POLSKI KONCERN NAFTOWY ORLEN SPOLKA AKCYJNA

ANNUAL REPORT
FOR THE YEAR 2001

(UNCONSOLIDATED)

PLOCK, MAY 2002

INTRODUCTORY NOTES TO THE FINANCIAL STATEMENTS

A. Name, address, main operating segments of the Company and periods for which the financial statements are presented

Polski Koncern Naftowy ORLEN Spolka Akcyjna (the "Company", "PKN ORLEN") is located in Plock, ul. Chemikow 7. The 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 Zaklady 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 RHBVIII 780.

On 19 May 1999 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. On 7 September 1999 CPN was deregistered and the merger became effective.

In accordance with the resolution of the 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 (joint stock company).

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 Spolka Akcyjna (joint stock company).

Structure of share capital of the Company on 31 December 2001 is as follows:

Issue	Number of shares	Nominal value (zl)
Series A	336,000,000	420,000,000.00
Series B	6,971,496	8,714,370.00
Series C	77,205,641	96,507,051.25
Total	420,177,137	525,221,421.25

On 15 May 2000 Ordinary General Meeting of Shareholders of PKN ORLEN took a resolution concerning capital increase by issuance of 11.344.784 series D ordinary bearer shares. These shares are to be acquired by bearers of series A bonds convertible to shares with exclusion of pre-emptive rights of the owners of the existing shares. The issuance of the shares was conducted within the Motivation Program presented in Note 11.

In June 2001 the Supervisory Board of PKN ORLEN approved the list of persons eligible for first tranche of bonds convertible to series D shares. Until the date of preparation of these financial statements the bonds were not acquired. Therefore, the conversion of bonds to series D shares did not take place. Additional information is presented in Note F paragraph e) and in Note 11.

In accordance with the resolution of the 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 statutory regulations and its changes dated 6 July 2001, 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 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 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 waste,
- 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, 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 Polish and foreign trade,
- activities in the area of education, professional schooling and internal human capital services.

The activity is designated by Code PKD 2320 (Polish Activity Classification) – processing of crude oil. The Company runs a business within segments of production and distribution of crude oil products as well as petrochemicals.

Financial statements are prepared for the period from 1 January 2001 to 31 December 2001. The comparable financial data is prepared for the period from 1 January 2000 to 31 December 2000.

B. Format and general rules of the preparation of financial statements

Financial statements were prepared in compliance with the Accounting Act of 29 September 1994 (further referred to as the "Accounting Act") and the Decree of the Council Of Ministers dated 16 October 2001 on current and periodic information published by issuers of securities (the "Decree").

Financial statements for the year ended 31 December 2001 are prepared under the provisions of the Accounting Act ("Act") binding as of 31 December 2001. The Act on Amendments to Accounting Act dated 9 November 2000 (Journal of Law No. 113, pos. 1186 - "Amendments") is binding for financial statements for the periods beginning on 1 January 2002 or later. Any adjustments that might be necessary to conform with the provisions of the Act taking into account the amendments will be reported in financial statements for the periods ended in 2002 as an adjustment to the opening balance of retained earnings as of 1 January 2002 resulting from changes in accounting polices required by law and applied retrospectively in future periods. The Company is yet to quantify the above adjustments.

C. Principal accounting policies

Accounting polices adopted by the Company are presented below.

a) Intangible fixed assets

Intangible assets are stated at cost less accumulated amortisation.

The amortisation rates applied to intangible fixed assets are as follows:

Purchased licences, patents and similar assets	7 % - 50 %
Purchased computer software	10 % - 50 %
Purchased rights for perpetual usage of land	10 % - 20 %
Formation costs	20 %
Research and development costs	25 % - 33 %

b) Tangible fixed assets

Tangible fixed assets are shown at historical cost of purchase or manufacture less accumulated depreciation. In accordance with the Accounting Act, gross value of fixed assets and accumulated depreciation based on separate regulations, may be periodically subject to revaluation. The carrying amount of fixed asset modified to include revaluation should not be higher than its realisable value, whose depreciation over its useful life is economically justifiable, increased as at the date of revaluation by the net proceeds resulting from sale or liquidation of the asset. The last revaluation of fixed assets using rates stated by the Head of Chief Central Statistical Office was carried out on 1 January 1995.

Tangible fixed assets are depreciated in accordance with Accounting Act using the straight-line method over their estimated useful economic lives.

The depreciation rates applied to tangible fixed assets are as follows:

Buildings and constructions	1.5 % - 10 %
Plant and machinery	4 % - 30 %
Transportation vehicles	6 % - 20 %
Other tangible fixed assets	8.5 % - 25 %

For tax purposes the Company applies depreciation rates set by the Corporate Income Tax Act with further changes dated 15 February 1992 ("CIT Act" with further amendments) stating the amount of depreciation being cost for tax purposes. With respect to fixed assets purchased and registered before 1 January 2000 rates stated in Decree of the Ministry of Finance dated 17 January 1997 on depreciation of tangible and intangible fixed assets are applied.

Low-value assets of estimated useful life below 1 year and cost less than 3.5 thousand zloty are fully expensed when brought into usage.

c) Construction in progress

Construction in progress is stated at purchase price or manufacturing cost. Construction in progress includes also materials purchased for construction in progress.

d) Financial fixed assets

Shares and stakes in other entities and long-term securities are stated at cost less deductions if a permanent diminution of their realisable value has occurred. If the shares /stakes were acquired for the contribution in kind, the difference between the book value of the contribution in kind and the value of shares/stakes, is presented as decrease of the financial fixed assets. The decreases in the value of shares/stakes and long-term securities are treated as financial costs.

Debt securities are stated at their realisable value. The differences between purchase price and the current selling price are classified as financial costs or income. Long-term loans are stated at amounts due.

e) Inventories

Inventories are stated at the lower of purchase price or production cost and net realisable value. The following types of inventory are valued as follows:

Raw materials:	Purchase cost
Semi-finished products and work in progress:	Cost of manufacture
Finished goods:	Cost of manufacture
Goods for resale:	Purchase cost

The net realisable value is the market sale price less any future sale – related costs.
The closing balances of inventories are recorded in average prices, which are set as weighted average price (cost) of the inventory.

f) Receivables

Receivables are stated at net realisable value. Provisions for doubtful debtors are created either based on the analysis of collectibility of receivables from individual debtors or when the contractor goes into bankruptcy or liquidation. Litigious claims provisions are recorded if claims for payment are submitted to court.

g) Cash and cash equivalents

Cash and cash equivalents are stated at nominal value.

h) Accruals, deferred costs and deferred income

The Company apportions income and expenditure according to the periods to which each item relates. Deferred costs are expenses relating to a period later than that in which they were incurred. Such deferred costs mainly include the following: cost of excise duty (concerning inventory of goods), cost of catalysts, costs of insurance, cost of advertising concerning patronage agreements, leases, unamortised discount of commercial papers and loan commissions.

Accrued costs include mainly costs relating to current period but which will be incurred in the following period including: the jubilee and retirement bonuses, fees for environmental pollution and holiday pay.

The employees are entitled to holiday in accordance with the Labour Code. The Company recognises the costs of the employee holiday on an accrual basis using liability method. The liability arising form unutilised holidays is calculated as a difference between the actual utilisation of holidays and utilisation proportionate to time.

In accordance with the internal regulations of remuneration in the Company, the employees are entitled to the jubilee bonus after being employed for a certain period of time and to the retirement bonuses upon retirement / pension. The amount paid depends on the number of the years of service and average monthly salary. The employees receive also the single payment at the moment when they retire. The compensation is also paid to the employees who became permanently disabled. The payment depends on number of years of service and average monthly salary. The costs of jubilee and retirement /pension bonuses are accrued on a basis of an independent actuarial valuation.

The deferred income includes mainly the following: the surplus of unrealised foreign exchange gains over losses, stipulated penalties and indemnification, advances received in relation to future deliveries, donations and subsidies received.

i) Financial instruments

Foreign currency option contracts are recorded at the end of reporting period at fair value. The difference between the fair value at the end of the period and purchase cost of an option or its fair value at the beginning of the period is presented as financial income or cost in profit and loss account.

j) Equity

Share capital is stated at nominal value in compliance with the statutory regulations and the relevant entry in the Companies Register.

The reserve capital is supplied from the share of net profit, transfer of revaluation reserve and share premium.

Revaluation reserve was established as result of the fixed assets revaluation as at 1 January 1995. In case of disposal or liquidation of a fixed asset item, the corresponding part of revaluation reserve is transferred to reserve capital.

k) Environmental costs

Provisions for certain or probable costs or losses resulted from environment protection law are recorded in case of existence of law requirements or Company's policy regarding elimination of pollution of environment or harmful items, simultaneously the amount of future expenses or losses is possible to be estimated.

l) Loans, borrowings and other liabilities

The loans and borrowings are stated at the amount payable as at the balance sheet date. Liabilities are stated at the amount due. Part of loans, borrowings and liabilities of which the instalments fall due beyond the period of one year from balance sheet date are presented as long-term. The remaining part of loans, borrowings and liabilities is classified as short-term.

m) Foreign currency transactions valuation

Transactions denominated in foreign currencies are recorded after being converted into Polish currency at the exchange rate prevailing at the date of transaction.

Shares in other companies and long-term securities denominated in foreign currency are shown at the balance sheet date converted into Polish currency at the exchange rate of the day of their purchase, which cannot exceed the average exchange rate at the end of the year set by the President of the National Bank of Poland ("NBP").

All other assets and liabilities denominated in foreign currency are valued at the average exchange rate set by the President of NBP at the balance sheet date.

Exchange rate differences resulting from revaluation of construction in progress settlements since the beginning of the construction until the balance sheet date or the day when the completed fixed asset is brought into usage are capitalised in the cost of the investment.

Other realised gains or losses due to changes in exchange rates are recorded as the financial income or charges in the profit and loss account.

Other foreign exchange differences arising on the revaluation as of the balance sheet date are settled within the same foreign currency as follows:

- the excess of the foreign exchange losses over foreign exchange gains is charged to financial expense;
- the excess of the foreign exchange gains over foreign exchange losses is classified as deferred income.

n) Income, expenses and net profit measurement

Financial result is calculated on matching basis. Income and expenditures are recognised on an accrual basis, i.e. in the period to which they relate, regardless of the date of payment.

The Company prepares the profit and loss account in the functional format.

The value of sales has been calculated on the basis of sales invoiced and apportioned to the relevant periods, excluding tax and discounts. The value of sales is based upon sale prices including excise tax on the sale of products and goods for resale.

The Company uses cost accounting both by type and by function. Cost of goods sold includes direct costs of goods and justifiable part of indirect costs.

General and administration expenses include general costs of the Company's operations and its management. Selling and distribution costs are the costs incurred in relation with sales of products and goods for resale and include the excise tax on the sale of products.

Other operating income and expenditure include the income and expenditure not directly related to the core business operations. Financial income and expenditure include the interest on loans and borrowings used up or granted, the foreign exchange differences, commission received or paid and income or expenditure related to the trading of securities and similar items. Extraordinary gains and losses reflect the financial effects of the unusual events not related to the ordinary operations of the Company, mainly effects of the damages to the fixed assets and received indemnities.

The Company's financial result for the year prepared according to the Accounting Act include all revenue and respective costs calculated in accordance with the aforementioned rules, other operating income and expenditure, effects of prudent valuation of assets and liabilities, financial income and expenditure, extraordinary gains or losses and taxation.

o) Taxation

Current liabilities resulting from corporate income tax are calculated in accordance with Polish taxation law. Provisions for taxable temporary differences caused by the differences between the moment of recognition of the income or costs according to accounting principles and taxation rules are set using the liability method. The Company recognises deductible temporary differences, as reduction of taxable differences only, when there is the certainty about their future realisability.

p) Investment allowance

In accordance with Decree of Ministry of Finance dated 25 January 1994 (Decree of Corporate Income Tax) on investment allowance and reductions of income tax and with article 18 a of the Corporate Income Tax Act, being in force till 31 December 1999, from 1 January 2000 article 3.1 of The Act on Changes of Corporate Income Tax Act dated 20 November 1999, the Company benefited from investment allowance in period 1994-2001. The fixed assets affected by the investment allowance are depreciated for accounting purposes according to normal depreciation rates applied for particular types of fixed assets. The effects of the investment allowance are recorded off-balance sheet and considered only in relation to taxable profits and deferred tax provision purposes.

q) Management use of estimates

The preparation of financial statements requires Management to make estimates and assumptions that affect the amounts reported in the financial statements and notes to these financial statements. Actual results could differ from those estimates. Management estimates concern among the others provision setting, accruals and depreciation rates. During 2001 the Company has changed the estimate of environmental clean-up and remediation costs further presented in Note 16.

D. Adjustments resulting from qualifications in auditors' report on financial statements for the years for which the financial statements were presented

No qualification has been made in issued auditor's reports on financial statements for the periods, covered by these financial statements and comparable financial data.

E. Internal divisions

From the date of incorporation of CPN (7 September 1999) till the end of the year 2000 the Company was a multi-branch entity. It grouped regional Branches, which possessed partial commercial and financial autonomy. The financial statements of Branches, after excluding internal balances, and unrealised gains/losses, constituted aggregated financial statements of the Company. Beginning from 1 January 2001 as a result of Company's internal structure reorganization the regional Branches ceased their operational activity.

F. Financial Statements according to International Accounting Standards

The Company will prepare consolidated financial statements in accordance with Polish Accounting Standards ("PAS"). Detailed information concerning differences between Polish Accounting Standards and International Financial Reporting Standards ("IFRS") will be disclosed in consolidated financial statements. The quantitative reconciliation of basic figures of consolidated financial statements and explanation of the differences will be presented there.

Due to requirements of the Accounting Act these financial statements were prepared in accordance with Polish Accounting Standards and accounting practices used by companies in Poland and differ from financial statements that would have been prepared in accordance with International Accounting Standards in following areas:

a) Distribution of profits for the benefit of employees

According to Polish business practice shareholders of the Company have the right to distribute the profit for the employees benefits, i.e. for bonus payment or for the Company's social fund. Such distributions are presented in statutory financial statements, similarly to dividend payments, through the change in capital. In the financial statements prepared in accordance with IFRS such payments are charged to operating costs of the year, that the distribution concerns

b) Positive foreign exchange differences

According to PAS, unrealised positive foreign exchange differences are deferred until realised. In the financial statements prepared in accordance with IFRS they would be reported as income.

c) Capitalisation of borrowing costs

According to Polish Accounting Standards, borrowing costs concerning general indebtedness are expensed wholly when incurred. Borrowing costs related directly to investment projects are capitalised until the fixed assets are brought into usage.

According to IFRS, the borrowing costs are capitalised pursuant to the alternative treatment allowed by IAS 23 "Borrowing costs". The borrowing costs resulting from liabilities specifically referring to a project are subject to capitalisation, furthermore, borrowing costs resulting from the remaining liabilities of the general character are capitalised to remaining projects, on a basis of calculation of average effective borrowing rate. The borrowing costs are capitalised until the fixed assets are brought into usage. Additionally, an adjustment to the depreciation of fixed assets is made as the result of higher borrowing costs being capitalised under IFRS then under PAS.

d) Participation of minority shareholders of CPN

Pursuant to the adopted practice of presenting the effect of reorganisation for the purpose of consolidated financial statements prepared according with IFRS, aiming at inclusion of CPN by incorporation, shares owned by employees as of 7 September 1999 were presented as minority interest. These shares are presented as the Company's capital beginning 7 September 1999. Goodwill relating to CPN employees' share in net assets of former CPN is also presented. For PAS purposes, in these financial statements the incorporation of CPN was presented using the pooling of interests method.

e) Embedded derivatives

As the result of adoption of IAS 39 "Financial Instruments: Recognition and Measurement" in financial statements prepared in accordance with IFRS the embedded derivatives were presented in current assets as at 31 December 2001, retained earnings and financial income for the year 2001.

e) Fair value of rights to purchase bonds convertible to shares as at 31 December 2001

In financial statements prepared under IFRS the fair value of rights to purchase bonds convertible to shares estimated on the basis of historical estimation of the shares market value volatility and Black-Sholes model, determined as at 31 December 2001, was presented as salary expense in the year 2001 and as liability as at 31 December 2001.

g) Deferred tax resulting from the above differences

Above-mentioned differences cause differences between deferred tax position under PAS and IFRS.

h) Sales revenues

According to PAS sales revenues and selling costs include excise tax charged on the products subject to excise tax. According to IFRS excise tax calculated in such way will be eliminated from sales revenues and selling costs.

f) Scope of financial statements

The captions of financial statements prepared according to PAS and IFRS may differ significantly. The scope of disclosures according to PAS is different from than the scope according to IFRS.

Note 34. Suggested distribution of profit for the year 2001

Distribution of profit and undistributed profit from previous years	
Dividend (0.12 zloty per share)	50,421,256.44
Reserve capital	197,605,162.56
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Total	248,026,419.00
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Note 35. Method of calculation of earnings and diluted earnings per ordinary share for 12 months

Net profit (for 12 months) in zloty	(A)	248.026.419,00
Weighted average number of ordinary shares	(B)	420.177.137
Earnings per ordinary share (in zloty)	(A/B)	0,59
Weighted average expected number of ordinary shares	(C)	420.177.137
Diluted earnings per ordinary share (in zloty)	(A/C)	0,59

Following assumptions were taken to calculate earnings and diluted earnings per ordinary share:

- weighted average number of issuer's ordinary shares is set as a number of ordinary shares, which remain in shareholders possession in period, the weight is the period set as a whole or part of the company's year,

- weighted average expected number of shares is calculated according to IFRS.

Note 36. Distribution of profit for the year 2000

Dividend (0.05 zloty per share)	21,008,856.85
Reserve capital	676,821,481.54
Social Fund	3,000,000.00
	- - - - - - - - - -
Total	700,830,338.39

Note 37. Method of calculation of net book value and diluted net book value per share as at 31 December 2001

Net book value	(A)	6,859,093,122.93
Number of shares	(B)	420,177,137
Net book value per share (in zloty)	(A/B)	16.32
Expected number of shares	(C)	420,177,137
Diluted net book value per share (in zloty)	(A/C)	16.32

Following assumptions were taken to calculate net book value and diluted net book value per ordinary share:

- number of issuer's ordinary shares is set as a number of shares as at 31 December 2001,

- expected number of ordinary shares is calculated according to IFRS.

NOTES TO CASH FLOW STATEMENT

Information about cash and cash equivalents is presented in Note 9 A.

Note 38. Classification of the Company activities in cash flow statement

The classification of the Company activities into operating, investing and financing activities is as follows:

- Operating activity includes transactions and events connected with the Company's core activity, not enumerated in financing and investing activities, for example: repayment of liabilities, cash inflow from sales of finished products or goods for resale, income tax payments, collection of receivables from sales;
- Investing activity includes mainly inflows and outflows connected with purchase or sale of fixed assets and with purchase or sale of securities;
- Financing activity includes mainly the securing of equity capital and loan capitals, as well as their repayment and maintenance.

The reasons for occurrence of differences between balance sheet changes of selected balance sheet items and changes presented in cash flow statement

Receivables:	Year 2001
Balance sheet change in net value of long- and short-term receivables	149,901
Change in corporate income tax receivables	(20,630)
Change in financial fixed assets receivables	(19,713)
Others	4,733
Change in receivables within cash flow statement	114,291

Liabilities:	Year 2001
Balance sheet change in short- and long-term liabilities	(714,702)
Change in short – and long-term loans and borrowings	260,264
Change in investment liabilities	147,980
Change in liabilities within cash flow statement	(306,458)

Accruals:	Year 2001
Balance sheet change in accruals	36,998
Change in commercial bonds interest	3,417
Change in accruals within cash flow statement	40,415

Deferred income:	Year 2001
Balance sheet change in deferred income	41,355
Changes resulting from unrealised foreign currency gains on loans	(31,383)
Change in deferred income within cash flow statement	9,972

Inventory	Year 2001
Balance sheet changes in inventory	611,686
Contribution in kind	(406)
Change in inventory within cash flow statement	611,280

Other captions in cash flow statement

In cash flow statement for the year 2001 in an item B.I.9 in investing activities an amount of 27,204 is presented. This amount contains:

Change in prepayments for fixed assets	27,160
Others	44
	27,204

ADDITIONAL NOTES

Note 39. Financial instruments

In year 2001, the Company has entered a number of forward transactions for purchase of US Dollars. The purpose of entering forwards contracts was hedging of short-term liabilities concerning purchase of crude oil. Forward transactions were of short - term character and its total value represents small fraction of the total value of foreign payments of the company. All forward transactions were cleared in 2001. Risks resulting from the above instruments result from foreign exchange risk USD/PLN and risk of change of interest rates.

Note 40. Contingent liabilities and risks

a) Guarantees and other contingent liabilities

Type of liability as at 31 December 2001	
Guarantees granted, including:	96,864
- to consolidated subsidiaries	94,623
- to consolidated associates	-
- to other companies	2,241
Other contingent liabilities, including:	45,776
- complaint of Enerco – Industrie (i)	22,736
- complaint of individuals (ii)	23,040
Total	142,640

(i) Contingent liability concerning complaint of Enerco – Industrie of 22,736 thousand zloty includes amounts due for not contributed share capital (5,000 thousand zloty) and interest (17,736 thousand zloty).

(ii) Contingent liabilities concerning:
- complaint of individuals of 22,140 thousand zloty. The amount relates to the fee for an inventive project, complaint of an individual of 900 thousand zloty due to an accident of a family member and against three parties.

b) Tax allowance

According to the Decree of Ministry of Finance dated 25 January 1994 concerning deductions of taxable income with investment expenses and decreases of tax on profits as well as according to Art.18a of the Corporate Income Tax Act (being in force from 31 December 1999, from 1 January 2000 article 3.1 of Changes to Corporate Income Tax Act), corporate taxpayers were allowed to offset their taxable basis for a specified tax year with investment expenditure incurred in that year, and then offset its taxable basis for next tax year with a "tax bonus", i.e. half of the investment expenditure incurred in previous tax year. The Company benefited from the investment incentives in the following amounts for the 1996-2001 financial years (deductions from taxable income):

	Tax allowance	Tax bonus
Year 1996	242,773	121,386
Year 1997	428,303	121,386
Year 1998	294,689	168,397
Year 1999	258,662	129,331
Year 2000	167,444	107,538
Year 2001	98,444	40,485
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Total	1.490.315	688.523
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These allowances and bonuses are conditional. The Corporate Income Tax regulations provide for the loss and reversal of entitlement for investment allowances if within 3 years beginning from the end of the fiscal year in which the allowance was used, any of the following circumstances arise:

1) the taxpayer has outstanding tax liabilities exceeding 3% of particular taxes due for specific tax years, in relation to taxes constituting the state budget's income and insurance pension premiums; in case of VAT, any outstanding payments may not exceed 3% of output VAT;

2) the taxpayer transfers, in any form, the ownership of items that were subject to investment deductions; this does not concern the transfer of ownership resulting from the change of an entity's legal form or the merger or diversion of companies, performed on the basis of the Commercial Code;

3) the legal basis for the treatment of leased fixed assets as a component of the lessee's property ceases to exist;

4) the taxpayer is put into liquidation or is declared bankrupt;

5) the taxpayer is reimbursed for investment expenses in any form.

Tax authorities may also deny a claim to tax allowances if the taxpayer had been charged with outstanding tax liabilities at the moment in which the tax incentives deductions were recognised.

The Act on the amendment of the Corporate Income Tax Act dated 20 November 1998 (Journal of Law no 144, position 931,being in force from 31 December 1999, from 1 January 2000 article 3.1 of Changes to Corporate Income Tax Act) stipulates that taxpayers do not lose such right to investment allowance (according to the article 18 a of Corporate Income Tax Act) if they adjust their tax returns and settle the outstanding payments with penalty interest due within 14 days. In this case, the above implications, described in point (1) are not applicable.

c) Excise tax – contingent liability of Rafineria Trzebnia S.A.

On 9 January 2002 after a tax audit in Rafineria Trzebinia S.A., the Fiscal Control Inspector issued a decision denoting the amount of liabilities concerning excise and VAT tax for the period firm June to December 1998 of 55 million zlotys and liabilities resulting from penalty interest of 58 million zlotys. The decision was subject to an appeal to Fiscal Chamber and a request to suspend the execution of the decision.
On 7 February 2002 Fiscal Office in Chrzanow suspended execution of the decision. At the same time the Fiscal Office set pledge on shares constituting financial fixed assets of Rafineria Trzebinia S.A.and on plant and equipment owned by Rafineria Trzebinia S.A. of total value equal to the tax liability. The right annotation was made in Fiscal Pledge Register.
On 12 February 2002 Fiscal Office in Chrzanow submitted to Mortgage Department of Regional Court a request for an annotation on enforced mortgage on real estates owned by Trzebinia Refinery.
In case the qualifications are sustained, as a result of further proceedings, there is a risk of increase in the above value of liabilities by amounts referring to other periods than this already audited.
As of the date of preparation of these consolidated financial statements the result of the appeal proceedings in this case is not known. Management of the Company believes that taking into consideration the merits of the appeal, a negative outcome is of low probability.

d) Power transfer fee – ZEP S.A.

Under the Decree of Ministry of Economy dated 14 December 14 2000 relating to detailed methods of determination and computation of tariffs and electricity settlement regulations (Journal of Law No. 1 dated January 15, 2001), the power transfer fee calculation method has changed. PKN ORLEN is in the process of negotiating new power transfer fee with Zaklad Energetyczny Plock S.A. The disputed amount was provided for based on best possible estimate made by PKN ORLEN Management.

e) Anti-trust proceedings

The Company is subject to four anti-trust proceedings.

In two proceedings Office for Protection of Competition and Consumer ("OPCC") issued a decision setting cash penalty. These proceedings concern:

1. Prices of fuels – the Company appealed to Anti-Trust Court against the negative decision of OPCC setting a penalty of 5 million zloty. Anti-Trust Court repealed the decision of OPCC concerning monopolistic practice of PKN ORLEN and therefore the cash penalty was repealed. In the year 2000 provision of 5 million zloty, set in year 1999, was released. On 21 February 2001 OPCC applied to the Supreme Court to annul the positive verdict for the Company. As of the date of preparation of this statement the Supreme Court has not appointed any date for the annulling lawsuit.

2. Methods of setting prices for antifreeze liquid to radiators „Petrygo" and prices for monoethylene glycols – the Company appealed to Anti-Trust Court against the negative decision of OPCC setting penalty of 40 million zlotys. On 13 August 2001 the Anti-Trust annulled fully the decision the decision of OPCC, which blame PKN of applying monopolistic practice, annulling at the same time cash penalty. OPCC applied on 4 October 2001 to the Supreme Court to annul the verdict. As of the date of preparation of this statement the Supreme Court has not appointed any date for the annulling lawsuit.

Until the date of preparation of these financial statements two remaining proceedings have still been pending.

3. Refusal to sale fuels to certain group of customers – the Company appealed to the Supreme Court against the negative verdict of the Anti-trust Court, concerning cessation of monopolistic management practice.

4. Practices limiting competition – on 10 October 2001 President of OPCC commenced legal proceedings to command following companies: PKN ORLEN S.A., BP EXPRESS Sp. z o.o., KAPBROL-Bis Sp. z o.o. and Klemens Imiola Firma KI to cease monopolistic practices, limiting competition by concluding agreements concerning prices for fuels on gas stations that belong to these firms in Koszalin.

Until the date of preparation of the presented financial statements, the results of the above proceedings were not yet known. These financial statements do not include provisions relating to the above proceedings as in the opinion of the Company's Management charging the Company with these penalties is not probable.

On 7 February 2002 the Supreme Court issued the verdict (published on 12 February 2002) in which it dismissed the annulling request submitted by Office for Protection of Competition and Consumer ("OPCC") and Polish Chamber of Liquid Fuels ("PCLF") concerning the verdict of Anti-Trust Court from 23 June 1999.

In the verdict to which OPCC and PCLF submitted annulling request, the Anti-Trust Court dismissed the decision of OPCC from 11 December 1998, issued at the request of PCLF ordering PKN ORLEN to cease practice of selling liquid fuels at the same price in Plock and regional trade offices of PKN ORLEN.
The Court stressed that although PKN ORLEN dominates on the liquid fuels market and acts on both wholesale and retail market, the way of setting wholesale prices does not interfere with anti-trust act.

f) Lawsuit concerning declaring as invalid the resolutions of the general meeting of shareholders of CPN and deregistering CPN from Companies Register

The Company is subject to three court proceedings declaring as invalid the resolutions of the general meeting of shareholders of CPN.

One of them concerns the resolution taken on 29 October 1998 and relating to the decrease in capital of CPN by redemption part of shares being in possession of Nafta Polska S.A. The proceeding is on its way. The Court did not set a date for the trial.

Two proceedings concern declaring as invalid the resolution of 19 May 1999 relating to the merger of CPN with the Company. In both cases the claimants withdrew their claims. It is believed that lawsuits run will be discontinued in the near future.

g) Employees compensation plans

On 19 August 1999 an agreement between the Company and a trade union "Solidarnosc" operating in former CPN was signed. The goal of this agreement was regulating legal status of former CPN employees in the Company structure after the merger. The agreement was accepted by the other trade unions operating within the Company and expanded to the remaining employees of the Company. The Company guaranteed all the employees not to be made redundant within 24 months from 1 January 1999. Above agreement expired on 30 November 2001.
The Company is negotiating new agreement concerning regulation of employee situation in case of introducing restructuring actions in the Company.

h) Polish taxation

Poland currently has a number of laws related to excise tax, value added tax, corporate income tax and payroll (social) taxes. Regulations regarding these taxes were implemented not long ago, and may be often unclear or inconsistent. Often, differing opinions regarding legal interpretations exist both among and within government ministers and organisations, creating uncertainties and areas of conflict. Tax settlements, together with other legal compliance areas (for example: customs and currency control matters) are subject to review and investigation by a number of authorities, which are reinforced by law

to impose severe fines, penalties and interest charges. These facts create tax risks in Poland that are substantially higher than those typically found in countries with more developed systems.

There are no formal procedures in Poland to agree the final level of tax charge for a period. Tax settlements may be subject of review during the subsequent 5 years. There is a risk that the authorities may have a different opinion from that presented by the Company as to the interpretation of the law, which could have significant effect on the Company's stated tax liabilities.

i) Fixed assets located on the land with unsettled ownership issues

Net book value of fixed assets on land with unsettled ownership issues as at 31 December 2001 amounts to 23,974 thousands zloty. Those assets are located mainly on fuel stations of former CPN. The necessity to leave or return these assets can have an adverse influence on the financial position or activity of the Company.

Note 41. Amounts due to the State or local government budgets as a result of obtaining the right of ownership to buildings

As at 31 December 2001 there were no significant amounts due to the State or local government budgets as a result of obtaining the right of ownership to buildings.

Note 42. Discontinued operations

In the year 2001 the Company did not discontinue any core activity and do not plan to discontinue any area of core activity in the following 12 months.

Note 43. Information on cost of construction in progress, fixed assets and development for own needs

Cost of construction in progress and fixed assets constructed by the Company itself amounted to 2,179 thousand zloty in the year 2001.

Note 44. Capital expenditures planned and incurred after 31 December 2001

Capital expenditures planned by the Company after 31 December 2001 amount to 7,433,725 thousand zloty including capital expenditures related to protection of environment amounting to 137,722 thousand zloty. Capital expenditures incurred until the end of March 2002 amounted to 141,087 thousand zloty, including expenditures related to protection of environment amounting to 25,658 thousand zloty.

Note 45. Information concerning significant transactions with related parties

a) Transactions with members of the Management Board, Supervisory Board, their spouses, siblings, descendants and their other relatives

Transactions with members of the Management Board and Supervisory Board are described in Note 48.
As at 31 December 2001 there were no borrowings granted by the Company to managing and supervising persons and their relatives.
In the year 2001 members of Management Board, Supervisory Board, their spouses, siblings, descendants and their other relatives have not entered any significant transactions with the Company.

Transactions with subsidiaries and associates for the year ended 31 December 2001 and account balances as at 31 December 2001

Capital Group PKN ORLEN

	Consolidated subsidiaries 1)	Consolidated associates 3)	Unconsolidated subsidiaries 1)	Unconsolidated associates 3)	Total of related entities in year 2001
Sales	3,030,732	37,200	35,487	49,474	3,152,893
Purchases	557,740	23,976	106,677	30,192	718,585
Interest receivable	3,641	-	279	347	4,267
Interest payable	36	-	19	-	55
Receivables	289,761	5,371	8,757	4.148	308.037
Payables	70,160	3,854	11,977	4,338	90,329
Loans granted	-	-	-	-	-
Loans received	-	-	-	-	-
Long-term receivables	255,076	-	-	-	255,076

1) The Company uses its vote rights (above 50% of votes) to appoint members of the Supervisory Board and in some cases also members of the Management Board
2) The Company has significant influence through representatives of supervisory bodies

Information about share in common stock and number of votes in subsidiaries and associates is presented in Note 3D.

b) Transactions with major shareholders

Third stage of privatisation of Polski Koncern Naftowy ORLEN S.A

On 1 August 2001 financial advisor of the Company's shareholder Nafta Polska S.A. - BNP Paribas and financial advisors of the Company - CAIB Investment Bank and Lehman Brothers sent invitation to selected enterprises operating in crude oil sector to offer submission. With reference to the invitation, offers should among others concern purchase of 17.58% of the Company's shares by these enterprises being a property of Nafta Polska S.A., purchase of significant package of shares by the Company in share capital of these enterprises and proposed structure of integration with the Company. On 14 August 2001 the Company received copies of offers forwarded in response to the aforementioned invitation.
On 13 August 2001 PKN ORLEN S.A. made an agreement with Nafta Polska S.A. regarding co-operation in realisation of the third stage of the privatisation of the Company and in a process of integration with a selected entity operating in the region in the crude oil industry, which is considered by the Company.

Note 46. Information on joint undertakings and significant items of financial fixed assets

a) Polkomtel S.A.

As at 31 December 2000 the Company owned 4,019,780 shares of Polkomtel S.A. and had 19.61% share in Polkomtel share capital.

Polkomtel S.A. activities mainly include:
- designing, installation, exploitation and managing of GSM system on Polish territory in accordance with conditions of license given to the company,
- services connected with GSM cellular telecommunication on Polish territory,
- sales of products and services related to GSM system.

On 29 December 2000 having exercised the subscription right, PKN ORLEN applied for 1,078,550 registered shares of "J" series issued by Polkomtel S.A. due to the development of UMTS technology, what is proportional to PKN ORLEN's 19.61% share in this company. In 2001 PKN ORLEN also paid instalments amounting to 107,855 thousand zloty for the acquired shares. On 24 September 2001 increase of capital amounted to 550 million zloty by issuing 5,500,000 shares was registered in The Regional Court for the city of Warsaw, IX Depertment of National Registry Code. Share capital of the company amounts to 2,050 million zloty.

On 18 June 2001 the Extraordinary Shareholders Meeting of Polkomtel S.A. agreed to grant the company a 500 million zloty loan by their shareholders. The Shareholders of Polkomtel (including PKN ORLEN S.A.) will participate in granting the loan in proportion to possessed shares. Financial support from the loan will be used to cover the UMTS expenses. The loan agreement was signed on 1 October 2001 between Polkomtel S.A. and its shareholders (including PKN ORLEN). PKN ORLEN granted the loan amounting to 98 million zloty in the year 2001.

b) Niezalezny Operator Miedzystrefowy Sp. z o.o.

As at 31 December 2001 the Company owned 168,000 shares and 35% of votes on General Meeting of Shareholders of Niezalezny Operator Miedzystrefowy Sp. z o.o. Share capital of the company amounts to 240 million zloty. The other shareholders are Polskie Sieci Elektroenergetyczne S.A. in Warsaw (50%) and Telekomunikacja Energetyczna Tel-Energo S.A. in Warsaw (15%).
The company's activities include: interregional telecommunication services, installation, exploitation, modernisation and usage of telecommunication systems.
In short-term perspective, new capital increases up to 60 million zloty are planned. Total share capital of Niezalezny Operator Miedzystrefowy Sp. z o.o. will amount to 300 million zloty. PKN ORLEN is to acquire new shares for the amount of 21 million zloty in total.
In the year 2001 engagement of PKN ORLEN S.A in Niezależny Operator Międzystrefowy Sp. z o.o. rose by 35 million zlotys. Change in face value of one share increased from 100 zloty to 500 zloty (on 29 August 2001 Regional Court for the city of Warsaw XX Department of National Registry Code issued the decision of increasing the share capital of 100 million zlotys and of the change of the nominal value of share.

c) Telewizja Familijna S.A.

As at 31 December 2001 PKN ORLEN owned 220,000 shares of Telewizja Familijna S.A which represents 11,96% of share capital and 9,61% votes on General Meeting of Shareholders. The company's activities include: radio and television activity, activity connected with movie and video industry, reproduction and recording, telecommunication, advertising and agency activity.

On 14 March 2000 a contract was signed between the Company, Telewizja Familijna S.A., KGHM Metale S.A., PSE S.A., Prokom Investments S.A., PZU na Zycie S.A. and Monastery "Prowincja Zakonu Braci Mniejszych Konwentualnych". The parties of this contract became the shareholders of Telewizja Familijna S.A. The value of capital investment of PKN S.A. amounts for 26 million zloty. Above shares were fully provided for. On 18 July 2001 PKN ORLEN acquired 260 bonds amounting to 26 million zloty. Repurchase of bonds is going to take place on 12 March 2005. Above bonds were fully provided for.

Note 47. Average employment information

Average employment by category in the period between 1 January and 31 December 2001 was as follows:

Category of employment	Year 2001
Blue collar workers	3,376
White collar workers	4,116
	7,492

Note 48. Remuneration of the Company's Management and Supervisory Boards, including distribution of profits paid out in the period between 1 January 2001 and 31 December 2001

Remuneration of the Company's Management includes contract remuneration, bonuses, annual bonus and cash equivalents for the unused vacations set by the Supervisory Board in management contracts. Additionally, the Company pays for the members of Management Board life insurance.

Remuneration	
Management Board	6,359
Supervisory Board	755
Total	7,114

Remuneration in subsidiaries	
Management Board	315
Supervisory Board	-
Total	315

Remuneration in associates	
Management Board	56
Supervisory Board	-
	56

Note 49. Information about loans, borrowings and guarantees granted to the Management and Supervisory Board members

Subsidiaries and associates did not grant loans to the Management and Supervisory Board members in the year 2001. The Company, subsidiaries and associates did not grant loans and guarantees to the Management and Supervisory Board members.

Note 50. Significant events from previous years included in the financial statement for the period beginning 1 January to 31 December 2001

No significant events concerning previous years were included in the financial statements.

Note 51. Events occurring after the end of the reporting period

a) Changes in the structure of shareholders

PKN was informed that as at 26 February 2002 The Bank of New York owned 97,077,976 shares of PKN ORLEN with 97,077,976 votes on General Meeting of Shareholders. Shares owned by Bank account for 23,10% shares of the Company and votes on General Meeting of Shareholders.

Changes in the Management Board

The Supervisory Board of PKN ORLEN S.A. on the meetings held on 8 February 2002 and 7 March 2002 changed the composition of the Management Board of the Company.
The Management Board consists presently of 5 persons:

- Zbigniew Wrobel - President and CEO
- Krzysztof Cetnar - Vice-President and CFO
- Slawomir Golonka- Vice-President Sales
- Andrzej Ernest Macenowicz- Vice-President Human Resources and Management Systems
- Janusz Wisniewski - Vice-President Development and Production

Changes in the Supervisory Board

On 21 February 2002 the extraordinary General Meeting of Shareholders of PKN ORLEN and the Minister for State Treasury changed the body of the Supervisory Board of PKN ORLEN S.A.
The Supervisory Board consists presently of:

- Andrzej Herman – President
- Jan Waga – Vice-President
- Grzegorz Mroczkowski – Secretary
- Maciej Gierej – Member
- Edward Grzywa – Member
- Andrzej Kratiuk – Member
- Krzysztof Kluzek – Member
- Ryszard Lawniczak – Member
- Krzysztof Szlubowski – Member

Planned constitution of joint venture with Basell Europe Holdings B.V.

On 13 February 2002 the Supervisory Board of PKN ORLEN agreed on planned constitution of joint venture company with Basell Europe Holdings B.V. in the form of commercial law company and contribution in-kind to acquire a stake in the JV. On 21 February 2002 the Extraordinary Meeting of Shareholders of PKN ORLEN accepted resolution concerning agreement stemming from law regulations and the Company's Statute for constituting a joint venture with Basell Europe Holdings BV and introducing to this JV contribution in kind (including real estates) of PKN ORLEN in form of Polymers Block. The Extraordinary Meeting of Shareholders agreed also to disposal of these real estates (i.e. ownership or perpetual leasehold of the above mentioned sites of land and ownership of real estates located on them) as the contribution in kind to the JV. If until 30 June 2002 the Company does not sign the agreement for constitution of the JV under conditions accepted by the

Management Board the above agreements become ineffective. The above - mentioned permissions were given under the condition that the content of the negotiated agreements is approved by the Supervisory Board.

b) Dismissal of the verdict annulling request submitted by the Office for Protection of Competition and Consumer and Polish Chamber of Liquid Fuels

For information on Dismissal of the verdict annulling request submitted by the Office for Protection of Competition and Consumer and Polish Chamber of Liquid Fuels see Note 40 (e).

c) Increase in share capital in Petro-Oil Sp. z o. o.

On 25 March 2002 the Regional Court for Krakow - Srodmiescie in Krakow, XI Economic Department of Domestic Court Register, registered increase in share capital of Petro-Oil Sp. z o. o.
Before capital injection the share capital of Petro-Oil Sp. z o. o. amounted to 14 million zloty and was increased by 29,558 stakes of 1,000 Zloty each, to the value of 43,558 thousand zloty. The share in the increased capital was fully covered by Rafineria Trzebinia S.A. in form of contribution in kind worth 23,719 thousand zloty and 5,839 thousand zloty in cash. After the increase in share capital of Petro-Oil Sp. z o. o. the shareholders' structure is following:

- Rafineria Trzebinia S.A. – 75.58%
- Rafineria Nafty Jedlicze S.A. – 7.71%
- Rafineria Czechowice S.A. – 7.71%
- PKN ORLEN – 9 %

Each stake gives right to one vote on the Shareholders' Meeting.
Before the increase in share capital PKN ORLEN owned 28% stakes in Petro-Oil.

Note 52. Information on relations between legal antecedent and the Company concerning overtaking of assets and liabilities.

On 29 June 1993 the Minister for Privatisation representing State Treasury transformed the State-owned enterprise Mazowieckie Zaklady Rafineryjne i Petrochemiczne "Petrochemia" located in Plock into State-owned joint stock company. The Company share capital resulted from transformation of the former state enterprise funds: enterprise fund and start-up fund. The share capital of the Company at the day of transformation amounted to 420,000 thousand zloty, with the remaining part of the funds of state-owned enterprise presented as the capital reserve of the Company. The State Treasury took up all of the Company's shares. The special funds of the state-owned enterprise, in the amounts presented in the closing balance sheet, became special funds of the Company in accordance with their previous use.

Note 53. Hyperinflationary accounting and reporting

The yearly average inflation rate in the period covered by the financial statements did not exceed 20%, therefore financial statements adjusted for inflation are not required. According to International Financial Reporting Standards that sets up different than Decree on Current and Periodic Information accounting and reporting standards, Polish economy was not hyperinflationary after 1996.

Note 54. Changes in the accounting policies

During the year 2001 the Company did not introduce changes in accounting policies in comparison to policies used to prepare financial statements for previous year.

Note 55. Change in the methods of preparing financial statements

Financial statements of the Company were prepared in format consistent with the Decree on Current and Periodic Information. During preparation of financial statements the Company followed policies used in 2000.

Note 56. Selected financial data by the Group's segments of operations

As to comply with the expectations of investors the Company prepared selected financial segment data.

Business segments

The operations of the Company are divided into two main segments: Refinery Segment and Chemical Segment.

- The refinery segment comprises crude oil processing as well as wholesale and retail trade in refinery products industry, primarily fuels.
- The chemical segment encompasses production and sales of petrochemicals

The other operations include among others supporting and transport services, as well as repair-maintenance and building activities.
Net results and assets in particular segments had been established before the inter-segment eliminations were done. Internal prices in transactions between segments are similar to market prices.

Data by segment for the year ended 31 December 2001:

	Refining and Marketing	Chemicals	Other Operations	Eliminations	Total
Revenue					
External sales	21,571,588	1,702,129	193,437	-	23,467,154
Inter-segment sales	7,354,605	1,107,653	662,300	(9,124,558)	-
Total revenue	**28,926,193**	**2,809,782**	**855,737**	**(9,124,558)**	**23,467,154**
Result					
Segment result	**650,572**	**168,804**	**7,508**	**-**	**826,884**
Unallocated corporate expenses					(263,316)
Profit from operations					**563,568**
Income from investments in shares					12,732
Income from other financial fixed assets					-
Other financial income					239,529
Financial costs					(483,225)
Gross profit					**332,604**
Extraordinary gains					17,404
Extraordinary losses					(12,316)
Profit before taxation					337,692
Income taxes					(89,666)
Net profit					**248,026**

<u>Other information</u>

	Refining and Marketing	Chemicals	Other Operations	Eliminations	Total
Segment assets	7,950,501	906,648	1,192,412	-	10,049,561
Unallocated corporate assets					1,925,206
Total assets					11,974,767
Segment liabilities	2,102,427	72,611	207,563	-	2,382,601
Unallocated corporate liabilities					2,733,074
Total liabilities					5,115,675

	Refining and Marketing	Chemicals	Other Operations	Eliminations	Total
Property, plant, equipment and intangible assets expenditure	559,807	74,784	57,938	-	692,529
Property, plant, equipment and intangible assets expenditure unallocated to segments					53,990
Total property, plant, equipment and intangible assets expenditure					746,519
Segments depreciation	548,402	75,802	126,907	-	751,111
Unallocated assets depreciation					25,165
Total depreciation					776,276
Non-cash expenses other than depreciation	21,246	32,715	9,602	-	63,563

Geographical segments

The Company operates primarily in Poland. The table below presents the Company's sales by geographical markets.

Data by segment for the 12 months ended 31 December 2001:

	Refining and Marketing	Chemicals	Other Operations	Total
Export sales	514,206	295,316	1,390	810,912
Domestic sales	21,057,382	1,406,813	192,047	22,656,242
Total external sales	21,571,588	1,702,129	193,437	23,467,154

All assets of PKN ORLEN at 31 December 2001 are located in Poland, where also all the capital expenditures were made during 2001.

Note 57. Differences between data disclosed in financial statements and previously prepared and published financial statements

Changes introduced to the financial statement for the fourth quarter of year 2001

	Net profit	Net assets
Financial data disclosed in 4 Q 2001 report	335.949	6.947.015
1. Valuation of shares presented as financial fixed assets	(57.004)	(57.004)
2. Valuation of tangible fixed assets	(27.250)	(27.250)
3. Provision for economic risk	(9.781)	(9.781)
4. Other	(14.631)	(14.631)
5. Income tax/ deferred income tax from above adjustments	20.743	20.743
Financial data disclosed in financial statements for the year 2001	248.026	6.859.092

The above adjustments did not impact the cash flow from operating activities.

Changes introduced to comparable financial data for the year 2000

	Financial statements for the year 2000	Financial statements for the year 2001– Comparable financial data for the year 2000
Estimated number of shares	431.521.921	420.177.137
Diluted book value per share (in zloty)	15.38	15.79
Diluted earnings per share (in zloty)	1.62	1.67

Changes result from differences in calculating diluted earnings per share and diluted book value per share for the year 2000 according to Decree of the Council Of Ministers referring to IAS.

Note 58. Liabilities secured on the Company's assets

As at 31 December 2001 the company had following liabilities secured on the assets**:**

Type of collateral at 31 December 2001	Liabilities secured on assets	Amount of collateral
Collateral	30.000	103.872
Pledge on goods	239.132	38.895
Other	131.500	858
	- - - - - -	- - - - - -
Total	400.632	143.625
	======	======

Note 59. Mandatory reserves of liquid fuels

Pursuant to the Act on State Reserves and Mandatory Fuel Reserves of 30 May 1996 (Journal of Law no 90. position 404 with further amendments) the Company and some of its subsidiaries are subject to an obligation to create and maintain mandatory reserves of liquid fuels. As at 31 December 1998 the reserves should amount to 2 per cent by volume of the production and imports realised by entity in the previous year. In 1999 and each of the following years the level of reserves required increases by further 2 per cent until Poland adopts EU regulation on the reserve requirements which are expected to be increased and reach the level of 90 days of production and imports of entity.

.....
President - Zbigniew Wrobel

.....	.....
Vice President - Krzysztof Cetnar	**Vice President** - Slawomir Golonka
.....	.....
Vice President - Andrzej Macenowicz	**Vice President** - Janusz Wisniewski

Plock, 6 May 2002