztwo "EKSPERT-FIN" Sp. z o.o.	31.12.2000	Unqualified
Petrogaz Lapy Sp. z o.o.	"BUCHALTERIA" Biuro Usług Księgowo-Audytorskich, SKwP Sp. z o.o.	31.12.2000	Unqualified
ORLEN Transport Kedzierzyn-Kozle Sp. z o.o. (former PKN Transport Kedzierzyn-Kozle Sp. z o.o.)	Agencja Biegłych Rewidentów "BADEX" Sp. z o.o.	31.12.2000	Unqualified

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<i>Name of company</i>	<i>Auditor</i>	<i>Financial statements for the year ended</i>	<i>Type of auditor's opinion</i>
ORLEN PetroProfit Sp. z o.o. (former Petroprofit Sp. z o.o.)	DORADCA Sp. z o.o., Zespół Doradców Finansowo-Księgowych	31.12.2000	Unqualified, with an emphasis of matter
Rafineria Trzebinia S.A.	Arthur Andersen Sp. z o.o.	31.12.2000	Unqualified
Petro – Oil Sp. z o.o.	Krakowskie Centrum Badan Sprawozdan Finansowych MASTERFIN Sp. z o.o.	31.12.2000	Unqualified
Rafineria Nafty Jedlicze S.A.	Arthur Andersen Sp. z o.o.	31.12.2000	Qualified
Inowrocławskie Kopalnie Soli „SOLINO” S.A.	W. Frackowiak i Partnerzy, Wielkopolska Grupa Audytingowa Sp. z o.o.	31.12.2000	Unqualified
ORLEN PetroTank Sp. z o.o. (former Petro–Tank Sp. z o.o.)	Biuro Usług Finansowo-Księgowych i Ekspertyz "EKSPERT" Sp. z o.o.	31.12.2000	Unqualified
Petrogaz Nowa Brzeznica Sp. z o.o.	Biuro Usług Księgowych i Badania Bilansów "SALDO"	31.12.2000	Unqualified
PetroZachod Sp. z o.o.	W. Frackowiak i Partnerzy, Wielkopolska Grupa Audytingowa Sp. z o.o.	31.12.2000	Unqualified
ORLEN Petrogaz Wrocław Sp. z o.o. (former Petrogaz Wrocław Sp. z o.o.)	AUDYTOR Biuro Biegłych Rewidentów Sp. z o.o.	31.12.2000	Unqualified
Petrolot Sp. z o.o.	Anna Kempaska, Biuro Biegłego Rewidenta Sp. z o.o.	31.12.2000	Unqualified
Petroprojekt S.A.	Biuro Biegłych Rewidentów "OPINIA" Sp. z o.o.	31.12.2000	Unqualified
Energomedia Sp. z o.o.	Biuro Rachunkowe „Patronat”	31.12.2000	Unqualified
PetroNaft Sp. z o.o.	Biuro Rachunkowe „Patronat”	31.12.2000	Unqualified
NaftoTransRem Sp. z o.o.	Władysław Zbik	31.12.2000	Unqualified
RAF-KOLTRANS Sp. z o.o.	ZEFIR Sp. z o.o.	31.12.2000	Unqualified
Bitrex Sp. z o.o.	Biuro Rachunkowe „Patronat”	31.12.2000	Unqualified
NaftoWax Sp. z o.o.	Władysław Zbik	31.12.2000	Unqualified
RAF-ENERGIA Sp. z o.o.	ZEFIR Sp. z o.o.	31.12.2000	Unqualified
RAF-TRANS Sp. z o.o.	ZEFIR Sp. z o.o.	31.12.2000	Unqualified
RAF-REMAT Sp. z o.o.	ZEFIR Sp. z o.o.	31.12.2000	Unqualified

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<i>Name of company</i>	<i>Auditor</i>	<i>Financial statements for the year ended</i>	<i>Type of auditor's opinion</i>
RAF-EKOLOGIA Sp. z o.o.	ZEFIR Sp. z o.o.	31.12.2000	Unqualified
Petrooktan Sp. z o.o.	Agencja Rachunkowosci i Analiz Ekonomicznych	31.12.2000	Unqualified

• Associates (direct and indirect)

<i>Name of company</i>	<i>Auditor</i>	<i>Financial statements for the year ended</i>	<i>Type of auditor's opinion</i>
Naftoport Sp. z o.o.	MOORE STEPHENS Trzeczalski, Krynicki i Partnerzy, Kancelaria Bieglych Rewidentow Sp. z o.o.	31.12.2000	Unqualified
Capital Group of Anwil S.A.	KPMG Polska Audyt Sp. z o.o.	31.12.2000	Unqualified
Chemiepetrol (DEM)	Hoft und Partner HP, Hans-Albert Hoft	31.12.2000	Unqualified
Flexpol Sp. z o.o.	EKSPERT-FIN, Biegli Rewidenci Sp. z o.o.	31.12.2000	Unqualified

3.3. Representations provided and availability of data

The parent company's Management Board provided us with all financial statements of the Group's companies, consolidation documentation and other required documents as well as all necessary explanations. The Management Board further made a representation that the information disclosed in the books of account was complete, all contingent liabilities had been included, all material events from the balance sheet date to the date of the representation were disclosed, and confirmed that the information provided to us was true and fair to the best of the Management Board's knowledge and belief, and that it included all events that could have an effect on the consolidated financial statements.

3.4. Consolidated financial statements of the Group for prior financial year

The Capital Group's consolidated financial statements for the year ended 31 December 1999 were approved by the General Meeting of Shareholders on 15 May 2000.

The consolidated financial statements for the prior financial year along with the auditor's report, an excerpt from the resolution approving the consolidated financial statements, and the directors' report on the Capital Group were submitted on 23 May 2000

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to District Court in Plock, which is the court competent by virtue of the parent company's registered office.

The consolidated balance sheet, the consolidated profit and loss account and the consolidated cash flow statement together with the auditor's opinion, the excerpt from the resolution approving the consolidated financial statements for the prior financial year were published on 29 December 2000 in "*Monitor Polski B*" No 862.

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4. ANALYTICAL REVIEW

1. Basic data and financial ratios

Presented below are financial ratios indicating the economic or financial performance of the Capital Group

	<u>1998*</u>	<u>1999</u>	<u>2000</u>
Total assets	7,357,525	11,577,935	13,604,449
Net profit/loss	570,117	721,907	804,850
Return on assets	7.7%	6.2%	5.9%
<u>Net profit</u> Total assets			
Return on equity	12.2%	11.5%	11.4%
<u>Net profit</u> Equity			
Profit margin	4.6%	3.9%	3.0%
<u>Net profit</u> Sales			
Liquidity I	0.99	1.07	1.13
<u>Current assets</u> Short-term creditors			
Liquidity II	0.09	0.05	0.05
<u>Trade securities + cash</u> Short-term creditors			
Debtors turnover	17	21	18
<u>Trade debtors x 365</u> Net sales			
Creditors turnover	32	55	39
<u>Trade creditors x 365</u> Costs of sold goods for resale + cost of sold products			

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	<u>1998*</u>	<u>1999</u>	<u>2000</u>
Stock turnover	51	83	66
$\frac{\text{Stock} \times 365}{\text{Cost of goods sold}}$			
Gearing	75.4%	68.5%	66.8%
$\frac{\text{Equity} + \text{provisions} + \text{long-term creditors}}{\text{Total liabilities and equity} + \text{cost of sold products}}$			
Rate of inflation:			
yearly average	111.8	107.3	110.1
December to December	108.6	109.8	108.5

*data from Prospectus of Parent Company published in 1999 is different from historical data

2. Comments

The data used for the calculating the ratios for the year 1998 are derived from the consolidated financial statements of PKN Group, presented in the Parent Company published in 1999.

The data used for the calculating the ratios for the year 1999 are derived from the consolidated financial statements of Parent Company, presenting the financial situation of PKN Group after the merger with CPN, which took place on 7 September 1999.

Notes on changes in financial ratios

Trends in the financial ratios were the following:

Profitability indices:

In 2000 all profitability indices have decreased in comparison to 1999: ROA from 6.2 % to 5.9 %, ROE from 11.5 % to 11.4 % and ROS from 3.9 % to 3.0 %.

Liquidity indices:

Liquidity I index has increased in 1999 by 0.08 in comparison with 1998 and in 2000 by 0.06 in comparison with 1999. During the years 1998-2000 the index amounted to 0.99, 1.07, 1.13 respectively. During the years 1998-2000 liquidity II index amounted to 0.09, 0.05, 0.05 respectively (decreasing trend in 1999 and stabilization of the index in year 2000).

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Efficiency indices:

In year 2000 debtors turnover has decreased by 3 days to 18 days in comparison to 21 days in 1999. The opposite tendency occurred in years 1998-1999, when the company's debtors turnover increased by 4 days in 1999 in comparison with 1998 (17 days). The creditors turnover ratio had similar tendencies. In year 2000 creditors turnover ratio has decreased by 16 days to 39 days.

Stock turnover has decreased by 17 days in 2000 in comparison to 1999 and amounted to 66 days. In 1999 and 1998 the stock turnover ratio amounted to 83 and 51 days respectively.

Gearing

Gearing ratio after decrease in 1999 to level of 68.5% from a level of 75.4% in 1998 has reached relatively similar level of 66.8% in 2000.

3. Going concern

Nothing came to our attention during the audit that caused us to believe that the Group is not able to continue as a going concern for the year subsequent to the audited year as a result of an intended or involuntary abandonment or a substantial limitation of the current operations.

II. DETAILED REPORT

1. COMPLETENESS AND ACCURACY OF CONSOLIDATION DOCUMENTATION

During the audit no material misstatements in the accounting records, which could have a material effect on the audited consolidated financial statements came to our attention. These would include matters related to the completeness and integrity of business transactions records, the requirements applicable to consolidation documentation (specifically exclusions including consolidation adjustments) and the keeping of consolidation documentation.

2. ACCOUNTING POLICIES ON VALUATION OF ASSETS AND LIABILITIES

Assets and liabilities of the Group's consolidated financial statements for the year ended 31 December 2000 were shown in accordance with the rules described in Item C of the Introductory Notes to the Group's Consolidated Financial Statements for the year ended 31 December 2000.

The principal accounting policies on valuation of assets and liabilities were applied on a consistent basis relative to the prior year.

3. CHARACTERISTIC OF ASSETS AND LIABILITIES OF THE CONSOLIDATED FINANCIAL STATEMENTS

The structure and movements on the particular captions of assets and liabilities in the current financial year are presented in the Notes.

The structure of the particular captions in the profit and loss account in the current financial year is presented in the Notes.

The information disclosed in the consolidated financial statements is consistent with the one in the consolidation documentation.

3.1. Goodwill from consolidation and its amortization

The goodwill from consolidation is supported by the consolidation documentation. The method of amortization of goodwill from consolidation is in line with the Group's accounting policies.

Movements in the goodwill from consolidation during the course of the financial year are presented in Note 2B and 2C of the Notes.

The amortization of goodwill from consolidation in year 2000 totaled PLN 1,624 thousand.

3.2. Negative goodwill and its amortisation

Movements in the negative goodwill from consolidation reserve during the course of the financial year are presented in Note 16B and 16C of the Notes.

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Based on a resolution of the parent company's Management Board, the amortization of negative goodwill from consolidation is charged to the consolidated profits over a period of 2 to 5 years. The amortization of negative goodwill from consolidation for the year 2000 totaled PLN 12,256 thousand.

The value of the negative goodwill from consolidation is consistent with the consolidation documentation.

3.3. Own funds

The value of the own funds is consistent with that shown in the consolidation documentation and the pertinent legal documentation.

The information on the own funds is presented in Item 17 of the Notes.

3.4. Minority shareholders' funds

Minority shareholders' funds totaling PLN 169,769 thousand as at 31 December 2000 were correctly calculated and are consistent with the consolidation documentation.

3.5. Financial year

The balance sheet day for all entities of the Capital Group is 31 December 2000. The financial year of the entities begins 1 January 2000 and ends 31 December 2000.

4. CONSOLIDATION EXCLUSIONS

4.1. Exclusions of intercompany balances (debtors and creditors) as well as intercompany transactions (revenues and expenses) of consolidated companies

All exclusions of intercompany balances (debtors and creditors) as well as intercompany transactions (revenues and expenses) of the consolidated companies are in line with the consolidation documentation.

4.2. Exclusions of unrealized results of the consolidated companies, included in assets, and in the form of dividends

All exclusions of unrealized results of the consolidated companies, included in assets, and in the form of dividends are in line with the consolidation documentation.

5. DISCLOSED EFFECTS OF SALE OF SHARES IN A SUBSIDIARY OR AN ASSOCIATE IN WHOLE OR IN PART

No sale of shares in whole or in part of any subsidiary or associate occurred in the financial year.

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6. CONFORMITY WITH LAW AND REGULATIONS

We have obtained a written representation letter from the parent company's Management Board that no laws or regulations were violated during the financial year. In the course of our audit, we did not detect any facts indicating that there had occurred any violations of law, which could have a material effect on the consolidated financial statements.

Certified auditor

Arthur Andersen Sp. z o.o.
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nr ewid. 66

Łukasz Zaliński
Nr ewid. 9542/7118

Krzysztof Kucharski

Warsaw, 30 April 2001