Financial Highlights

PKN ORLEN Group	Q4 2001		Q4 2002		% change		2001		2002		% change	
Results according to IFRS	PLN m	USD m[1]	PLN m	USD m	PLN m	USD m	PLN m	USD m[1]	PLN m	USD m[1]	PLN m	USD m[1]
Sales revenue	4,297	1,053	4,703	1,175	9.4%	11.6%	17,038	4,157	16,828	4,123	-1.2%	-0.8%
EBITDA[2]	326	80	366	91	12.3%	13.8%	1,703	416	1,895	464	11.3%	11.5%
Operating profit/(loss)	48	12	65	16	35.4%	33.3%	617	151	735	180	19.1%	19.2%
Financial expenses	84	21	23	6	-72.6%	-71.4%	431	105	280	69	-35.0%	-34.3%
Net profit (loss)	40	10	71	18	77.5%	80.0%	376	92	428	105	13.8%	14.1%
Net profit (loss) according to LIFO method	343	84	126	31	-63.4%	-63.1%	751	183	222	54	-70.5%	-70.5%
Operating cash flow	408	100	445	111	9.1%	11.1%	2,112	515	1,292	317	-38.8%	-38.4%

(1) The following average exchange rates were used for the conversion of the amounts denominated in USD: Q4 2001 – 4.08 PLN/USD; Q4 2002 – 4.00 PLN/USD; 2001 – 4.10 PLN/USD; 2002 – 4.08 PLN/USD.

(2) EBITDA = OPERATING PROFIT + DEPRECIATION/AMORTISATION

- **In 2002, consumption of liquid fuels (gasolines and diesel oil) in Poland falls by 2.8%.** In 2002, high unemployment rate and persisting uncertainty regarding the future financial standing of households contributed to the limited increase in retail sales and consumer spending. Despite record low inflation, the purchasing power of salaries and wages declined.

- **Refining (Production + Wholesale):** 2002 saw a 38.7% increase in the result, attributable principally to the reduced variable cost and the adopted method of stocks valuation, accompanied by an uptrend in oil prices. The 2002 refinery margins stayed at around the 2001 figures.

- **Refining (Retail):** Aggressive marketing and promotional activities, increased expenses on the re-branding of service stations and intensification of the loyalty programmes. In 2002, the margin on non-fuel sales rose 27.9%, while the margin on fuel sales lost 2.0%.

- **Petrochemicals:** Robust 6.4% improvement in the 2002 financial result, attributable to the strong demand for petrochemicals and increased sales resulting from the intensified production of aromatics and greater supply of other petrochemicals were possible thanks to the uninterrupted operation of the production plants. In this segment, the volume of sales rose by 29.5%, and the exports by the Parent Undertaking surged by 58.6%.

- **Other Activities:** Increase in revenue and concurrent reduction of cost brought about a PLN 9m, or 25%, improvement.

- **Inland Premium:** 2002 saw a PLN 118m, or 19.9%, increase in the inland premium.

- **Result on Financial Activities:** Reduction of loss from PLN 98m in 2001 to PLN 7m in 2002 (disposal of equity interests, foreign exchange gains).

- **Net Profit:** PLN 428m, that is up by 13.8% over 2001, mainly as a result of higher profit on sales.

- **Operating Cash Flow:** Down by 38.8% on higher accounts receivable and stocks.

- **CAPEX:** Expenditure fell from PLN 1,424m in 2001 to PLN 948m in 2002. In 2002, capital expenditure was optimised following a change in the strategy which now concentrates on the most efficient investment projects.

Jacek Strzelecki, Vice-President of the Board & CFO*: "In my opinion, our principal successes in 2002 was the maintainace the sound financial standing of PKN ORLEN and the diversification of crude oil supplies with our Russian partners, of long-term contracts securing supplies of the main raw material to PKN ORLEN. Moreover, in terms of cost, we took steps which added to our strong financial performance through the reduced variable production cost and lower prices for transport and support services brought to the market levels. The price-cutting actions were performed within the Capital Group and should be viewed as the beginning of the restructuring process in the Parent Company and in the PKN ORLEN Group.*

At the end of 2002, PKN's debt was lower than at the beginning of the year, which attests to the stability of the Company's finances. The Fitch agency assigned to PKN long-term BBB rating and we expect the rating to be confirmed and maintained following the annual review. The relatively low debt under loans is a firm foothold for the implementation of investment projects relating to the network of service stations in northern Germany, while the selected method of financing petrochemical projects, to be jointly implemented with Basell, will allow us to avoid putting too much of a direct burden on PKN ORLEN's balance sheet. In 2003, PKN will restructure its debt with a view to extending maturity of its financial liabilities. The key elements of our strategy involve: the acquisition of a EUR 300–500m syndicated loan on the European banking market and a publicly issue of bonds on the Polish market.

2003 will see implementation of a comprehensive and far-reaching programme of review and strengthening of the management processes oriented towards the implementation of PKN ORLEN's strategy. A key element of the programme is the value management project which is now being launched at the PKN ORLEN Group. The new system is to integrate the existing management processes (strategic planning, budgeting, management reporting, assessment of and incentives for employees) around value creation, which thus is to become a basis for decision-making in our Company. Another task of utmost importance is the optimisation of operating expenses and changes in organisational and employment structures of the Group companies, scheduled for the second quarter of 2003. We expect this project to have measurable financial effects already in 2003 (with the full economies of scale achieved in 2005), but also to strengthen cost awareness and discipline throughout PKN ORLEN and enable implementation of effective tools for monitoring the discipline. As any company operating in the oil refining business, PKN is strongly exposed to the volatile external revenue and cost drivers. In this area, development of a risk management system, under way for several months now, will enable professional and effective execution of hedging strategies mitigating the volatility of the financial performance."

Sławomir Golonka, Vice-President of the Board, Sales Director: *After more than three years of negotiations, in 2002 PKN ORLEN and Basell Europe Holdings N.V. established a joint venture for the production, sales and marketing of plastics. Under relevant agreements the parties will each hold 50% interests in the joint venture. ORLEN will pay for its stake with a contribution in kind in the form of an organised part of an enterprise (the Polymer Unit) and plastics sales office, while Basell will contribute EUR 108.5m.*

The new company's objectives will include:

- *Construction of new polyolefin installations (a PP installation with an annual capacity of 400,000 tonnes and a PE-HDPE installation with an annual capacity of 320,000 tonnes);*

- *Integration of the new company's sales network with Basell's sales network, which means the actual entry of Polish plastics on international markets.*

With a joint annual capacity at 825,000 tonnes, the new company will be the market leader in Central and Eastern Europe. The integration into Basell's global sales network will open a number of new markets to the new company, thus ensuring high sales of plastics and securing the sale of monomers output by ORLEN.

In 2002, along with the preparations to the establishment of the new company, ORLEN was developing sales of plastics and recorded the highest ever sales volume on the Polish market (131,200 tonnes of LDPE and 114,600 tonnes of PP).

Following the acquisition of Veba Oil, the German operation of British Petroleum (BP) was made to sell a part of its assets in order to comply with the anti-trust requirements of the German government. Having assessed the offer, ORLEN resolved to participate in the tender process, which was in line with the Company's strategy of expansion into new markets. ORLEN submitted its bid in July 2002, and after several months negotiations, on December 10th 2002, ORLEN's representatives concluded a preliminary agreement with BP concerning the takeover of a network of service stations located in Northern Germany (the Jewel Package). The selling price was EUR 140m for 494 service stations operating under three brands: BP, Aral and EM Eggert. The whole package represents approximately 3% of all service stations operating in Germany, or approximately 7% on regional markets. The 2002 sales volume for the acquired service stations totalled approximately 1.4 bn litres of fuels, or on average, 2.8m of litres per station. Under an agreement with the former owner (BP), all of the stations will be rebranded by the end of 2003. In accordance with the strategy developed by PKN ORLEN, service stations acquired in Germany will operate under two brands: Orlen (for the best service stations) and another brand, still to be chosen, in the case of the other stations. The rebranding CAPEX is estimated at approximately EUR 50m. At first, the network will be supplied primarily from German refineries. After a time, these supplies will be supplemented with fuel swaps with BP as well as supplies from Poland, which may enable the Company to generate additional wholesale margins and improve the results on fuel exports.

The VITAY Programme is a loyalty scheme for retail customers frequenting ORLEN service stations. The VITAY Programme was launched in Poland on February 14th 2001. As at December 31st 2002, the Programme covered almost 3.5m customers and 1,397 service stations, including 1,286 company-owned and 111 franchise stations. For each purchase under the Programme, customers earn points redeemable into VITAY gifts. Each złoty spent on fuel is worth 2 points, while each złoty spent on non-fuel products – 3 points. In December 2002, the next phase of building customer relations and strengthening customer loyalty was implemented. The VITAY Programme was enhanced with new brand prizes and offerings of ORLEN's partners. The new release of the VITAY Catalogue uses a new point calculation formula, designed to promote services offered at service stations (e.g. car-wash or vacuum cleaner).

Financials by Area of Activity

Market Overview

In the fourth quarter of 2002, average price of Brent oil stood at USD 26.83/bbl having gone up by USD 7.39/bbl (38.0%) in relation to the analogous period of the previous year. During Q4 2002, average market price for gasoline amounted to USD 266.43/tonne (a 44.0% increase in relation to Q4 2001). In the same period, a rise was also recorded in the diesel oil and Ekoterm market prices, by 21.5% and 27.6%, respectively. Quoted margin on gasoline went up by 69.0%, while margins on diesel oil and Ekoterm went down by 29.3% and 9.5%, respectively. In the petrochemicals segment, in Q4 2002 both market prices of and quoted margins on polyethylene and polypropylene increased compared with the Q4 2001 figures. Market prices of these products rose by 11.0% and 19.0%, respectively, and quoted margins by 36.1% and 8.0%, respectively. Refinery margins as calculated based on Brent prices quoted in Western Europe (according to PVM report) stayed around USD 1.87/bbl in Q4 of both 2002 and 2001. The U.S. dollar weakened against the Polish currency by 2.0% (from PLN 4.08/USD 1 in Q4 2001 to PLN 4.00/USD 1 in Q4 2002), while the euro strengthened by 9.3% (rise in the average exchange rate from PLN 3.66/EUR 1 in Q4 2001 to PLN 4.00/EUR 1 in Q4 2002). PKN ORLEN shares were quoted at PLN 18.21 per share in Q4 2002, slightly (1.1%) below the Q4 2001 figure.

Refining (Production + Wholesale)

Refining (Production + Wholesale)	Q4 2001		Q4 2002		% change		2001		2002		% change	
Results according to IFRS	**PLN m**	**USD m[1]**	**PLN m**	**USD m**	**PLN m**	**USD m**	**PLN m**	**USD m[1]**	**PLN m**	**USD m[1]**	**PLN m**	**USD m[1]**
Revenue, including:	3,769	924	4,114	1,028	9.2%	11.3%	15,054	3,673	14,496	3,552	-3.7%	-3.3%
Revenue on sales to third parties	2,724	668	2,714	678	-0.4%	1.5%	10,468	2,554	9,443	2,314	-9.8%	-9.4%
Intra-company revenue	1,045	256	1,400	350	34.0%	36.7%	4,586	1,119	5,053	1,238	10.2%	10.6%
Cost and expenses	3,613	886	3,975	993	10.0%	12.1%	14,483	3,534	13,704	3,358	-5.4%	-5.0%
Result*	**156**	**38**	**139**	**35**	**-10.9%**	**-7.9%**	**571**	**139**	**792**	**194**	**38.7%**	**39.6%**
Sales to third parties (thousand tonnes)	2,922		2,753		-5.8%		9,929		9,763		-1.7%	

*) The segment's operating result, net of the costs not attributed to any of the segments, incurred at the Group's level .

The segment's financial result for the fourth quarter of 2002 was PLN 139m, while in the corresponding quarter of 2001 the result was PLN 156m. Such a decrease was caused by a 5.8% reduction in the volume of sales to third parties recorded in Q4 2002, the slide being even steeper (10.7%) in the case of light products. In terms of sales value, thanks to the market prices for fuels (gasolines, diesel oil and Ekoterm) higher in Q4 2002 than in Q4 2001, the Q4 2002 revenue was by nearly PLN 340m up on the corresponding figure for 2001. Simultaneously, cost and expenses rose by PLN 362m (10.0%) from Q4 2001. The rise may be attributed to the 38% increase in prices of Brent crude, from USD 19.44/bbl in Q4 2001 to USD 26.83/bbl in Q4 2002.

The 2002 result stood at PLN 792m, i.e. 38.7% above the 2001 figure. This was caused by a PLN 805m decrease (7.8%) in cost by type from 2001 to 2002, which exceeded the fall in sales (PLN 558m). This phenomenon is typical of the uptrend in product prices when the weighted-average method for stocks valuation is used. The

sales volume for light products declined by 477,800 tonnes (7.4%). The fuel sales segment was negatively affected by the fuel black market, whose position is becoming increasingly stronger in the environment of economic slowdown in Poland. This problem most severely affects the LHO market. In 2001, the problem of prohibited use of Ekoterm continued, as the fuel was used for road transport purposes. Following the introduction of compliance statements by the Parent Company, sales of Ekoterm fell at the beginning of 2002.

Refining (Retail)

Refining (Retail)	Q4 2001		Q4 2002		% change		2001		2002		% change	
Results according to IFRS	**PLN m**	**USD m[1]**	**PLN m**	**USD m**	**PLN m**	**USD m**	**PLN m**	**USD m[1]**	**PLN m**	**USD m[1]**	**PLN m**	**USD m[1]**
Revenue, including:	990	243	1,064	266	7.5%	9.5%	3,893	950	4,124	1,011	5.9%	6.4%
Revenue on sales to third parties	988	242	1,062	265	7.5%	9.5%	3,891	949	4,118	1,009	5.8%	6.3%
Intra-company revenue	2	0	2	0	0.0%	0.0%	2	0	6	1	200.0%	0.0%
Cost and expenses	917	225	1,096	274	19.5%	21.8%	3,784	923	4,119	1,009	8.9%	9.3%
Result*	**73**	**18**	**-32**	**-8**	**n.a.**	**n.a.**	**109**	**27**	**5**	**1**	**-95.4%**	**-96.3%**
Sales to third parties (thousand tonnes)	550		539		-2.0%		2,095		2,189		4.5%	

*) The segment's operating result, net of the costs not attributed to any of the segments, incurred at the Group's level.

In Q4 2002 the segment incurred a loss of PLN 32m, while in the same period in 2001 the segment recorded a result of PLN 73m. The loss is mainly attributable to an increase in the segment's cost and expenses (up by 19.5%), including mainly the cost of rebranding and customer loyalty programmes (VITAY) at the Parent Undertaking's service stations. In Q4 these costs increased by PLN 40m and PLN 7m, respectively. The result of the segment was also affected by a drop in the domestic demand for fuels, which translated into a 2.0% drop in the volume of fuels sold to third parties. In the period under analysis the sales revenue increased by 7.5% as a result of a growth in the sales of non-fuel goods by PLN 40m and a retail price increase due to higher wholesale price. The volume of fuels sold under the VITAY programme increased from 376 m of litres to 475 m of litres. In Q4 2002 the share of fuels sales under the programme in the overall volume of retail sales amounted to 69%, an increase of 15 percentage points on Q4 2001.

After the first four quarters of 2002 the segment's result amounted to PLN 5m, with the corresponding figure in the previous year at PLN 109m. The segment's revenue went up by PLN 231m (5.9%), while the cost and expenses increased by PLN 335m. The loss incurred may be largely attributed to the cost of rebranding (PLN 46m) and the cost of redeemed and delivered VITAY programme prizes (PLN 52m).

Petrochemicals

Petrochemicals	Q4 2001		Q4 2002		% change		2001		2002		% change	
Results according to IFRS	**PLNm**	**USDm[1]**	**PLNm**	**USDm**	**PLNm**	**USDm**	**PLNm**	**USDm[1]**	**PLNm**	**USDm[1]**	**PLNm**	**USDm[1]**
Revenue, including:	768	188	1,171	293	52.5%	55.9%	3,428	836	4,166	1, 021	21.5%	22.1%
Revenue on sales to third parties	470	115	795	199	69.1%	73.0%	2,317	565	2,870	703	23.9%	24.4%
Intra-company revenue	298	73	376	94	26.2%	28.8%	1,111	271	1,296	318	16.7%	17.3%
Cost and expenses	824	202	1,114	278	35.2%	37.6%	3,240	791	3,966	972	22.4%	22.9%
Result*	**-56**	**-14**	**57**	**14**	**n.a.**	**n.a**	**188**	**46**	**200**	**49**	**6.4%**	**6.5%**
Sales to third parties (thousand tonnes)	411		550		33.7%		1,566		2,028		29.5%	

*) The segment's operating result, net of the costs not attributed to any of the segments, incurred at the Group's level.

In Q4 2002, the segment's result amounted to PLN 57m, compared with a loss of PLN 56m recorded in Q4 2001. The segment's revenue increased by PLN 403m (up by 52.5%). The high sales result on petrochemicals in Q4 2002 as compared with Q4 2001 is attributable to the low demand for all petrochemicals in Q4 2001 which led to low commodity and delivery prices for those products in Poland under export sales. Q4 2002 saw a considerable increase in the demand for most of the petrochemicals, leading to an increase in quoted margins on polyethylene and polypropylene, respectively by 36.1% and 8.0%. Additionally, PKN ORLEN's production of aromatics increased in 2002. Moreover, the segment's Q4 2001 result was affected by the shutdown of the Ethylene Cracker II installation.

In 2002, the segment's result amounted to PLN 200m, an increase on the previous year of 6.4%.

Other activities

Other activities	Q4 2001		Q4 2002		% change		2001		2002		% change	
Results according to IFRS	**PLNm**	**USDm[1]**	**PLNm**	**USDm**	**PLNm**	**USDm**	**PLNm**	**USDm[1]**	**PLNm**	**USDm[1]**	**PLNm**	**USDm[1]**
Revenue, including:	460	113	461	115	0.2%	1.8%	1,633	398	1,639	401	0.4%	1.0%
Revenue on sales to third parties	115	28	132	33	14.8%	17.9%	362	88	397	97	9.7%	10.2%
Intra-company revenue	345	85	329	82	-4.6%	-3.5%	1,271	310	1,242	304	-2.3%	-1.9%
Cost and expenses	509	125	472	118	-7.3%	-5.6%	1,597	390	1,594	391	-0.2%	0.3%
Result*	**-49**	**-12**	**-11**	**-3**	**77.6%**	**75.0%**	**36**	**9**	**45**	**11**	**25.0%**	**22.2%**
Sales to third parties (thousand tonnes)	44		37		-15.9%		111		115		4.3%	

*) The segment's operating result, net of the costs not attributed to any of the segments, incurred at the Group's level.

In addition to the companies whose business is energy production or provision of services to the Parent Undertaking, the "other activities" segment comprises 25 companies which were established chiefly as part of the restructuring process; the segment also includes Inowrocławskie Kopalnie Soli Solino SA., a salt mining company.

A PLN 11m loss was recorded on other activities, which represent a PLN 38m reduction of Q4 2001 loss. The reduction was attributable to a 7.3% fall in the cost and expenses, while no substantial changes were seen in the level of revenues.

In 2002, the segment's result was PLN 45m, while the previous year's figure was seen at PLN 36m. Improved results show that the financial standing of the companies in the segment did not change significantly.

Financial Review

Profit and Loss Account

During the fourth quarter of 2002, profit on sales totalled PLN 844m, increasing by PLN 224m (36.1%) from the analogous period of 2001. This figure is a result of the stronger growth of sales revenue, which increased by 9.5% (or PLN 406m), relative to the cost of sales, which grew by 4.9% (or PLN 182m). The increase in the sales revenue was driven mainly by higher sales of petrochemicals (up by PLN 325m or 69.1%). The high dynamics of the sales revenue is an effect of the low reference base of 2001, caused by the protracting overhaul of the Ethylene Cracker II and low market prices. In 4Q 2002, a PLN 96m rise in the sales of fuels (gasoline and diesel oil) was recorded over the corresponding period in 2001. The sales of goods for resale and materials also grew in 4Q 2002 relative to 4Q 2011 by PLN 210m (45.0%). In 4Q 2002, selling costs grew by PLN 175m (48.6%), to PLN 535m. This increase was seen across to the entire Capital Group, including the Parent Undertaking with its selling costs rising by PLN 100m, which was an effect of the rebranding process and loyalty programmes. During the fourth quarter of 2002, the Group saw a drop in its general and administrative expenses by PLN 16m, to PLN 216m. The above items permitted the Group to achieve an operating profit of PLN 65m, which represents a PLN 17m (35.4%) increase in relation to the corresponding quarter of the previous year.

Financial income realised in Q4 2002 totalled PLN 158m, meaning a PLN 66m increase over Q4 2001. At the same time, the Group recorded a PLN 61m (72.6%) drop in financial expenses. An improvement of the result on financial activity was due to the sale of LG Petro Bank SA shares for PLN 93m (pre-tax profit on the transaction was PLN 58m). In Q4 2002 the value of the Group's share in the result on financial activities of the undertakings consolidated with the equity method amounted to PLN 1m. In Q4 of 2002, the value of corporate income tax amounted to PLN 126m, meaning a PLN 103m increase in comparison to 4Q 2001. The increase in the tax liabilities was due to the higher pre-tax profit and an increase in the value of deferred tax on revaluation of deferred income tax provisions by PLN 77m (change in the income tax rate). As a result, in 4Q 2002, the Group recorded a net profit of PLN 71m representing a PLN 31m (77.5%) increase over 4Q 2001.

Following the four quarters of 2002, the net profit amounted to PLN 428m and was by PLN 52m (13.8%) higher than the 2001 net profit. The increase in profit was driven mainly by the increase in profit on sales, which in 2002 amounted to PLN 3,406m, representing a PLN 534m (18.6%) increase over 2001. A 1.2% drop in sales revenue (on the 2.8% drop in the domestic consumption of gasolines and diesel oil) and a 5.3% decrease in the cost of sales were recorded in the comparable periods. The fall in the cost of sales followed from lower costs of raw materials and energy used in 2002, including mainly a 1.8% lower cost of the crude oil used.

In addition, the 2002 net profit was reduced by PLN 25m – a result of the excess of depreciation write-offs over the balance of financial income and expenses attributable to investments during the period. In 2001, the balance of financial income and expenses attributable to investments during the period exceeded the value of depreciation write-offs, and as a result, the net profit increased by PLN 62m. In 2002, an adjustment was made to the deferred income tax provisions relating to the revaluation of the provision for the capitalisation of financial expenses. The expectations as to the tax rates in the future years were lower than the effective rates in 2003; as a result, the adjustment led to an increase in the relevant deferred tax.

Balance Sheet

As at the end of 2002, assets totalled PLN 15,093m, having grown by 4.9% in relation to their value as at December 31st 2001. Fixed assets were down by PLN 148m, to PLN 9,803m mainly as a result of the tangible fixed assets decreasing by PLN 232m (higher depreciation write-offs in relation to the capital expenditure on fixed assets). As at the end of 4Q 2002, current assets grew from PLN 4,432m as at December 31st 2001 to PLN 5,290m. Main reasons behind the increase noted in current assets included a total increase of PLN 669m (30.4%) in all groups of stocks (including crude oil – by PLN 437m), and accounts receivable – by PLN 192m (9.8%).

As at the end of 4Q 2002, shareholders' equity amounted to PLN 8,336m, having increased by PLN 378m (4.7%) because of an increase in the retained profit brought forward. Following a PLN 817m decrease, the Group's long-term liabilities stood at PLN 1,410m. Short-term liabilities increased from PLN 3,803m as at December 31st 2001 to PLN 4,919m as at December 31st 2002. The changes in both groups of liabilities are mainly due to the reclassification of a USD 200m long-term loan to a short-term loan, the repayment of which is due in October 2003.

Cash Flow

In 4Q 2002, the Group disclosed operating cash flow of PLN 445m, representing a 9.1% increase in comparison to 4Q 2002. The main reasons for the increase in operating cash flow were: an increase in liabilities and accrued expenses (of PLN 123m), an increase in provisions (of PLN 109m), and a decrease in accounts receivable (of PLN 182m). On the other hand, an increase in stocks (of PLN 272m), mainly including stocks of crude oil, had a negative impact on the value of operating cash flow. Investing cash outflow went down from PLN 416m in 4Q 2001 to PLN 241m in 4Q 2002. The main reason for this drop was a PLN 76m fall in expenditure on tangible and intangible fixed assets, as well as a PLN 90m increase in proceeds from sale of marketable assets (disposal of LG Petro Bank SA shares for over PLN 90m). The Group recorded PLN 183m in financing cash outflow, which represents a PLN 111m increase in comparison to 4Q 2001. This was mainly due to lower inflows on borrowings and loans (by PLN 112m).

Following the four quarters of 2002, operating cash flow amounted to PLN 1,292m, representing a 38.8% drop in comparison to the previous year. The fall in the cash flow was chiefly a result of the increased stocks (change in the structure of compulsory fuel stocks) and semi-products for fuel production, in connection with a Hydrocracker overhaul shutdown scheduled for 2Q 2003. The decrease in operating cash flow was caused by an increase in accounts receivable resulting from higher product prices, higher accounts receivable on excise tax and higher investment prepayments classified as accounts receivable.

Despite a decrease in operating cash flow, the financial debt was lower than at the beginning of the year, which is a proof of the Group's sound financial standing.

APPENDIX 1

PKN ORLEN CAPITAL GROUP
CONSOLIDATED PROFIT AND LOSS ACCOUNT (ISFR)
FOR THE PERIODS OF 12 AND 3 MONTHS
ENDING AS AT DECEMBER 31ST 2002 AND DECEMBER 31ST 2001
(PLNm)

ITEM	Q4 2001	Q4 2002	% Change	2001	2002	% Change
Sales revenue	4,297	4,703	9.5%	17,038	16,828	-1.2%
Cost of sales	3,677	3,859	4.9%	14,166	13,422	-5.3%
Profit (loss) on sales	**620**	**844**	**36.1%**	**2,872**	**3,406**	**18.6%**
Selling costs	360	535	48.6%	1,504	1,742	15.8%
General and administrative expenses	232	216	-6.9%	829	891	7.5%
Other net operating income (expenses)	20	-28	n.a	78	-38	n.a
Operating profit (loss)	**48**	**65**	**35.4%**	**617**	**735**	**19.1%**
Financial income	92	158	71.7%	333	273	-18.0%
Financial expenses	84	23	-72.6%	431	280	-35.0%
Share in profit (loss) of undertakings consolidated with equity method	0	1	-	25	13	-48.0%
Pre-tax profit (loss)	**56**	**201**	**258.9%**	**544**	**741**	**36.2%**
Corporate income tax	23	126	447.8%	153	283	85.0%
Profit (loss) attributable to minority interests	-7	4	n.a	15	30	100.0%
Net profit (loss)	**40**	**71**	**77.5%**	**376**	**428**	**13.8%**

APPENDIX 2

PKN ORLEN CAPITAL GROUP
CONSOLIDATED BALANCE SHEET (IFSR)
AS AT DECEMBER 31 ST 2002 AND DECEMBER 31 ST 2001
(PLNm)

ITEM	Dec 31 2001	Dec 31 2002	% Change Sep/Dec
ASSETS			
Fixed assets			
Tangible fixed assets	9,321	9,089	-2.5%
(Negative) goodwill	-264	-236	-10.6
Intangible fixed assets	108	107	-0.9%
Assets available for sale	584	601	2.9%
Shares and equity interests in undertakings consolidated with equity method	186	199	7.0%
Deferred tax assets	15	28	86.7%
Other fixed assets	1	15	1400.0%
Total fixed assets	**9,951**	**9,804**	-1.5%
Current assets			
Stocks	2,199	2,868	30.4%
Accounts receivable	1,951	2,143	9.8%
Short-term securities	11	5	-54.5%
Prepayments	68	56	-17.6%
Cash and cash equivalents	203	218	7.4%
Total current assets	**4,432**	**5,290**	19.4%
Total assets	**14,383**	**15,093**	4.9%
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	525	525	0.0%
Reserve funds	1,174	1,174	0.0%
Revaluation capital reserve	859	859	0.0%
(Accumulated loss)/retained profit brought forward	5,400	5,778	7.0%
Total shareholders' equity	**7,958**	**8,336**	4.7%
Minority interests	**395**	**428**	8.4%
Long-term liabilities			
Loans and borrowings	1,261	402	-68.1%
Provisions and accruals and deferred income	601	576	-4.2%
Deferred income tax provisions	365	432	18.4%
Total long-term liabilities	**2,227**	**1,410**	-36.7%
Short-term liabilities			
Liabilities and accrued expenses	2,291	2,743	19.7%
Loans and borrowings	1,502	2,161	43.9%
Deferred income	10	15	50.0%
Total short-term liabilities	**3,803**	**4,919**	29.3%
Total shareholders' equity and liabilities	**14,383**	**15,093**	4.9%

APPENDIX 3

PKN ORLEN CAPITAL GROUP
CONSOLIDATED CASH FLOW STATEMENT (IFSR)
FOR THE PERIODS OF 12 AND 3 MONTHS
ENDING AS AT DECEMBER 31ST 2002 AND DECEMBER 31ST 2001
(PLNm)

ITEM	Q4 2001	Q4 2002	Change	2001	2002	Change
Net operating cash flow						
Net profit (loss)	40	71	31.0	376	428	52.0
Total adjustments:						
Profit (loss) attributable to minority interests	-7	4	11.0	15	30	15.0
Share in profit (loss) of undertakings consolidated with equity method	-	-1	-1.0	-25	-13	12.0
Depreciation and amortisation	278	293	5.4	1,089	1,130	41.0
Net dividends and interest	15	19	4.0	209	128	-81.0
(Profit) loss on investment activities	20	-61	-81.0	-29	-80	-51.0
Decrease / (increase) in accounts receivable	89	182	93.0	222	-264	-486.0
Decrease / (increase) in stocks	327	-272	-599.0	651	-690	-1,341.0
(Decrease) / increase in liabilities and accrued expenses	-351	123	474.0	-371	498	869.0
(Decrease) / increase in provisions	-66	109	175.0	-81	96	177.0
Other	63	-22	-85.0	56	29	-27.0
Net operating cash	**408**	**445**	**37.0**	**2,112**	**1,292**	**-820.0**
Investing cash flow						
Acquisition of intangible and tangible fixed assets	-392	-316	76.0	-1,533	-966	567.0
Disposal of tangible fixed assets	14	5	-9.0	34	38	4.0
Disposal of assets available for sale	1	91	90.0	69	106	37.0
Acquisition of assets available for sale	96	-42	-138.0	-163	-65	98.0
Acquisition of Ship-Service SA less total acquired cash and cash equivalents	-	-	-	-	-21	-21.0
Acquisition of Anwil SA less total acquired cash and cash equivalents	-	-	-	-72	-	72.0
Purchase of short-term securities	-33	-18	15.0	-201	-227	-26.0
Disposal of short-term securities	29	38	9.0	216	235	19.0
Dividends and interest received	0	9	9.0	15	34	19.0
Other	-131	-8	123.0	-115	-2	113.0
Net investing cash outflow	**-416**	**-241**	**175.0**	**-1,750**	**-868**	**882.0**
Financing cash flow						
Increase in long- and short-term loans and borrowings	466	354	-112.0	2,306	1,686	-620.0
Decrease in long- and short-term loans and borrowings	-509	-500	9.0	-2,403	-1,879	524.0
Interest paid	-27	-31	-4.0	-216	-156	60.0
Other	-2	-6	-4.0	-22	-60	-38.0
Net financing cash inflow	**-72**	**-183**	**-111.0**	**-335**	**-409**	**-74.0**
Change in net cash	**-80**	**21**	**101.0**	**27**	**15**	**-12.0**
Cash at beginning of period	**283**	**197**	**86.0**	**176**	**203**	**27.0**
Cash at end of period	**203**	**218**	**15.0**	**203**	**218**	**15.0**

APPENDIX 4

PKN ORLEN CAPITAL GROUP

KEY FINANCIAL DATA (IFRS) BY BUSINESS SEGMENTS

FOR THE PERIODS OF 12 AND 3 MONTHS

ENDING AS AT DECEMBER 31ST 2002 AND DECEMBER 31ST 2001

(PLNm)

ITEM	Q4 2001	Q4 2002	% Change	2001	2002	% Change
REVENUE ON SALES TO THIRD PARTIES[1]						
Refining (production + wholesale)	2,724	2,714	-0.4%	10,468	9,443	-9.8%
Refining (retail)	988	1,062	7.5%	3,891	4,118	5.8%
Petrochemicals	470	795	69.1%	2,317	2,870	23.9%
Other activities	115	132	14.8%	362	397	9.7%
Total	**4,297**	**4,703**	**9.4%**	**17,038**	**16,828**	**-1.2%**
FINANCIAL RESULT[2]						
Refining (production + wholesale)	156	139	-10.9%	571	792	38.7%
Refining (retail)	73	-32	n.a.	109	5	-95.4%
Petrochemicals	-56	57	n.a.	188	200	6.4%
Other activities	-49	-11	77.6%	36	45	25.0%
Exclusions	0	1	233.3%	0	0	-
Total of non-attributed items	-76	-89	-17.1%	-287	-307	-7.0%
TOTAL	**48**	**65**	**34.6%**	**617**	**735**	**19.1%**
(*)In Q3 2002, Petroprofit and Petrozachód were transferred to Refining.						
EXPENDITURE ON FIXED ASSETS						
Refining (production + wholesale)	152	96	-36.8%	803	421	-47.6%
Refining (retail)	64	59	-7.8%	152	133	-12.5%
Petrochemicals	143	93	-35.0%	294	183	-37.8%
Other activities	39	77	97.4%	115	183	59.1%
Total of non-attributed items	16	2	-87.5%	60	28	-53.3%
TOTAL	**414**	**327**	**-21.0%**	**1,424**	**948**	**-33.4%**
DEPRECIATION AND AMORTISATION						
Refining (production + wholesale)	160	166	3.8%	650	639	-1.7%
Refining (retail)	27	29	7.4%	107	115	7.5%
Petrochemicals	43	60	39.5%	145	208	43.4%
Other activities	41	38	-7.3%	158	165	4.4%
Total of non-attributed items	7	8	14.3%	26	33	26.9%
TOTAL	**278**	**301**	**8.3%**	**1,086**	**1,160**	**6.8%**

(1) Revenue on sales to third parties represents exclusively sales to undertakings outside of the PKN ORLEN Capital Group.

(2) Financial result comprises revenue on sales to third parties and transfer to other segments.

APPENDIX 5

PKN ORLEN CAPITAL GROUP

KEY OPERATING DATA

FOR THE PERIODS OF 12 AND 3 MONTHS

ENDING AS AT DECEMBER 31 ST 2002 AND DECEMBER 31 ST 2001

ITEM	Q4 2001	Q4 2002	% Change	2001	2002	% Change
CRUDE OIL THROUGHPUT ('000 tonnes)	**3,45**	**3,438**	**-3.0%**	**12,877**	**13,040**	**1.3%**
REFINERY OUTPUT			**tonnes**			
Gasoline	818,393	746,078	-8,8%	3 177 247	2 978 906	-6,2%
Diesel oil	805,002	713,046	-11,4%	3 013 668	3 076 435	2,1%
Fuel oil (III)	288,145	209,229	-27,4%	1 050 031	959 561	-8,6%
Ekoterm	626,058	578,488	-7,6%	1 972 375	1 704 637	-13,6%
Jet A-1	76,989	68,987	-10,4%	283 164	262 938	-7,1%
LPG	56,681	59,874	5,6%	216 974	207 395	-4,4%
Other refinery products	287,627	332,230	15,5%	1 076 751	1 248 215	15,9%
TOTAL	2,958,895	2,707,932	-8,5%	10 790 210	10 438 087	-3,3%
SALE OF REFINERY PRODUCTS			**tonnes**			
Gasoline	807,450	773,583	-4.2%	3,130,976	3,121,691	-0.3%
Diesel oil	773,222	806,539	4.3%	3,022,828	3,128,075	3.5%
Fuel oil (III)	297,114	182,041	-38.7%	1,037,768	1,043,778	0.6%
Ekoterm	687,950	489,312	-28.9%	2,038,607	1,585,094	-22.2%
Jet A-1	86,687	70,226	-19.0%	322,360	267,944	-16.9%
LPG	169,353	80,652	-52.4%	366,121	301,850	-17.6%
Other refinery products	382,693	446,522	16.7%	1,179,951	1,359,237	15.2%
TOTAL	3,204,469	2,848,876	-11.1%	11,098,611	10,807,669	-2.6%
PETROCHEMICAL OUTPUT			**tonnes**			
Polyethylene	24,628	40,725	65.4%	137,003	156,774	14.4%
Polypropylene	29,237	39,090	33.7%	121,994	142,817	17.1%
Leaded gasoline	-8,635	2,677	-131.0%	20,482	11,859	-42.1%
Glicole	19,178	27,916	45.6%	91,216	115,870	27.0%
Propylene	13,978	18,758	34.2%	70,321	81,551	16.0%
Ammonium nitrate	121,092	79,499	34.3%	361,531	416,481	15.2%
CANWIL	105,450	71,672	32.0%	251,913	292,632	16.2%
Polyvinyl chloride (PVC)	31,595	51,987	64.5%	115,282	209,359	81.6%
Other petrochemical products	125,047	183,635	46.9%	470,943	645,617	37.1%
TOTAL	**461,570**	**515,959**	**11.8%**	**1,640,685**	**2,072,960**	**26.3%**
SALE OF PETROCHEMICAL PRODUCTS			**tonnes**			
Polyethylene	11,432	41,055	259.1%	136,951	159,372	16.4%
Polypropylene	20,980	37,805	80.2%	120,188	141,440	17.7%
Leaded gasoline	990	1,406	42.0%	32,482	9,560	-70.6%
Glicole	12,676	25,948	104.7%	90,452	115,296	27.5%
Propylene	9,776	20,414	108.8%	68,322	81,758	19.7%
Ammonium nitrate	112,102	104,877	-6.4%	327,610	389,133	18.8%
CANWIL	100,013	84,621	-15.4%	228,260	282,998	24.0%
Polyvinyl chloride (PVC)	30,958	45,597	47.3%	120 495	204,654	69.8%
Other petrochemical products	112,304	187,982	67.4%	441,180	643,721	45.9%
TOTAL	**411,231**	**549,705**	**33.7%**	**1,565,940**	**2,027,932**	**29.5%**

APPENDIX 6

PKN ORLEN CAPITAL GROUP
SALES OF MAIN PRODUCTS
FOR THE PERIODS OF 12 AND 3 MONTHS
ENDING AS AT DECEMBER 31ST 2002 AND DECEMBER 31ST 2001
(tonnes)

Sales of light products in the PKN ORLEN Capital Group (by volume)	Q4 2001	Q4 2002	% Change 2002/2001	2001	2002	% Change 2002/2001
Wholesale of main light products, including:	**1,821,640**	**1,626,027**	**-10.7%**	**6,467,029**	**5,989,205**	**-7.4%**
Gasoline	478,247	466,401	-2.5%	1,856,962	1,863,090	0.3%
Diesel oil	576,586	603,730	4.7%	2,269,832	2,285,469	0.7%
Jet A-1	86,687	70,226	-19.0%	322,360	267,944	-16.9%
Ekoterm	680,120	485,670	-28.6%	2,017,875	1,572,702	-22.1%
Retail sales, including:	**541,788**	**534,965**	**-1.3%**	**2,073,847**	**2,176,369**	**4.9%**
Gasoline	329,203	307,182	-6.7%	1,274,014	1,258,601	-1.2%
Diesel oil	196,636	202,809	3.1%	752,996	842,606	11.9%
LPG	15,949	24,974	56.6%	46,837	75,162	60.5%