POLSKI KONCERN NAFTOWY ORLEN S.A.

LONG FORM AUDITOR'S REPORT SUPPLEMENTING THE OPINION ON THE FINANCIAL STATEMENTS (AMENDED ON 5 MAY 2005 IN RELATION TO THE ISSUED FINANCIAL STATEMENT PREPARED ON 31 MARCH 2005)

FOR THE YEAR ENDED 31 DECEMBER 2004

I. GENERAL NOTES

1. Background

Polski Koncern Naftowy ORLEN Spolka Akcyjna (the "Company") was incorporated by a Notarial Deed dated 29 June 1993 through transformation of a state-owned enterprise into a joint stock company. The address of the Company's registered office is Plock, Chemikow 7.

The Company was entered into the entrepreneur's register of the National Court Register Entry, No. KRS 28860 on 26 July 2002.

In accordance with the resolution of the Ordinary General Meeting of Shareholders dated 19 May 1999, registered in the District Court in Plock on 20 May 1999, the Company changed its name to Polski Koncern Naftowy Spolka Akcyjna.

In accordance with the resolution of the Extraordinary General Meeting of Shareholders dated 3 April 2000, registered in the District Court in Plock on 12 April 2000, the Company changed its name to Polski Koncern Naftowy ORLEN S.A.

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

On 19 May 1999 the Ordinary General Meeting of Shareholders of the Company adopted a resolution on merger of the Company with Centrala Produktow Naftowych "CPN" S.A. ("CPN") by incorporation of CPN to the Company consistently with Art. 463 point 1 of the Commercial Code.

On 7 September 1999 CPN was deregistered and the merger became effective.

The Company is the dominant entity of the capital group. The list of related parties is included in note 4L of the additional notes and explanations to the audited amended financial statements for the year ended 31 December 2004.

In accordance with the resolution of the Ordinary General Meeting of Shareholders of the Company dated 19 May 1999 as the result of incorporation of CPN, the Company changed its scope of activities. According to the articles of association resolved by the Ordinary General Meeting of Shareholders of the Company on 19 May 1999 and its recent changes dated 17 September 2004, the Company's activities include production, trade and services, and in particular:

- processing of crude oil and 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 and other fuel, sale of motor vehicles, parts and accessories for them, 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, derivative 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 processing of used lubricant oil and other chemical waste;
- manufacturing, transportation and trade in electrical and heating energy;
- overhaul of the appliances used in core activities, especially refinery and petrochemical appliances, oil storage appliances, oil 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 domestic and foreign trade;
- activities in the area of education, professional schooling and internal human capital services;
- activities in area of accounting and bookkeeping as well as activities related to data bases and its processing;
- financial agency services including receipt of money orders and transference of liabilities to cheque drawers;
- providing services in respect of the clearance of electronic fuel cards;
- conducting geodesy and cartography activities;
- exploration of crude oil;
- exploration of natural gas;
- production of metal prefabricated buildings excluding service activities;
- production of metal construction excluding service activities;
- services in respect of installing metal constructions;
- performance of general civil work (building construction);
- performance of general civil work in the area of line constructions: pipelines, power supply lines, electric traction line and telecommunication – long-distance transmission lines;
- performance of general civil work in the area of construction of distribution lines: pipelines, power supply lines, electric traction line and telecommunication – local lines;
- performance of general civil work in the area of mining and production.

As at 31 December 2004, the Company's issued share capital amounted to PLN 534,636 thousand. Equity at this day amounted to PLN 10,416,439 thousand. In accordance with the information obtained from the Company as at 31 December 2004 the ownership structure of the Company's issued share capital was as follows:

	Number of shares	Number of voting rights	Par value of shares	% of equity
Nafta Polska S.A.	74,076,299	74,076,299	92,595,374	17.32%
State Treasury	43,633,897	43,633,897	54,542,371	10.20%
Bank of New York (owners GDR)	48,480,908	48,480,908	60,601,135	11.34%
Other	261,517,957	261,517,957	326,897,446	61.14%
Total	427,709,061	427,709,061	534,636,326	100%

On 4 July 2003 the Company was informed, that Commercial Union OFE BPH CU WBK possessed 21,533,539 shares of PKN ORLEN S.A., constituting 5.13% (5.04% taking into consideration increase in the share capital on 20 November 2003) of total number of voting rights on the General Meeting of Shareholders. On 7 March 2005 the Company was informed, that Commercial Union OFE BPH CU WBK as at 2 March 2005 possessed 21,040,915 shares of PKN ORLEN S.A., constituting 4.92% of total number of voting rights on the General Meeting of Shareholders.

There were no movements in the share capital in the reporting period.

Members of the Company's Management Board as at 5 May 2005 were as follows:

Igor Chalupec	- President of the Management Board
Janusz Wisniewski	- Vice-President of the Management Board
Andrzej Macenowicz	- Vice-President of the Management Board
Wojciech Heydel	- Vice-President of the Management Board
Cezary Smorszczewski	- Vice-President of the Management Board
Jan Maciejewicz	- Vice-President of the Management Board
Pawel Szymanski	- Member of the Management Board

During 2004 the following changes in the composition of the Management Board took place:

On 22 April 2004 the Supervisory Board of PKN ORLEN S.A. appointed Krzysztof Kluzek to the position of the Member of the Management Board.

On 28 July 2004 Zbigniew Wrobel resigned from the position of the President of the Management Board of PKN ORLEN S.A. The resignation became effective on the date of appointment by the Supervisory Board a new President of the Management Board.

On 29 July 2004 the Supervisory Board of PKN ORLEN S.A. appointed Jacek Walczykowski to the position of the President of the Management Board. On 29 July 2004 Jacek Walczykowski resigned from the position of Vice-President and Member of the Supervisory Board of PKN ORLEN S.A. and from the position of Vice-President and Member of the Management Board of Nafta Polska S.A.

On 16 August 2004 the Supervisory Board of PKN ORLEN S.A. dismissed Jacek Walczykowski from the position of the President of the Management Board of PKN ORLEN S.A. – General Director. The resolution has been taken unanimously.

On 16 August 2004 the Supervisory Board of PKN ORLEN S.A. took unanimously a resolution to entrust Janusz Wisniewski, Vice-President of the Management Board of PKN ORLEN S.A., with the entitlement of the acting President of the Management Board of PKN ORLEN S.A. until appointment a new President of the Management Board of PKN ORLEN S.A. within the procedure taken by the Supervisory Board.

On 21 September 2004 the Supervisory Board of PKN ORLEN S.A. appointed unanimously Igor Chalupec to the position of the President of the Management Board. The appointment became effective on 1 October 2004.

On 18 October 2004 the Supervisory Board of PKN ORLEN S.A. changed composition of the Management Board.
The Supervisory Board of PKN ORLEN S.A. accepted resignations received on 18 October 2004:

- Krzysztof Kluzek from the position of the Member of the Management Board of PKN ORLEN S.A. effective on 18 October 2004,
- Slawomir Golonka and Jacek Strzelecki from the positions of Vice-Presidents of the Management Board of PKN ORLEN S.A. effective on 31 October 2004.

Simultaneously the Supervisory Board of PKN ORLEN S.A. appointed to the current term of the Management Board:

- Wojciech Heydel as the Vice-President of the Management Board effective on 1 November 2004,
- Jana Maciejewicz as the Vice-President of the Management Board effective on 1 December 2004,
- Cezary Smorszczewski as the Vice-President of the Management Board effective on 1 November 2004,
- Pawel Szymanski as the Member of the Management Board effective on 18 October 2004.

2. FINANCIAL STATEMENTS

2.1. Auditor's opinion and audit of financial statements

Ernst & Young Audit Sp. z o.o. located in Warsaw, 53 Emilii Plater St., is a certified entity entered on the list of certified auditors under no. 130.

Ernst & Young Audit Sp. z o.o. was elected by Supervisory Board of PKN ORLEN S.A. on 14 May 2003 to audit the Company's financial statements for the year ended 31 December 2004.

Ernst & Young Audit Sp. z o.o. and the auditor managing the audit meet the conditions, as defined by art. 66 clause 2 and 3 of the Accounting Act dated September 29, 1994 (uniform text Journal of Laws No. 76, 2002, item 694 with further amendments) ("the Act"), enabling them to express an impartial and independent opinion on the financial statements.

As presented in introductory notes to the Company's financial statements (amended on 5 May 2005 in relation to the issued financial statements prepared on 31 March 2005) for the year ended 31 December 2004 on 19 April 2005 the Company was informed on the negative outcome of the arbitrage proceedings concerning the receivable from PSE S.A. of PLN 111.5 million. On the basis of the above, the Company recognized an additional allowance for the PSE S.A. receivable in the PKN ORLEN Capital Group's consolidated financial statements prepared on 19 April 2005 in the amount of 66.9 million zlotys. In relation to the above, acting on the basis of art. 54.1 of the Act the Management Board took a decision to amend on 5 May 2005 the standalone financial statements for the year ended 31 December 2004 prepared originally on 31 March 2005. Following the above mentioned adjustment, the Company's net financial result for the year 2004 was decreased by the amount of 54 million zlotys in comparison to the data presented in the Company's financial statement prepared on 31 March 2005. The Company also amended the additional notes in relation to the above mentioned adjustment and included in the notes other significant events after the balance sheet date, which took place in the period from 31 March 2005 to the date of the financial statements' preparation.

Pursuant to the agreement executed on 10 July 2003 with the Company's Management Board, we have audited the financial statements of the Company (amended on 5 May 2005 in relation to the issued financial statements prepared on 31 March 2005) for the year ended 31 December 2004 farther called "amended financial statements".

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

Based on our audit, we issued an auditor's opinion dated 5 May 2005, which was as follows:

"To the Supervisory Board of Polski Koncern Naftowy ORLEN S.A.

1. We have audited the accompanying financial statements (amended on 5 May 2005 in relation to the issued financial statements prepared on 31 March 2005, "amended financial statements") of Polski Koncern Naftowy ORLEN S.A. (the "Company") located in Plock at Chemikow St. 7, for the year ended 31 December 2004 (format SA-R) containing:

   - the introduction to the amended financial statements,
   - the balance sheet as at 31 December 2004 with total assets amounting to 15,568,105 thousand zlotys,
   - the profit and loss account for the period from 1 January 2004 to 31 December 2004 with a net profit amounting to 2,275,645 thousand zlotys,
   - the statement of changes in shareholders' equity for the period from 1 January 2004 to 31 December 2004 with a net increase in shareholders' equity amounting to 2,041,988 thousand zlotys,
   - the cash flow statement for the period from 1 January 2004 to 31 December 2004 with a net cash inflow amounting to 225,918 thousand zlotys, and
   - the additional notes and explanations.

   The format of the accompanying amended financial statements for the year ended 31 December 2004 is prescribed by the Decree of the Council of Ministers of 16 October 2001 on current and periodic information provided by issuers of securities (Journal of Law No. 139, item 1569 with further amendments) ("Decree on current and periodic information").

2. As disclosed in the introductory notes to the accompanying amended financial statements, in relation to the financial statements prepared on 31 March 2005, the Management Board made an adjustment to the allowance for the receivable from PSE S.A. resulting from the information received on 19 April 2005 on negative outcome of the arbitration proceeding. Following the above mentioned adjustment the net financial result of the Company for the year ended 31 December 2004 decreased by the amount of 54 million zlotys in comparison to the data presented in the Company's financial statement prepared on 31 March 2005. The Company amended also additional explanatory notes as a result of the above mentioned adjustment and included significant events after the balance sheet date till the date of the preparation of the accompanying amended financial statements.

3. The truth and fairness[1] of the accompanying amended financial statements and the proper maintenance of the accounting records are the responsibility of the Management Board. Our responsibility was to audit the accompanying amended financial statements and to express an opinion whether, based on our audit, these amended financial statements are, in all material respects, true and fair[2] and whether the accounting records that form the basis for their preparation are, in all material respects properly maintained.

[1] Translation of the following expression in Polish: "*rzetelnosc, prawilowosc i jasnosc*"
[2] Translation of the following expression in Polish: "*rzetelne, prawidlowe i jasne*"

4. We conducted our audit of the amended financial statements in accordance with the following regulations being in force in Poland:

   - chapter 7 of the Accounting Act, dated 29 September 1994, ("the Accounting Act")
   - the auditing standards issued by the National Chamber of Auditors,

   in order to obtain reasonable assurance whether the 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 amended financial statements. The audit also included assessing the accounting principles adopted and used and significant estimates made by the Management, as well as evaluating the overall presentation of amended financial statement. We believe our audit has provided a reasonable basis to express our opinion on the amended financial statements treated as a whole.

5. In our opinion, the accompanying amended financial statements, in all material respects:

   - present truly and fairly all information material for the assessment of the results of the Company's operations for the period from 1 January 2004 to 31 December 2004, as well as its financial position[3] as at 31 December 2004;
   - have been prepared in accordance with the accounting principles specified in the Accounting Act referred to above and regulations issued based on that Act, and based on properly maintained accounting records;
   - are in accordance with the Accounting Act referred to above and regulations issued based on that Act and the Company's articles of association that affect their content.

6. As a result of the matters explained in paragraph 2 above, this opinion on the amended financial statements replaces our unqualified opinion issued previously on 31 March 2005 in relation to the financial statements of the Company prepared on 31 March 2005. Therefore the previously issued opinion should not be taken into account for any assessment of the accompanying amended financial statements.

7. Without qualifying our opinion, we draw attention to the following issues:

   a) In 2004 two acts amending the Accounting Act and affecting the accompanying amended financial statements became effective: the Act dated 12 December 2003 on amendments to the Act – Commercial Code and certain other acts and the Act dated 30 April 2004 amending the Accounting Act. Taking the above into consideration, the Company has introduced changes in applied accounting principles. This led to the increase in equity in the opening balance by the amount of 35,998 thousand zlotys. Comparable data was also changed in order to take into account the changed accounting principles. The effect of those changes on the amended financial statements was presented in Note 61 of additional information and notes to the accompanying amended[3] financial statements.

[3] Translation of the following expression in Polish: "*sytuacja majatkowa i finansowa*"

b) In accordance with the regulations of the Accounting Act, the Company has presented in the accompanying amended financial statements shares in subsidiaries and associates at cost (adjusted for impairment). In accordance with the Accounting Act, the Capital Group of Polski Koncern Naftowy ORLEN (the "Capital Group"), of which the Company is the parent company prepared on 5 May 2005 consolidated financial statements. The financial results and net assets of the Capital Group as at 31 December 2004 significantly differ from the Company's financial results for the year ended 31 December 2004 and its net assets as at that date. The consolidated financial result for 2004 and the consolidated net assets of the Capital Group as of 31 December 2004 amount to 2,588,981 thousand zlotys and 11,449,650 thousand zlotys respectively.

c) As presented in Note 47c to the accompanying amended financial statements, there is a tax inspection underway in Rafineria Trzebinia S.A. This inspection is being carried out by the Tax Inspection Office in Krakow and its scope covers verification of excise tax and value added tax calculations and payments for the years 2002 and 2003.
The results of this tax inspection and its potential impact on the accompanying amended financial statements are unknown as of the date of this opinion. Additionally on 5 April 2005, as a result of the proceeding carried out by the Custom Office, Rafineria Trzebinia S.A. received decisions issued by the Director of Custom Office in Krakow in which additional excise tax liability was set for the period May-June 2004 for the total amount of approximately 60 million zlotys which were appealed by the company. On 5 May 2005 Rafineria Trzebinia S.A. received a decission of Custom Office in Krakow on suspending the execution of the above mentioned decisions. As presented in the above note, as at the date of this opinion the final results of the above proceedings and their potential impact, as well as any potential impact of extending the above proceedings to the other periods, on the accompanying amended financial statements are not known.
As presented in Notes 47c, 47n and 47o to the accompanying amended financial statements the Supervisory Boards of Rafineria Trzebinia S.A., Rafineria Nafty Jedlicze S.A. and ORLEN Oil Sp. z o.o. passed resolutions on performing tax reviews and forensic procedures. As presented in the above notes as at the date of this opinion the above procedures were not finalized and their potential impact on the accompanying amended financial statements is not known.

8. We have read the Report by the Management Board (amended on 5 May 2005 in relation to the issued Report by the Management Board prepared on 31 March 2005, "amended Directors' Report") on the Company's Activities for the Period from 1 January 2004 to 31 December 2004 and the Rules for Preparing Annual Financial Statements and conclude that the information derived from the accompanying amended financial statements reconciles with the amended Director's Report. The information included in the amended Directors' Report corresponds with § 64 prescribed by the Decree on current and periodic information."

We carried out the audit of the Company's accompanying amended financial statements from 6 December to 10 December 2004, from 24 January to 31 March 2005 and from 22 April 2005 to 5 May 2005. We were present on the Company's premises from 6 December to 10 December 2004 and from 24 January to 25 March 2005 as well as on 30 March 2005 and 31 March 2005 and from 25 April 2005 to 5 May 2005.

2.2. Representations provided and availability of data

The Management Board confirmed its responsibility for the truth and fairness of the amended financial statements. The Management Board provided us with all financial information, accounting records and other required documents as well as all necessary explanations. The Management Board has provided a written representation dated 5 May 2005 that:

- the information disclosed in the books of account was complete,
- all contingent liabilities had been included in the amended financial statements,
- all material events from the balance sheet date to the date of the representation were disclosed in the amended financial statements.

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

Due to changes in composition of the Management Board presented in point I.1. of this report, we have also obtained a representation from the former Members of the Management Board, who resigned from their positions before 31 December 2004.

2.3. Financial statements for the prior financial year

The Company's financial statements for the year ended 31 December 2003 (prior financial year) were audited by Lukasz Zalicki, registered under No 9542/7118, acting on behalf of Ernst & Young Audit Sp. z o.o. under the evidence number 130. The chartered auditor issued an unqualified opinion on the financial statements for the year ended 31 December 2003, on 29 March 2004.

The Company's financial statements for the year ended 31 December 2003 were approved by the General Meeting of Shareholders on 24 June 2004 during which the shareholders made a resolution on distributing the 2003 net profit as follows:

Dividends for shareholders	278,010,889.65
Reserve capital	651,769,892.54
Social benefit fund	4,000,000.00

	933,780,782.19
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The financial statements for the financial year ended 31 December 2003 with the auditor's opinion, the excerpt from the resolution approving the financial statements, the excerpt from the resolution on the distribution of profit and the Directors' report were filed on 2 July 2004, in the National Register Court.

The introduction to the financial statements, balance sheet as of 31 December 2003, profit and loss account, statement of changes in shareholders' equity and cash flow statement for the year ended 31 December 2003 together with the auditor's opinion, the excerpt from the resolution approving the financial statements and the excerpt from the resolution on the distribution of profit were published on 1 December 2004 in Monitor Polski B no. 1329.

The closing balances, as at 31 December 2003, were correctly brought forward to accounts as opening balances at 1 January 2004.

3. ANALYTICAL REVIEW

3.1. Basic data and financial ratios

Selected financial ratios indicating the economic or financial performance of the Company for the years 2002 – 2004 are presented below. The ratios for the years 2003 and 2004 were calculated on the basis of the financial information included in the amended financial statements for the year ended 31 December 2004. The ratios for the year 2003 were calculated on the basis of data restated for the changes in accounting policies applied by the Company since 1 January 2004, included in the amended financial statements for the year ended 31 December 2004. The ratios for the year 2002 were calculated on the basis of the financial information included in the financial statements for the year ended 31 December 2002, which were not restated for the changes in accounting policies applied by the Company since 1 January 2004.

	2004	**2003**	**2002**
Total assets	15,568,105	13,708,858	12,590,537
Shareholders' funds	10,416,439	8,410,449	7,263,591
Net profit/ loss	2,275,645	947,265	382,270
Return on assets $\frac{\text{Net profit}}{\text{Total assets}}$	14.6%	6.9%	3.0%
Return on equity $\frac{\text{Net profit}}{\text{Shareholders' Funds at the beginning of period}}$	27.1%	13.0%	5.5%
Profit margin $\frac{\text{Net profit}}{\text{Sales}}$	7.8%	3.8%	1.6%
Liquidity I $\frac{\text{Current assets}}{\text{Short-term creditors}}$	2.42	1.52	1.00
Liquidity III $\frac{\text{Cash}}{\text{Short-term creditors}}$	0.10	0.02	0.01
Debtors days	21	20	18

$\frac{\text{Trade debtors x 365}}{\text{Net sales}}$			
Creditors days	29	39	41
$\frac{\text{Trade creditors x 365}}{\text{Costs of sold goods for resale + cost of sold products}}$			
Stock turnover	69	77	77
$\frac{\text{Stock x 365}}{\text{Cost of sold goods for resale + cost of sold products}}$			
Stability of financing	81.4%	76.0%	65.3%
$\frac{\text{Equity + provisions + long-term creditors}}{\text{Total liabilities and equity}}$			
Debt ratio	33.1%	38.6%	42.3%
$\frac{\text{(Total liabilities – shareholders' funds) x 100}}{\text{Total assets}}$			
Rate of inflation:			
yearly average	3.5%	0.8%	1.9%
from December to December	4.4%	1.7%	0.8%

3.2 Comments on changes in financial ratios

Trends in the financial ratios were as follows:

Profitability ratios

In 2004 all profitability ratios increased in comparison to 2003: ROA from 6.9% to 14.6%, ROE from 13.0% to 27.1% and profit margin from 3.8% to 7.8%.

Liquidity ratios

Liquidity I ratio has increased in 2004 by 0.9 in comparison with 2003. Its level in 2002, 2003 and 2004 was equal to 1.00, 1.52 and 2.44 respectively. During year 2004 liquidity III ratios increased by 0.08 compared to 2003 and amounted to 0.01, 0.02 and 0.10 in 2002, 2003 and 2004 respectively.

Efficiency ratios

Debtors turnover in the year 2004 amounted to 21 days and remained at a comparable level as in the year 2003. The creditors turnover ratio in 2004 amounted to 29 days and decreased by 10 days compared to 2003, when it reached the level of 39 days.

Stock turnover ratio in 2004 and 2003 amounted to 69 and 77 days respectively.

Stability of financing

Gearing ratio increased from 76.0% as at the end of 2003 to 81.4% as at the end of 2004.

Debt ratio

Debt ratio in year 2004 decreased to the level of 33.1% in comparison to 2003 when it reached the level of 38.6%.

3.3 Going concern

Nothing came to our attention during the audit that would cause us to believe that the Company is not able to continue as a going concern for at least the twelve months subsequent to 31 December 2004 as a result of an intended or involuntary closure or a substantial limitation of the current operations.

In Note B in the introduction to the amended financial statements for the year ended 31 December 2004 the Management Board indicated that the amended financial statements were prepared on a going concern basis, being for a period of at least twelve months subsequent to 31 December 2004 and that there are no circumstances indicating a threat to its continuation as a going concern.

II. DETAILED REPORT

1. APPLIED ACCOUNTING SYSTEM

The Company's accounts are kept using the computer system SAP R/3 in the Company's registered office. The Company possesses up-to-date documentation referred to in Article 10 of the Act including the chart of accounts approved by the Company's Management Board.

During our audit we have not noticed any material irregularities in the books of accounts which were not subsequently corrected and could have a material effect on the audited amended financial statements. These would include matters related to:

- the reasonableness and continuity of applied accounting principles;
- the reliability of the accounting records, the absence of errors in the accounting; records and trail of entries in the accounting records;
- the fact whether business transactions are supported by documents;
- the correctness of opening balances based on approved prior year figures;
- consistency between the accounting records, source documentation and the amended financial statements;
- satisfying requirements on the safeguarding of accounting records and storing the accounting books and the financial statements.

2. INTERNAL CONTROL

In the course of our audit works we have detected certain weaknesses in efficiency of the general procedures in the area of access control and the change management control in the IT systems of the Company. The results of our works, including works conducted in the Company, enable us to conclude, that the above described weakness does not have a material impact on the amended financial statements for the year ended 31 December 2004. As a result of our audit works we will present the Company our recommendation, including among other suggestions regarding elimination of the above described weaknesses.

In the course of our audit works we have detected certain weaknesses in the supervision over the subsidiaries. The above described weakness does not have a material impact on the amended financial statements for the year ended 31 December 2004. As a result of our audit works we will present to the Company our recommendation, including among other suggestions regarding elimination of the above described weaknesses.

3. ASSETS, LIABILITIES, PROFIT AND LOSS ACCOUNT

Details of the Company's assets, liabilities and profit and loss account are presented in the audited amended financial statements for the year ended 31 December 2004.

A count of assets and liabilities was performed in accordance with the requirements of the Act. Any differences between the balances per count and the books were adjusted in the accounting records in the year ended 31 December 2004.

4. NOTES TO THE FINANCIAL STATEMENTS

The introductory notes to the amended financial statements and the additional information and notes to the amended financial statements for the year ended 31 December 2004 are in all material aspects consistent with the requirements of the Accounting Act, including art.45 of the Act.

5. DIRECTORS' REPORT

We have read the amended Directors' Report by the Management Board on the Company's Activities for the period from 1 January 2004 to 31 December 2004 and the Rules for Preparing Annual Financial Statements and concluded that the information derived from the accompanying amended financial statements reconciles with the amended Directors' Report. The information included in the amended Directors' Report corresponds with § 64 prescribed by the Decree of the Council of Ministers of 16 October 2001 on current and periodic information provided by issuers of securities (Journal of Law No. 139, item 1569 with further amendments).

6. CONFORMITY WITH LAW AND REGULATIONS

We have obtained a written representation letter from the Management Board that no laws or regulations, including the Articles of Association of the Company, were violated during the financial year.

7. WORK OF THE EXPERT

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

- WS Atkins – Polska Sp. z o.o. – expert company which performed in March 2005 assessment of prospective environmental expenses related to land reclamation.
- Actuary – (Deloitte & Touche) – valuation of prospective liabilities other than salaries and wages as of 31 December 2004.
- Inwestexpert Sp. z o.o. – expert company which performed in March 2005 valuation of the investments in subsidiaries based on Income Based Valuation Method.

Certified auditor
No. 9542/7118

on behalf of
Ernst & Young Sp. z o.o.
00-113 Warszawa,
53 Emilii Plater St.
No. 130

Lukasz Zalicki

Jacek Hryniuk
Certified Auditor
No. 9262/6958

Warsaw, 5 May 2005