INFORMATION ON PRINCIPLES OF PREPARATION OF THE CONSOLIDATED REPORT FOR 4 Q 2002

1. Rules of preparation of the consolidated quarterly report

Rules of preparation of the quarterly condensed financial statements and condensed comparable financial data

The consolidated and unconsolidated condensed financial statements presented in this consolidated quarterly report were prepared in compliance with the Polish Accounting Standards defined by the amended Accounting Act of 29 September 1994 (Journal of Law No 76, pos. 694, 2002 "amended Accounting Act") and the Decree of the Council of Ministers of 16 October 2001 on type, form and scope of current and periodic information and dates of its publication by issuers of securities allowed to be traded publicly (Journal of Law No 139, pos. 1569 with further changes, the "Decree") and cover the period from 1 January to 31 December 2002.

The amended Accounting Act is being in force from 1 January 2002. In order to provide comparability of data presented in the condensed quarterly financial statements included in this consolidated quarterly report, financial data presented in financial statements for 2001 and consolidated quarterly report for 3Q 2001 was restated.

The financial data presented in the financial statements for 2001 and in quarterly report for 3Q 2001 was restated by application of rules, that include regulations concerning presentation of financial statements, of the amended Accounting Act with the retrospective effect from 1 January 2001. Changes of the accounting rules introduced by the amendment of the Accounting Act were presented as adjustments of specific captions of the financial statements for 2001 and for 3Q 2001 in amount corresponding to the proper period. The effect of changes of accounting rules concerning year 2000 and earlier periods was presented as an adjustment to "retained earnings".

The accounting rules applied by the Capital Group of Polski Koncern Naftowy ORLEN S.A. ("Capital Group") in year 2001 were presented in published financial statements: unconsolidated and consolidated for the year 2001. The accounting rules applied for financial statements for periods beginning in year 2002, and also for these consolidated and unconsolidated condensed financial statements for 4Q 2002 as well as for comparable data for 2001 presented in this report, are presented in point 1.2 below.

Description and quantitative reconciliation of the changes in accounting rules resulting from application of the amended Accounting Act, which materially influenced the net profit and the equity of PKN ORLEN S.A. ("the Company", "PKN ORLEN") and the Capital Group is presented in point 1.3 below.

1.2. Accounting policies in the Capital Group of Polski Koncern Naftowy ORLEN

Intangible fixed assets

Intangible fixed assets are recognised if it is probable that in the future they will bring economic benefits, which can be attributed directly to these assets. Initially intangible fixed assets are presented at the purchase price or at manufacturing cost. Subsequently, the intangible fixed assets are valued at the purchase price or at manufacturing cost less accumulated amortisation and impairment losses. Intangible fixed assets are amortised using straight-line method over their estimated economic life. Amortisation rates resulting from tax regulations are used only if they correspond with the economic life of the intangible fixed assets. The correctness of applied periods and depreciation rates are verified at regular intervals, at least at the end of the financial year, and any necessary adjustments to amortisation charges are made in subsequent periods. Typical amortisation rates applied in reference to intangible fixed assets:

Licences, patents and similar assets	7- 50%
Computer software	10- 50%

Research and development costs

Expenses on research are treated as costs at the moment when they are incurred. Costs of completed development projects conducted for own needs, incurred before the production is commenced or technology is applied, are treated as intangible fixed assets, if:

- product or technology of production is clearly set, and related to the costs of development are reliably determined,
- technical usefulness has been confirmed and properly documented and on this basis the entity decided to manufacture the products or to apply the technology,
- the costs of completed development projects will be covered – according to estimations – by income on sales of the products or application of the technology.

The period of amortisation of development costs does not exceed 5 years.

Goodwill

Goodwill is the positive difference between purchase price of certain entity or its organised part and the fair value of the net assets taken over. If the purchase price of the entity or its organised part is lower than the fair value of assets taken over, the difference constitutes the negative goodwill.

The excess of the purchase price over the fair value of net assets of the acquired company is presented as goodwill in assets of the company to which the assets of the joint companies were transferred or in assets of a new company set up as the result of the merger.

Goodwill is amortised not longer than 5 years. Amortisation is charged on the straight line basis and is treated as other operating cost.

In cases other than described in the paragraph below, the negative goodwill up to the value not exceeding fair value of acquired fixed assets, excluding long term financial assets quoted on regulated stock markets, is treated as deferred income and amortised over a period calculated as weighted average of economic life of acquired amortisable and depreciable assets. Negative goodwill in amount exceeding fair value of fixed assets, excluding long term financial assets quoted on regulated stock markets, is treated as income as of the day of merger.

The negative goodwill is written off into other operating income in amount relating to the value of reliably estimated future losses and costs estimated by the acquiring company as of the day of merger, though not constituting liabilities. The write-off is made in the reporting period, in which the losses and costs influence the financial result. If the losses and costs were not incurred in previously estimated reporting periods, the negative goodwill related to them is written off in the manner described above.

Tangible fixed assets

Tangible fixed assets, excluding land and real estate classified as investments, are stated at purchase price or manufacturing cost subject to revaluation less accumulated depreciation and impairment losses. At the moment of disposal or liquidation the purchase price or manufacturing cost and its accumulated depreciation are removed from books and any profit or loss on its disposal is presented in income statement. Land is valued at purchase price less impairment losses.

Costs incurred after a fixed asset is put into operation, such as: overhauls, reviews, maintenance fees influence financial result of the reporting period in which they were incurred. If it is possible to prove that the incurred costs increased the future economic benefits resulting from ownership of the fixed asset exceed the benefits previously assumed, the incurred costs increase the initial value of the fixed asset.

Fixed assets are depreciated in straight-line method over their estimated economic life. Depreciation rates resulting from tax regulations are used only if they correspond with the economic life of the fixed assets. The correctness of applied periods and depreciation rates are verified at regular intervals, which results in proper adjustments of depreciation charges in subsequent periods.

Typical depreciation rates applied in reference to fixed assets:

Buildings and constructions	1.5- 10%
Plant and equipment	4- 30%
Transport	6- 20%
Other fixed assets	8.5- 25%

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.

The impairment losses on a fixed asset, which previously was subject to revaluation, are deducted from the revaluation reserve attributed to given fixed asset. In case the impairment loss exceeds the revaluation reserve attributed to this fixed asset, the difference is expensed in the reporting period in which the impairment loss was recognised.

Purchased perpetual leasehold of land and acquired cooperative title to premises are recorded as fixed assets and depreciated over their economic life.

Perpetual leasehold of land acquired free of charge and the value of perpetually leased land is not presented in balance sheet.

Construction in progress

Construction in progress is recorded at total costs directly attributable to its purchase or manufacture less impairment losses. Construction in progress includes also materials purchased for construction in progress. Construction in progress is not depreciated until it is completed and put into operation.

Financial lease

Assets used under lease, tenancy agreements or other agreements complying with the criteria set by the amended Accounting Act are treated as fixed assets and presented at lower of the two: fair value of the leased asset at the beginning of the lease contract and current value of minimal lease payments.

Assets leased out, tenancy agreements or other agreements complying with the criteria set by the amended Accounting Act are treated as long term receivables and presented at the amount of net leasing investment.

Real estate investments

Real estate investments may comprise land and real estate, purchased in order to bring benefits such as rent or increase in real estate value. Real estate used to earn such economic benefits but not purchased for that purpose are treated as fixed assets. Real estate investments are valued according to the fair value.

Investments in subsidiaries

Shares in subsidiaries are presented in unconsolidated financial statements at cost of purchase less impairment losses. In the consolidated financial statement significant subsidiaries are consolidated.

Goodwill on consolidation of subsidiaries is calculated as a surplus of the purchase price of shares in the subsidiary over corresponding share in net assets of subsidiary based in their fair value on the date of obtaining control. Goodwill on consolidation of associates is calculated as a surplus of the purchase price of shares in the associate over corresponding share in net assets of associate on the date of obtaining significant influence. Goodwill on consolidation is charged to income statement using straight-line method over period not longer than five years.

Negative goodwill on consolidation of subsidiaries is calculated as a surplus of share in net assets of subsidiary based on their fair value on the day of obtaining control over the purchase price of shares in a subsidiary. Negative goodwill on consolidation of associates is calculated as a surplus of value of share in equity of associate as at the date of obtaining significant influence over the purchase price of shares in associate. Negative goodwill is charged over period calculated as weighted average economic useful life of the depreciable assets acquired.

Inventories

Inventories are stated at the net realisable value being the lower of purchase price or manufacturing cost and net selling price. Different types of inventories are valued using weighted average method in a following manner:

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

Indirect costs included in manufacturing costs comprise among others: the part of fixed, indirect production costs, which correspond with level of normal operating capacity utilisation.

The net realisable value is determined as possible to obtain, as of the balance sheet date, selling price less VAT and excise, less any rebates, discounts and any other similar decreases in value and costs spent on making the item available for sale and enabling the sale.

Inventories that lost their economic usefulness are accounted for as costs.

Receivables

Receivables are stated at amount due less allowances. Allowances are recognised either based on the analysis of collectibility of receivables from individual debtors or when the contractor goes into bankruptcy or liquidation.

Allowances for bad debts are treated as other operating or financial costs – depending on the kind of the receivables, to which the allowance refers.

Written-off, overdue and bad debts diminish the previously made allowances for their value.

Written-off, overdue and bad debts for which no allowances were made or which were not fully allowed for, are treated as other operating costs or financial costs.

Cash and cash equivalents

Cash and other cash assets include cash on hand and cash in banks, cash in transit and other cash assets. Cash includes assets in form of domestic currency and foreign currencies.

Prepayments and deferred costs

Prepayments and deferred costs are expenses relating to periods subsequent to period in which they were incurred. Such deferred costs mainly include: cost of excise duty (concerning inventory of goods), cost of catalysts, cost of insurance, cost concerning patronage agreements and leasing costs.

Financial instruments

Financial instruments are presented and valued in accordance with Decree of the Minister for Finance dated 12 December 2001 on detailed rules of recognition, valuation methods, scope of disclosure and way of presentation of financial instruments ("Decree on financial instruments").

Financial instruments are classified into the following categories:

a) held-for-trade financial assets and liabilities,
b) loans granted and own receivables,
c) financial assets held to maturity,
d) financial assets available for sale.

Derivatives and embedded derivatives are also financial instruments.

Short term financial assets held-for-trade are treated as assets acquired principally for the purpose of generating economic benefit from short-term changes in price and fluctuations of other market factors or short maturity of the acquired instrument, and other financial assets too, irrespective for intentions, which lead to conclusion of the

contract, if they constitute an element of portfolio of similar financial assets, the realisation probability of intended economic benefits in a short time is considerable.

Current financial assets or financial liabilities comprise financial derivatives, except when an entity recognises concluded contracts as hedging instruments.

Financial assets arisen directly due to cash transfer to the other party of the contract, providing that the contract meets requirements determined in proper paragraphs of the amended Act, are treated as loans granted and own receivables, irrespective of their maturity.

Financial assets not classified as loans granted and own receivables, for which the concluded contracts determine the maturity of nominal value and right to obtain at set dates economic benefits, for example, interests of constant or determinable amount, providing that the entity intends and is able to hold the assets until maturity, are classified as held-to-maturity financial assets.

Other financial assets, not meeting requirements classifying them into categories enumerated in points a) to c) are treated as financial assets available for sale.

Financial assets are carried at their fair value (without any deduction for transaction costs which the entity would incur in case of selling the assets) excluding:

a) loans granted and own receivables not available for sale,

b) financial assets held to maturity,

c) financial assets for which market price set on regulated active market does not exist or for which it is unworkable to measure their fair value reliably,

d) hedged financial assets.

Financial assets not valued at their fair value are valued in the following manner:

a) loans granted and own receivables, excluding those held for trading - at the amortised cost, estimated by using effective interest rate regardless if the entity is going to held it until maturity or not,

b) financial assets, for which the maturity is set - at adjusted purchase price estimated by using effective interest rate,

c) financial assets, for which the maturity is not set - at the purchase price.

Financial liabilities are valued at the amortised cost, excluding financial liabilities held-for-sale and derivative liabilities, which are stated at fair value.

Derivatives

Derivatives possessed by the Company are not usually accounted for as hedging instruments and are classified as short term assets and carried at fair value, with any changes to their fair value charged to income statement.
Derivatives are among others: forward and futures contracts, options and swap contracts.

An embedded derivative is separated from the host contract and accounted for as a derivative if all of the following conditions are met:

a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;

b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative,

c) it is possible to determine reliably value of the embedded derivative,

d) the hybrid (combined) instrument is not measured at fair value and changes in its fair value are not charged to net profit or loss.

Embedded derivatives are accounted for in a manner similar to separate derivatives that are not categorised as hedging instruments.

Equity

Equity is presented in books in accordance with rules determined by law and the Company's statute.

Share capital is stated at nominal value in compliance with the Statutory Regulations of the Company and the relevant entry in the Companies Register.

Declared but not paid share capital is accounted for as unpaid share capital. Own shares and unpaid share capital decrease the value of equity of the Company.

The capital reserve is generated by profit sharing, transfer of revaluation reserve and share premium.

Equity arisen due to conversion of securities, liabilities and loans into shares is presented at nominal value of these securities, liabilities and loans, adjusted by not amortised discount or premium, interests accrued and not paid by the date of conversion, which will not be paid, unrealised foreign exchange differences and capitalised issuance costs.

The revaluation reserve was established as result of the fixed assets revaluation as of 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. Moreover, reserve capital is increased by the difference between fair value and purchase price, less deferred tax, of the asset if market price set on regulated active market exists or for which it is workable to measure their fair value reliably.

Impairment losses on fixed asset, which previously was subject to revaluation, diminishes the revaluation reserve attributed to the fixed asset. If impairment loss exceeds the revaluation reserve attributed to given fixed asset, the difference is expensed in the reporting period in which the impairment loss was recognised.

Formation costs diminish the reserve capital up to the amount of share premium. The remaining part of formation costs is expensed as financial cost.

Provisions for liabilities

Provisions are set for:

1) certain or highly probable future liabilities, amount of which can be reliably estimated, particularly for losses on economic transactions in progress, including guarantees granted, borrowing transactions, results of legal actions,
2) future liabilities resulting from restructuring, if basing on separate rules the Company is obliged to perform it or binding agreements were concluded and the restructuring plans allow to estimate reliably the value of future liabilities.

The above mentioned provisions are expensed as: other operating costs, financial costs or extraordinary losses, depending on circumstances to which the future liabilities corresponds. Occurrence of the liability for which the provision was set diminishes the provision.

Provision for jubilee and retirement bonuses

According to remuneration schemes, employees are entitled to jubilee bonuses upon completion of a certain number of years in service and to retirement allowances paid on retirement. The amount of bonuses depends on employee's average remuneration and length of service. The employees receive also a one–off payments on retirement. Pensions are paid to employees who prove permanent disability to work. The amount of bonuses depends on employee's average remuneration and length of service. The costs of jubilee and retirement/pension bonuses are accrued in Company on a basis of an independent actuarial valuation. According to the amended Accounting Act the provisions for jubilee and retirement bonuses are presented in the balance sheet in caption "Liabilities and provisions for liabilities" as "Retirement benefits and similar provisions".

Equity compensation plans costs

Convertible bonds, issued by the Company as the part of the employee compensation plan, are recognised at the moment of granting the employee an option to buy convertible bonds. As of balance sheet date, the fair value of the convertible bonds is recognised as remuneration expense and presented in short term payables. The fair value is estimated on the basis of historical volatility of listed shares and Black-Scholes' model.

Environmental costs

Provisions for certain or highly probable future liabilities resulting from environment protection are recorded in case of existence of law requirements or existing policy regarding elimination of pollution of environment or harmful items, which costs may be reliably estimated.

Credits and loans

Costs of loans and borrowings are recognised in principle at the moment of occurrence. Costs of loans and borrowings are capitalised only in case if they directly refer to acquisition, construction or manufacture of certain element of assets. Costs of loans and borrowings are capitalised until the element of assets is ready for planned use. Providing that the net book value of an asset is greater than the value possible to receive, the net book value is decreased by the write-off resulting from impairment.

Loans are initially recorded at the amount of inflows received, decreased by transaction costs. Consecutively they are presented at the amortised purchase price with use of effective interest method. The difference between net inflows and maturity amount is reflected in net profit or loss in the period of loan possession.

Foreign currency transactions valuation

At the balance sheet date assets and liabilities denominated in foreign currencies are recorded as follows:

- assets (excluding stakes in associates accounted for under equity method) – at the call exchange rate applied by the basic bank which renders services for the company, not higher than average exchange rate set for the given currency by the National Bank of Poland ("NBP") for this date,
- liabilities – at the put exchange rate applied by the basic bank which renders services for the company, not lower than average exchange rate set for the given currency by the NBP for this date.

Exchange rate differences concerning long term investments denominated in foreign currencies, arising at the day of their valuation are credited to revaluation reserve. If the revaluation amount was not settled to the valuation date, the negative valuation change of the investment previously revaluated, debits the revaluation reserve to the amount at which the revaluation reserve was credited. In other cases the results of negative valuation change are recognised as financial costs. Increase in valuation of specified investment, directly connected with its previous negative valuation, treated as financial costs, is recognised, to the level of these costs as financial income.

Exchange rate differences concerning assets and liabilities denominated in foreign currencies, arising at the date of their valuation and on settlement of receivables and liabilities denominated in foreign currencies are classified respectively to financial gains or expenses and in legitimate cases to purchase price or manufacture costs of fixed assets.

Sales

The sales revenues comprise amounts due or received from sales, including excise, less VAT. Revenues from sales are recognised in situation when it is probable that the company will receive economic benefits resulting from transactions and when amount of the revenues can be reliably estimated.
Sales of goods and materials is recognised at the moment of delivery, which results in transfer of risk and benefits stemming from ownership of these goods and products. Income on services are recognised in proportion to the completion, providing that it is possible to estimate it reliably. In case it is not possible to estimate reliably the effect of transaction related to services rendering, income on the services are recognised only to the value of costs incurred in relation to it.

Operating costs

Costs are accounted for in period they relate to. Costs are accounted for 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 costs of the Capital Group's general 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 particularly excise tax related to sale of products of the Capital Group.

Dividends

Dividends receivable are accounted for as financial income as of the day of resolution concerning profit appropriation, unless the resolution determine an other day when the right to the dividend is acquired.

Net profit or loss

Net profit or loss is constituted by:

- operating profit or loss, including this resulting from other operating income and costs,
- financial operations result,
- extraordinary operations result,
- compulsory amounts reducing profit resulting from income tax, the payer of which is the entity, and payments equal to it, on the basis of separate regulations.

Result on operating activity is calculated as the difference between net income on sales of products, goods and materials adjusted by grants, discounts, rebates and other increases and decreases, excluding VAT and other operating income and cost of products, goods and materials sold, valuated in production or purchasing cost, increased by all incurred from the beginning of the year general and administration expenses, selling and distribution costs and other operating costs.

Result on financial operations is the difference between financial income, particularly on dividends (shares in profits), interests, profits on investment sales, adjustments of investments values, excess of positive above negative foreign exchange differences, and financial costs, particularly on interests, losses on sales of investments, adjustments of investments values, excess of negative above positive foreign exchange differences.

Result on extraordinary items is the difference between extraordinary profits and losses.

Taxation

Current liabilities resulting from corporate income tax are calculated in accordance with Polish taxation law.

Due to temporary differences between value of total assets stated in the books and their tax value companies of the Capital Group set up provisions and recognise assets resulting from deferred tax.

Deferred tax assets are set in the amount of future expected tax deduction due to negative temporary differences, which will lower in the future basis for income tax calculation, set in line with prudent valuation principle.

Deferred tax provision is set in the amount of income tax due in the future, due to positive temporary differences, which are differences, which will increase basis for income tax calculation in the future.

The amount of deferred tax asset and provision is set basing on income tax rates binding in the predicted year of occurrence of income tax liability.

Deferred tax asset and provision can be netted off if they may be taken into account simultaneously for the purpose of tax liability calculation.

Deferred tax asset and provision resulting from operations settled with equity are also reflected in equity.

Impairment

Impairment takes place when there is a considerable probability, that the item of assets controlled by the company will not bring in the future in a considerable part or at all the previously estimated economic benefits. It justifies making a write-off bringing down the net book value of the item of assets to the net sales price, and in case of inability to determine the price – to differently determined fair value.

Write-offs on current assets made in reference to their impairment resulting from their valuation at net realisable value instead of purchase or acquisition prices, or costs of manufacture are accounted for as respectively: other operating costs, costs of goods sold or costs of sales.

Providing that the reason for which the write-off adjusting the value of assets was made, including impairment, is no longer present, the value of all or respective part of previously made write-off increases value of the item of assets and is accounted for as respectively other operating income or financial income.

Contingent liabilities and receivables

Contingent liability is defined as an obligation, arising of which is dependent on occurrence of certain events. Contingent liability is presented in balance sheet unless the probability of outflow of resources embodying economic benefits is insignificant.
Contingent receivables are not presented in balance sheet, but the information about contingent receivables is disclosed, if the inflow of resources embodying economic benefits is probable.

Related party transactions

According to the amended Accounting Act transactions between related parties, which are: the dominant company or significant investor, subsidiaries and associates presented in the financial statements. Associates in case of the Capital Group are all entities directly or indirectly associated as well as direct or indirect subsidiaries not consolidated.

1.3 Description and quantification of changes in accounting principles resulting from application of the amended Accounting Act, which materially influenced the net profit and equity

Unrealised foreign exchange gains

Unrealised foreign exchange gains are recorded as financial income of the reporting period in which the change of foreign exchange rate occurred. According to the Accounting Act before the amendment the differences were accounted for as deferred income.

Valuation of assets and liabilities as at balance sheet date

At the balance sheet date foreign currency assets and liabilities are valued in the manner presented in point 1.2. According to the Accounting Act before amendment the above items were valued at the average exchange rate set by NBP for the balance sheet date.

Financial lease

Fixed assets used under lease, rent or other agreement meeting proper criteria of the amended Accounting Act agreement are accounted for as fixed assets. According to the Accounting Act before amendment the above items were not included in assets.

Embedded derivatives

Embedded derivatives are separated form contracts and treated as standalone derivatives in the manner presented in point 1.2. The Accounting Act before amendment did not refer to the embedded derivatives so the embedded derivatives were not separated.

Equity compensations plans costs

Right to convertible bonds issued by the Company under the equity compensations plans is accounted for in the manner presented in point 1.2. Before the amendment to the Accounting Act had been introduced the result of granting the right to purchase the bonds was not presented.

Reconciliation between consolidated equity presented in the consolidated financial statements for the year 2001 and net profit presented in the consolidated financial statements for 2001 and comparable data presented in this consolidated quarterly report

	31.12.2001
Consolidated equity – data published earlier	7,419,130
Foreign exchange gains	115,530
Changes resulting from assets and liabilities valuation	(15,100)
Embedded derivatives valuation	24,143
Equity compensations plans costs	(18,865)
Share of minority shareholders in the additional equity	(2,631)
Other adjustments	2,050
Deferred tax on adjustments	(23,118)
Consolidated equity – comparable data	7,501,139

	4 Q 2001	**2001 cumulative**
Consolidated net profit – data published earlier	12,962	343,053
Unrealised foreign exchange gains	38,204	28,639
Changes resulting from assets and liabilities revaluation	(13,242)	(6,695)
Embedded derivatives valuation	12,269	15,258
Equity compensations plans costs	(7,157)	(18,865)
Share of minority shareholders in the additional equity	(1,737)	(202)
Other adjustments	5,754	10,200
Deferred tax on adjustments	(2,706)	(5,522)
Consolidated net profit - comparable data	44,347	365,866

Reconciliation between equity of the Dominant Company presented in the unconsolidated financial statements for the year 2001 and net profit of the Dominant Company presented in the consolidated financial statements for 2001 and comparable data presented in this consolidated quarterly report.

	31.12.2001
Equity – data published earlier	6,859,092
Unrealised foreign exchange gains	105,117
Changes resulting from assets and liabilities valuation	(15,100)
Embedded derivatives valuation	23,558
Equity compensations plans costs	(18,865)
Other adjustments	2,792
Deferred tax on adjustments	(24,209)
Equity – comparable data	6,932,385

	4 Q 2001	2001 cumulative
Net profit – data published earlier	(3,235)	248,026
Foreign exchange gains	31,671	27,513
Changes resulting from assets and liabilities revaluation	(13,060)	(6,460)
Embedded derivatives valuation	11,832	15,699
Equity compensations plans costs	(7,157)	(18,865)
Other adjustments	(227)	(379)
Deferred tax on adjustments	(5,965)	(4,674)
Net profit – comparable data	13,859	260,860

1.4. Principles of calculation of the selected financial data denominated in EURO

Selected financial data has been recalculated to EURO according to the following principles:

- balance sheet items - on the basis of the average rates published as at 31 December 2002 – 4.0202 zloty/ EURO,
- income statement and cash flow items for 2002 – on the basis of the rate, which is the simple average of average rates, stated by National Bank of Poland for the last day of each month of the period from 1 January to 31 December 2002 – 3.8697 zloty/ EURO.

Unconsolidated subsidiaries and associates in 4 Q 2002

No.	Name and location	Activity	Percentage of share capital owned	Share in total votes on General Meeting of Shareholders	Revenues (from sales and financial activities)	% revenue PKN ORLEN	Total assets as at 31.12.2002	% revenue of PKN ORLEN
1.	SAMRELAKS Machocice Sp. z o.o. – Machocice Kapitulne	Hotels and motels with restaurants	100.00%	100.00%	2,855	0.01%	5,887	0.05%
2.	ZAWITAJ Swinoujscie Sp. z o.o. - Swinoujscie	Hotels and motels with restaurants	100.00%	100.00%	2,724	0.01%	3,412	0.03%
3.	Z.W. Mazowsze Leba-Ulinia Sp. z o.o. – Leba	Resting and recreation activity	100.00%	100.00%	2,053	0.01%	2,999	0.02%
4.	Wisla Plock Sportowa S.A. (previously ORLEN Sportowa S.A.) – Plock	Sport activity	100.00%	100.00%	33,425	0.14%	5,073	0.04%
5.	ORLEN Ochrona Sp. z o.o. – Plock	Guard services	100.00%	100.00%	32,741	0.14%	8,691	0.07%
6.	CPN Serwis Kielce Sp. z o.o. – Kielce	Maintenance services	100.00%	100.00%	2,117	0.01%	607	0.00%
7.	Serwis Gdansk Sp. z o.o. – Gdansk	Maintenance services	100.00%	100.00%	3,719	0.02%	972	0.01%
8.	Poliolefiny Polska Sp. z o.o.	Production, distribution and sales of poliolefins	100.00%	100.00%	*	*	*	*
9.	Zaklad Urzadzen Dystrybucyjnych Sp. z o.o. – Opole	Production and services activity	99.94%	99.94%	15,664	0.06%	9,203	0.07%
10.	Serwis Slupsk Sp. z o.o. – Slupsk	Maintenance services	99.76%	99.76%	4,759	0.02%	3,269	0.03%
11.	Serwis Nowa Wies Wielka Sp. z o.o. – Nowa Wies Wielka	Maintenance services	99.32%	99.32%	4,022	0.02%	2,128	0.02%
12.	D.W. Mazowsze Ustron Sp. z o.o. – Ustron Jaszowiec	Resting and recreation activity	98.73%	98.73%	1,101	0.00%	1,536	0.01%
13.	Petromot Sp. z o.o. – Kedzierzyn-Kozle	Maintenance and trade of cars	97.56%	97.56%	*	*	*	*
14.	Serwis Rzeszow Sp. z o.o. – Rzeszow	Maintenance services	97.26%	97.26%	3,028	0.01%	1,156	0.01%
15.	Serwis Lodz Sp. z o.o. – Lodz	Maintenance services	97.25%	97.25%	2,883	0.01%	2,064	0.02%
16.	Serwis Podlasie Sp. z o.o. – Bialystok	Maintenance services	89.67%	89.67%	3,611	0.01%	1,245	0.01%
17.	Serwis Mazowsze Sp. z o.o. – Warszawa	Maintenance services	88.50%	88.50%	19,830	0.08%	3,897	0.03%
18.	Serwis Wroclaw Sp. z o.o. – Wroclaw	Maintenance services	83.31%	83.31%	8,342	0.03%	3,437	0.03%
19.	Serwis Krakow Sp. z o.o. – Krakow	Maintenance services	83.20%	83.20%	3,464	0.01%	879	0.01%
20.	BHT Dromech S.A. – Warszawa	Production	81.14%	81.14%	**	**	**	**
21.	Serwis Kedzierzyn-Kozle Sp. z o.o. – Kedzierzyn–Kozle	Maintenance services	80.00%	80.00%	2,557	0.01%	842	0.01%
22.	Serwis Szczecin Sp. z o.o. – Szczecin	Maintenance services	78.09%	78.09%	3,664	0.02%	1,390	0.01%
23.	Serwis Zachod Sp. z o.o. – Nowa Sol	Maintenance services	74.31%	74.31%	6,758	0.03%	2,840	0.02%
24.	CPN Marine Service Gdansk Sp. z o.o. – Gdansk	Duty store; production, trade	70.00%	70.00%	*	*	*	*

Unconsolidated subsidiaries and associates in 4 Q 2002

No.	Name and location	Activity	Percentage of share capital owned	Share in total votes on General Meeting of Shareholders	Revenues (from sales and financial activities)	% revenue PKN ORLEN	Total assets as at 31.12.2002	% revenue of PKN ORLEN
25.	Centrum Edukacji Sp. z o.o. – Plock	Education and training services	69.43%	69.43%	7,006	0.03%	1,880	0.01%
26.	Serwis Katowice Sp. z o.o. – Katowice	Maintenance services	55.00%	55.00%	4,199	0.02%	1,285	0.01%
27.	ORLEN Petrogaz Nowa Brzeznica Sp. z o.o. – Nowa Brzeznica	LPG distribution center	52.00%	52.00%	**	**	**	**
28.	Petromor Sp. z o.o. – Gdansk	Wholesale of automotive spare parts and accessories, retail and wholesale of fuels	51.31%	51.31%	744	0.00%	2,668	0.02%
29.	Serwis Poznan Sp. z o.o. – Poznan	Maintenance services	51.00%	51.00%	4,478	0.02%	1,366	0.01%
30.	Sanatorium Uzdrowiskowe "Krystynka" Sp. z o.o. – Ciechocinek	Preventing and curing, resting and recreation activity	100.00%	100.00%	2,118	0.01%	2,657	0.02%
31.	Przedsiebiorstwo Rolne Agro – Azoty II – Wloclawek Sp. z o.o. Laka k.Koszalina	Agricultural trading	100.00%	100.00%	2,058	0.01%	1,960	0.02%
32.	RAF-BIT Sp. z o.o. – Jedlicze	IT services	100.00%	100.00%	772	0.00%	290	0.00%
33.	Zakladowa Straz Pozarna Sp. z o.o. – Trzebinia	Fire fighting services	99.97%	99.97%	4,203	0.02%	2,199	0.02%
34.	Raf-Sluzba Ratownicza Sp. z o.o. – Jedlicze	Fire fighting and rescue services	88.19%	88.19%	3,093	0.01%	470	0.00%
35.	Petromont Sp. z o.o. – Niemce	Trade and building services	85.00%	85.00%	1,585	0.01%	597	0.00%
36.	Ran- GGC Sp. z o.o. – Gdansk	Used oil collection	80.63%	80.63%	20	0.00%	58	0.00%
37.	Przedsiebiorstwo Gazyfikacji Bezprzewodowej PEGEBE S.A. – Plock	Gas trading and distribution	80.00%	80.00%	4,653	0.02%	1,703	0.01%
38.	MEDILOGISTYKA Sp. z o.o.	Medical, consumption, industrial and pharmaceutical goods wholesale and retail trading	80.00%	80.00%	26	0.00%	44	0.00%
39.	PetroUkraina Ltd Sp. z o.o. – Lwow (Ukraina)	Trade	80.00%	80.00%	*	*	*	*
40.	NTVK – Wilno (Litwa)	Trade	76.00%	76.00%	**	**	**	**
41.	Medikor Sp. z o.o. – Jedlicze	Services and trade activities, medical supervising of work environment and sanitation	73.33%	73.33%	566	0.00%	141	0.00%
42.	VARIA S.A. – Warszawa	Transport and spedition services, wholesale and retail trade	62.50%	62.50%	19,863	0.08%	9,603	0.08%
43.	Wspolne Ukrainsko-Polskie Przedsiebiorstwo w formie Sp. z o.o. PETRO-UKRAINA– Lwow (Ukraina)	Trade	62.00%	62.00%	**	**	**	**

Unconsolidated subsidiaries and associates in 4 Q 2002

No.	Name and location	Activity	Percentage of share capital owned	Share in total votes on General Meeting of Shareholders	Revenues (from sales and financial activities)	% revenue PKN ORLEN	Total assets as at 31.12.2002	% revenue of PKN ORLEN
44.	Ran-Akses Sp. z o.o. – Szczecin	Used oil collection	60.69%	60.69%	980	0.00%	153	0.00%
45.	Ran-Flex Sp. z o.o. – Kielce	Used oil collection	52.00%	52.00%	2,619	0.01%	518	0.00%
46.	Ran-Oil Sp. z o.o. – Tarnow	Used oil collection	51.00%	51.00%	1,568	0.01%	688	0.01%
47.	Ran-Sigma Sp. z o.o. – Walbrzych	Used oil collection	51.00%	51.00%	3,157	0.01%	343	0.00%
48.	Ran-Kiczmer Sp. z o.o. – Pisarzowice	Used oil collection	51.00%	51.00%	1,850	0.01%	297	0.00%
49.	Ran-Dickmar Sp. z o.o. – Tarnobrzeg	Used oil collection	51.00%	51.00%	3,168	0.01%	600	0.00%
50.	Ran-Starol Sp. z o.o. – Katowice	Used oil collection	51.00%	51.00%	3,353	0.01%	441	0.00%
51.	Ran-Ole-Par Sp. z o.o. – Lodz	Used oil collection	51.00%	51.00%	778	0.00%	89	0.00%
52.	Ran-Akant Sp. z o.o. – Lublin	Used oil collection	51.00%	51.00%	574	0.00%	30	0.00%
53.	Ran-Petromex Sp. z o.o. – Opole	Used oil collection	51.00%	51.00%	228	0.00%	53	0.00%
54.	Ran-Watt Sp. z o.o. – Torun	Used oil collection	51.00%	51.00%	**	**	**	**
55.	Ran-Mega Sp. z o.o. – Gliwice	Used oil collection	51.00%	51.00%	*	*	*	*
56.	Niezalezny Operator Miedzystrefowy Sp. z o.o. (NOM Sp. z o.o.)	Telecommunication services	35.00%	35.00%	132,404	0.55%	172,211	1.37%
57.	Motell Sp. z o.o. – Morawica	Catering and hotel services	35.00%	35.00%	6,348	0.03%	1,361	0.01%
58.	Petro-Oil CZ s.r.o. – Brno Prikop (Czechy)	Production, sales, services in oil industry	49.00%	49.00%	650	0.00%	333	0.00%
59.	Ran-Bialy Sp. z o.o. – Bialystok	Used oil collection	46.70%	46.70%	513	0.00%	105	0.00%
60.	Piast Sp. z o.o. – Krakow	Fuels trading	40.00%	40.00%	63,771	0.26%	15,289	0.12%
61.	Petro-Pak S.A. – Mielec	Production, sales and services	20.00%	20.00%	*	*	*	*
62.	RAF-Uniwersal Sp. z o.o. – Jedlicze	Trade and services activity	20.00%	20.00%	-	0.00%	1,772	0.01%
	Total					**1.78%**		**2.22%**

* No financial data available as at 31 December 2002

** Entity under liquidation/bankruptcy

Due to insignificance of amounts presented in the above entities' financial statements, as well as insignificance of total amounts of all entities together these entities were not consolidated.

DESCRIPTION OF CAPITAL GROUP OPERATIONS IN 4 Q 2002 AND DETAILS OF FACTORS AND EVENTS HAVING A MATERIAL INFLUENCE ON THE FINANCIAL RESULT

At the end of 4Q 2002 the Capital Group PKN ORLEN comprised:
- 116 subsidiaries, directly or indirectly controlled by PKN ORLEN ,
- 1 indirectly jointly controlled company,
- 31 associates, on which PKN ORLEN has direct or indirect significant influence.

In comparison to the end of 4Q 2001 there was an increase in number of subsidiaries, jointly controlled companies and associates in the Capital Group from 143 to 148, 86 of which are consolidated.

The most important factors having material influence on operating results in 4 Q 2002 in comparison to 4 Q 2001 are as follows (change 4Q 2001/4Q 2002, if not stated differently):
- higher refining margin ("crack") quotations for gasoline from 38.14 to 64.44 USD/ton (by 69%),
- increase of average price of Brent crude oil in quotations from 19.44 do 28.63 USD/bbl (by 38%),
- increase in quotation of discount Ural crude oil in relation to Brent crude oil from /-0.56/ USD/bbl to /-1.26/ USD/bbl (by 125.0%),
- increase in sales volume of petrochemical products by 33.7%,
- increase in sales volume of Diesel by 4.3%,

- lower refining margin ("crack") quotations for Diesel from 57.78 to 46.65 USD/ton (by 19.3%) and for Ekoterm from 41.52 to 37.56 USD/ton (by 9.5%),
- decrease in consumption of gasoline and Diesel by 2.8% (year 2001 in comparison to 2002 – in accordance to Nafta Polska estimates),
- decrease in USD average exchange rate from 4.08 to 4.00 PLN/USD (by 2.0%),
- decrease in sales volume of Ekoterm by 28.9%,
- decrease in sales volume of LPG by 52.4% (increase in retail sales by 56.6%),
- decrease in sales volume of gasoline by 4.2%.

In 4Q 2002 sales of motor fuels (gasoline, Diesel, LPG, Jet A-1) and light heating oil in the Capital Group amounted to 2,220,312 tons and was lower than sales realised in the corresponding period of previous year by 304.350 tons (by 12.1%). During year 2002 the sales of these products decreased by 476.238 tons (by 5.4%) in comparison to previous year. Lower realised sales volume results mainly from drop in demand for light heating oil, due to a change in customer's structure. Taking into account only gasoline and Diesel, the Capital Group's strengthened market position is remarkable (drop in consumption whereas sales of these products increased by 1.6%).
The total sales of products (refinery and chemical and other) in 4Q 2002 amounted to 3.435.487 tons and was lower than in corresponding period of previous year by 221.892 tons (by 6.1%), and during year 2002 was higher than sales in 2001 by 177.722 tons (by 1,4%).
The retail sales of motor fuels (gasoline, Diesel, LPG) in 4Q 2002 amounted to 534.965 tons and was lower than sales in the corresponding period of previous year by 6.823 tons, and for 4 quarters cumulatively higher by 102.522 tons (4.9%) and amounted to 2,176,369 tons. A significant increase in LPG and Diesel retail sales was recorded.
Sales trends of main products are presented in the tables below:

Sales volume of light products in Capital Group of PKN ORLEN	4 Q 2001		4 Q 2002		Dynamics (%) 4Q 2002/ 4Q 2001
Wholesale of main light products, including:		**1,821,640**		**1,626,027**	**89.3**
- gasoline (tons)		478,247		466,401	97.5
- Diesel (tons)		576,586		603,730	104.7
- Ekoterm light heating oil (tons)		680,120		485,670	71.4
Retail sales of fuels, including:	**697,114**	**541,788**	**691,313**	**534,965**	**98.7**
- gasoline (thousand litres) / (tons)	436,030	329,203	406,864	307,182	93.3
- Diesel (thousand litres) / (tons)	232,705	196,636	240,011	202,809	103.1
- LPG (thousand litres) / (tons)	28,379	15,949	44,438	24,974	156.6

Sales volume of light products in Capital Group of PKN ORLEN	4 Q 2001 cumulative		4 Q 2002 cumulative		Dynamics (%) 4 quarters of 2002/ 4 quarters of 2001
Wholesale of main light products, including:		**6,467,029**		**5,989,205**	**92.6**
- gasoline (tons)		1,856,962		1,863,090	100.3
- Diesel (tons)		2,269,832		2,285,469	100.7
- Ekoterm light heating oil (tons)		2,017,875		1,572,702	77.9
Retail sales of fuels, including:	**2,661,896**	**2,073,847**	**2,797 928**	**2,176,369**	**104.9**
- gasoline (thousand litres) / (tons)	1,687,436	1,274,014	1,667 021	1,258,601	98.8
- Diesel (thousand litres) / (tons)	891,120	752,996	997,167	842,606	111.9
- LPG (thousand litres) / (tons)	83,340	46,837	133,740	75,162	160.5

Macroeconomic and market factors and buoyant economic situation on petrochemical products market positively influenced the Company's and the Capital Group's results, which were more favourable than in the comparable period of the previous year.

Results of the Dominant Company within the Capital Group were as follows:

in PLN thousand

Items	4Q 2001		PKN's share in the Group	4Q 2002		PKN's share in the Group
	Group	PKN	(%)	Group	PKN	(%)
Crude oil processing ('000 tons)	3,544	3,393	95.7	3,438	3,281	95.4
Net sales revenue*	6,623,243	5,874,924	88.7	7,113,554	6,441,568	90.6
Profit on sales*	55,086	32,511	59.0	106,289	77,784	73.2
Operating profit*	66,519	57,430	86.3	72,785	71,105	97.7
Profit before taxation*	56,178	25,899	46.1	217,808	209,584	96.2
Net profit*	44,346	13,859	31.3	109,912	100,914	91.8

Items	4 Q 2001 cumulative		PKN's share in the Group	4 Q 2002 cumulative		PKN's share in the Group
	Group	PKN	(%)	Group	PKN	(%)
Crude oil processing ('000 tons)	12,877	12,319	95.7	13,040	12,474	95.7
Net sales revenue*	25,872,333	23,460,991	90.7	26,328,379	23,891,830	90.7
Profit on sales*	610,178	442,020	72.4	825,061	608,598	73.8
Operating profit*	658,575	541,382	82.2	761,867	588,515	77.2
Profit before taxation*	496,205	355,200	71.6	777,636	621,505	79.9
Net profit*	365,866	260,860	71.3	486,199	386,461	79.5

** Profits for 4Q and 4 quarters of 2001 are different from presented in previous periods due to adjustments made in order to provide comparability with data for the year 2002 in the way presented in point 1.3.*

During 4Q 2002 the companies of the Capital Group processed 3,438 thousand tons of crude oil. The level of achieved processing is by 3.0% higher than in the corresponding period of the previous year, for whole 2002 year was higher by 1.3%.

In 4Q 2002 profit on sales of the Capital Group reached the level of PLN 106.289 thousand and was higher by 93.0% than the result for 4Q 2001. For year 2002 profit on sales amounted to PLN 825.061 thousand and exceeded by 35.2% the result for the previous year.
In 4Q 2002 net profit of the Capital Group accounted for PLN 109.912 thousand and was by 147.9% higher than the net profit earned in 4Q 2001. For year 2002 the net profit amounted to PLN 486.199 thousand and was higher by 32.9% than the result for the previous year. Weighted average stock valuation method had a positive impact on financial results (application of this method delays the impact of increases of crude oil prices in relation to increases in prices of finished products). While applying LIFO method, estimated net profit amounted to PLN 273 million comparing to PLN 741 million for the previous year.
In 4Q 2002 of current year in comparison to 4Q of 2001 the share of the Dominant Company in the net profit of the Group increased from 31.3% to 91.8%. The fact results from losses incurred by some subsidiaries (among others Rafineria Nafty Jedlicze S.A., Zaklad Budowy Aparatury S.A.) amounting to PLN 28 million and significant increase in Dominant Company's net profit.

Financial data for 4Q and 4 quarters of 2002 with segment information is presented below:

in PLN million

Items	4Q 2001				4Q 2002			
	Refining	Chemicals	Other operations	Consolidated	Refining	Chemicals	Other operations	Consolidated
Segment result	247	(68)	(35)	144	123	46	(9)	160
Unallocated corporate expense				(77)				(87)
Profit from operations				67				73

Items	4 quarters of 2001				4 quarters of 2002			
	Refining	Chemicals	Other operations	Consolidated	Refining	Chemicals	Other operations	Consolidated
Segment result	738	151	53	942	861	155	49	1065
Unallocated corporate expense				(284)				(303)
Profit from operations				658				762

During 2002 total segments recorded growth (by 13.1%) in comparison with previous year, mainly due to favourable results of the refining segment (growth by 16.7%). It is mainly the result of upward trend in crude oil prices and stock valuation being subject of the trend.

Under Bonds Issuance Programme in 4Q 2002 the Dominant Company completed 8 issuances of total value PLN 405 million (including bonds worth PLN 65 million acquired by companies from the Capital Group):

issuance 1. PLN 50 m (PKO),
issuance 2. PLN 25 m (PKO),
issuance 3. PLN 50 m (BH),
issuance 4. PLN 50 m (BH),
issuance 5. PLN 50 m (BRE),
issuance 6. PLN 50 m (PKO),
issuance 7. PLN 80 m (BH),
issuance 8. PLN 50 m (BRE).

MOST IMPORTANT EVENTS FOR THE PERIOD FROM 1 OCTOBER 2002 TO THE DAY OF PREPARATION OF THIS REPORT EARLIER REPORTED IN THE CURRENT REPORTS

1. On 2 October 2002 PKN ORLEN announced that, following the annulment by the Government of Czech Republic of the tender for Unipetrol a.s. shares for Agrofert Holding a.s., the Letter of Intent between PKN ORLEN and Agrofert Holding a.s. terminated by mutual agreement. Despite this development PKN ORLEN confirmed that it has a continuing interest in Czech market.

2. On 28 October 2002 as a result of Public Call all shares of LG Petro Bank S.A. owned by the Company on the basis of the agreement with Nordea Bank Sweden AB of 23 September 2002 were sold.

3. On 30 October 2002 PKN ORLEN and Rotch Energy Limited signed an agreement on setting up a consortium to realize a joint purchase of 75% of shares of Rafineria Gdanska S.A. within a process of making the shares available by Nafta Polska S.A. In accordance to the agreement, the constitution of the consortium depended on receiving a written assent from Nafta Polska S.A. to establish the consortium. Information about the agreement was brought to Nafta Polska S.A.
   On 12 November 2002 the Management Board informed that it received a written document from Nafta Polska S.A. in which the Management Board of Nafta Polska S.A. informed about concluding a resolution on a conditional assent to set up the consortium between PKN ORLEN and Rotch Energy Limited. Due to the fact the Management Board of Nafta Polska S.A. allowed PKN ORLEN to conduct a due diligence of Rafineria Gdanska S.A.
   On 11 December 2002 PKN ORLEN and Rotch Energy Limited, acting under the consortium constituted in order to purchase jointly from Nafta Polska S.A. shares of Rafineria Gdanska S.A. representing 75 % of its share capital, placed a supplement to the Rafineria Gdansk shares purchase offering, submitted originally by Rotch Energy Limited in March 2001.

4. On 15 November 2002 a conditional Stakes Sales Agreement was signed with Orbis S.A., on the basis of which the Company will purchase 165,924 shares of a Dutch legal entity AWSA Holland II B.V. at the price of PLN 61 million. The Agreement on Stakes Transfer will be concluded until 10 December 2002 if the conditions declared in the Stakes Sales Agreement are met.
   Due to the above facts PKN ORLEN and a shareholder of the Company – Kulczyk Holding signed on 14 November 2002 an Additional Agreement, on the basis of which Kulczyk Holding declared, in particular to repurchase stakes of AWSA Holland II B.V. from PKN ORLEN at each demand of PKN ORLEN until 31 December 2006 and also until 7 January 2038 providing that Kulczyk Holding resigns from investment in AWSA Holland II B.V. Kulczyk Holding entered also into additional commitments against PKN ORLEN , in particular concerning restrain of PKN ORLEN 's expenditures resulting from being a stakeholder of AWSA II Holland B.V. In return of entering into the commitments, the Company is obliged to resale the shares in AWSA Holland II B.V. at the demand of Kulczyk Holding placed between 1 January 2005 and 31 December 2006.
   On 10 December 2002 as a result of meeting the conditions stated in the Stakes Sales Agreement PKN ORLEN signed with Orbis S.A. a AWSA Holland II B.V. Stakes Management Agreement, according to which the Company purchased 165,924 stakes in the above mentioned company at the total price of PLN 61 million.

5. On 22 November 2002 PKN ORLEN announced that the number of its shares held by the Bank of New York decreased by 2.11%. As at 21 November 2002 the Bank of New York owned 61,779,572 shares of PKN ORLEN authorizing to 61,779,572 votes at the General Shareholders Meeting, which constituted 14.70% share in the share capital and the same number of votes at the General Shareholders Meeting.

6. On 6 December 2002 PKN ORLEN purchased:

- 2 shares in Einhundertzweiundreissigste Vermoegensverwaltungsgesellschaft mbH with its registered office in Hamburg, Germany, of the nominal value 12,500 EURO each share,
- 2 shares in Einhundertdreiunddreissigste Vermoegensverwaltungsgesellschaft mbH with its registered office in Hamburg, Germany, of the nominal value 12,500 EURO per share (the name of the company will be changed to PKN ORLEN German Real Estate GmbH)

The purchased shares represent 100% of the share capital of each company. The objective of the acquired companies is the management of their own assets.

- 7. On 10 December 2002 PKN ORLEN and Einhundertdreiunddreissigste Vermoegensverwaltungsgesellschaft mbH entered into a purchase agreement with Deutsche BP Aktiengesellschaft with its seat in Hamburg, Germany. On the basis of the agreement the Company will acquire:
- 1 share of AMF Service GmbH with its seat in Bochum with the nominal value of EUR 25,000, representing 100% of the nominal capital of AMF Service GmbH and 100% of the voting rights at its shareholders meeting;
- 15,100 shares of Norddeutsche Tankstellen Aktiengesellschaft with its seat in Elmshorn with a nominal value of DEM 1,000 per share, representing 100% of the nominal capital of Norddeutsche Tankstellen Aktiengesellschaft and 100% of the voting rights at its shareholders meeting;
- the retail BP and ARAL freehold plots and buildings;
- other items (such as stock, receivables, etc.);

and

- certain intra group receivables.

The above mentioned items constitute the so called "Northern Package". The purchase price of the package will amount to EUR 140 million, subject to certain adjustments, arising from the agreement.

The agreement is conditional upon fulfilment of certain conditions, including German and EU competition authority approval. As a result of the above-mentioned agreement the Company will acquire indirectly 494 retail stations offered for sale by BP. The closing will take place on 28 February 2003 subject to the fulfilment of the conditions precedent.

8. On 19 December 2002 as a result of realisation of the project concerning a joint venture with "Basell" a registration of a new company, Poliolefiny Polska Sp. z o.o., based in Plock took place in a District Court in Warsaw (Poland). PKN ORLEN acquired possession of 100% of the shares with a nominal value of PLN 500 for each share, representing 100% of the eligible votes at a shareholders' meeting. The purchase was executed by means of cash to the amount of PLN 50,000. The objects of the company are polyolefin production and the wholesale of chemical products. Poliolefiny Polska Sp. z o.o. will, in the future, be the base upon which the JV with Basell Europe Holding B.V will be created. The acquisition has been financed from the internal resources of the issuer

   On 15 January 2003 PKN ORLEN and Basell Europe Holdings B.V. signed an amendment to the joint venture agreement. According to the amendment to the agreement the Polish Office for the Protection of Competition and Consumers shall give assent for the realisation of the transaction regulated by the agreement not later than until 24 February 2003. The commence of the operation of the joint venture company was postponed but not later than until the end of February 2003.

   On 7 February 2003 the Management Board of PKN ORLEN announced that on 6 February 2003 it received a letter from the Polish Office for the Protection of Competition and Consumers ("UOKiK"), in which UOKiK gives its assent for the acquisition by Basell Europe Holdings B.V. of 50% of Poliolefiny Polska Sp. z o.o., a limited liability company, which will result in gaining 50% of votes at the shareholders meeting of the company.

9. On 20 December 2002 the Company entered into the term contract regarding supply of crude oil with J&S Service & Investments Ltd, a Cyprus legal entity with seat in Larnaca ("the Agreement"). On the basis of the Agreement, J&S Service & Investments Ltd is obliged to supply the Company with crude oil until the year 2007 (inclusive) in the average quantity of 5.4 million tons per year. The price to be paid by the Company for the crude oil purchased under the Agreement shall be calculated on the basis of the formula referring to the quotations of URAL crude oil prevailing on the international markets.

10. On 21 December 2002 PKN ORLEN and Petroval S.A., a company with its seat in Geneva organized under the laws of Switzerland associated with YUKOS Group (the Agreement"), entered into the term contract regarding supply of crude oil („the Agreement"). On the basis of the Agreement, Petroval S.A. is obliged to supply the Company with crude oil until the year 2009 (inclusive) with the possibility of extension of the above period for another 3 years. Petroval S.A. is obliged under the Agreement to supply the Company with crude oil in the average quantity of 3 million tons per year with possibility to increase the quantity of crude oil supplied up to 3.6 million tons starting from the year 2004, and additionally to increase the annual quantity of supplied crude oil by additional 1.6 million tons starting from the year 2006. The price to be paid by the Company for the crude oil purchased under the Agreement shall be calculated on the basis of a formula referring to the quotations of the basket of specified crude oils prevailing on the international markets.

    The Agreement shall come into force under the condition precedents that until 13 January 2003 OJSC „YUKOS OIL CORPORATION", the company organized under the laws of Russia, shall provide the

Company with duly execution guarantee for the execution of the obligations of Petroval S.A. under the Agreement.

On 14 January 2003 the Company informed that on 13 January 2003 it received a guarantee signed by OJSC „YUKOS OIL CORPORATION", for Petroval S.A.'s obligations under the Agreement.

11. On 3 January 2003 the Company informed that on 31 December 2002 PKN ORLEN concluded following yearly contracts:

a) BP Polska Spolka z o.o. The subject of the agreement is sales of gasolines to BP Polska Sp. z o.o. in 2003. The estimated value of the transaction amounts to PLN 1,437 million (gross). In case of a failure to supply the fuel PKN ORLEN will be charged 8 per cent of net (free of excise tax) value of undelivered fuels.
b) BP Polska Spolka z o.o. The subject of the agreement is sales of diesel oil to BP Polska Sp. z o.o. in 2003. The estimated value of the transaction amounts to PLN 681 million (gross). In case of a failure to supply the fuel PKN ORLEN will be charged 8 per cent of net (free of excise tax) value of undelivered fuels.
c) SHELL Produkty Polska Spolka z o.o. The subject of the agreement is sales of gasolines to SHELL Produkty Polska Spolka z o.o. in 2003. The estimated value of the transaction amounts to PLN 962 million (gross). In case of a failure to supply the fuel PKN ORLEN will be charged 8 per cent of net (free of excise tax) value of undelivered fuels.
d) SHELL Produkty Polska Spolka z o.o. The subject of the agreement is sales of diesel oil to SHELL Produkty Polska Spolka z o.o. in 2003. The estimated value of the transaction amounts to PLN 603 million (gross). In case of a failure to supply the fuel PKN ORLEN will be charged 8 per cent of net (free of excise tax) value of undelivered fuels.
e) ORLEN PetroCentrum Spolka z o.o. The subject of the agreement is sales of gasolines to ORLEN PetroCentrum Spolka z o.o. in 2003. The estimated value of the transaction amounts to PLN 553 million (gross). In case of a failure to supply the fuel PKN ORLEN will be charged 8 per cent of net (free of excise tax) value of undelivered fuels.
f) ORLEN PetroTank Spolka z o.o. The subject of the agreement is sales of diesel oil to ORLEN PetroTank Spolka z o.o. in 2003. The estimated value of the transaction amounts to PLN 1,104 million (gross). In case of a failure to supply the fuel PKN ORLEN will be charged 8 per cent of net (free of excise tax) value of undelivered fuels.

12. The Management Board of PKN ORLEN announced on 19 February 2003 that on 14th February 2003 Mr Jozef Wozniakowski resigned from his position as a member of the Supervisory Board of PKN ORLEN Mr Jozef Wozniakowski has been appointed to the position of Undersecretary of State in the Ministry of State Treasury.

Translation of a document originally issued in Polish

Segment:	Refining and Marketing				Chemicals				Other operations				Eliminations				Consolidated			
	for the period				for the period				for the period				for the period				for the period			
	12 months ended 31 December 2002	3 months ended 31 December 2002	12 months ended 31 December 2001	3 months ended 31 December 2001	12 months ended 31 December 2002	3 months ended 31 December 2002	12 months ended 31 December 2001	3 months ended 31 December 2001	12 months ended 31 December 2002	3 months ended 31 December 2002	12 months ended 31 December 2001	3 months ended 31 December 2001	12 months ended 31 December 2002	3 months ended 31 December 2002	12 months ended 31 December 2001	3 months ended 31 December 2001	12 months ended 31 December 2002	3 months ended 31 December 2002	12 months ended 31 December 2001	3 months ended 31 December 2001
Revenue																				
External sales	23,026,520	6,177,742	23,171,848	6,030,845	2,876,930	795,963	2,317,211	470,521	424,929	139,849	383,274	121,877					26,328,379	7,113,554	25,872,333	6,623,243
Inter-segment sales	2.655.088	790.675	2,224,661	543,901	1,296,353	376,655	1,110,947	297,630	1,241,573	328,627	1,271,176	345,320	(5.193.014)	(1.495.957)	(4,606,784)	(1,186,851)	-	-	-	-
Total revenue	25.681.608	6.968.417	25,396,509	6,574,746	4,173,283	1,172,618	3,428,158	768,151	1,666,502	468,476	1,654,450	467,197	(5.193.014)	(1.495.957)	(4,606,784)	(1,186,851)	26,328,379	7,113,554	25,872,333	6,623,243
Result																				
Segment result	860,792	123,135	738,004	246,567	155,130	46,005	150,883	(68,645)	49,201	(9,228)	53,253	(34,384)	(437)	(143)	582	301	1,064,686	159,769	942,722	143,839
Unallocated corporate expenses			-														(302,819)	(86,984)	(284,147)	(77,320)
Profit from operations																	**761,867**	**72,785**	**658,575**	**66,519**
Financial income																	297,838	165,505	350,408	90,152
Financial expenses																	(320,696)	(30,272)	(572,110)	(119,918)
Profit (loss) on sale of shares in subordinated entities																	(1,455)	-	-	-
Gross profit (loss)																	**737,554**	**208,018**	**436,873**	**36,753**
Extraordinary profits																	6,247	1,609	1,307	631
Extraordinary losses																	(6,812)	(942)	(3,041)	(583)
Amortisation of goodwill from subordinated entities	(443)	(443)	(24)	-	-	-	-	-	(1,053)	(266)	(3,197)	(953)					(1,496)	(709)	(3,221)	(953)
Write off of negative goodwill in subordinated entities	8,721	2,297	9,250	1,970	31,586	7,508	51,538	17,485	1,836	27	3,499	875					42,143	9,832	64,287	20,330
Profit before income tax																	**777,636**	**217,808**	**496,205**	**56,178**

Segment:	Refining and Marketing				Chemicals				Other operations				Eliminations				Consolidated			
	for the period				for the period				for the period				for the period				for the period			
	12 months ended 31 December 2002	3 months ended 31 December 2002	12 months ended 31 December 2001	3 months ended 31 December 2001	12 months ended 31 December 2002	3 months ended 31 December 2002	12 months ended 31 December 2001	3 months ended 31 December 2001	12 months ended 31 December 2002	3 months ended 31 December 2002	12 months ended 31 December 2001	3 months ended 31 December 2001	12 months ended 31 December 2002	3 months ended 31 December 2002	12 months ended 31 December 2001	3 months ended 31 December 2001	12 months ended 31 December 2002	3 months ended 31 December 2002	12 months ended 31 December 2001	3 months ended 31 December 2001
Income taxes																	(273,337)	(105,624)	(137,761)	(16,717)
Other obligatory charges on profit																	-	-	-	-
Share in profit (losses) of subordinated entities accounted for on an equity basis	(224)	(153)	(170)	(97)	2,421	609	12,572	323	8,235	816	11,694	1,026					10,432	1,272	24,096	1,252
Minority interests																	(28,532)	(3,544)	(16,674)	3,633
Net profit																	**486,199**	**109,912**	**365,866**	**44,346**

Segment:	**Refining and Marketing for the period of**		**Chemicals for the period of**		**Other operations for the period of**		**Consolidated for the period of**	
	12 months ended 31 December 2002	**12 months ended 31 December 2001**	**12 months ended 31 December 2002**	**12 months ended 31 December 2001**	**12 months ended 31 December 2002**	**12 months ended 31 December 2001**	**12 months ended 31 December 2002**	**12 months ended 31 December 2001**
Property, plant, equipment and intangible assets expenditure	523,619	831,458	176,263	274,024	178,035	107,510	877,917	1,212,992
Property, plant, equipment and intangible assets expenditure unallocated to segments							27,805	57,280
Total property, plant, equipment and intangible assets expenditure							**905,722**	**1,270,272**
Segment depreciation	674,213	625,354	197,911	144,450	159,315	152,841	1,031,439	922,645
Unallocated assets depreciation							31,730	25,203
Total depreciation							**1,063,169**	**947,848**
Non-cash expenses other than depreciation	139,481	18,347	16,120	15,011	24,755	5,261	**180,356**	**38,619**

Geographical segments

The Group operates mainly in Poland. The following table shows the distribution of the Company's consolidated sales by geographical market segmental reporting for business segments for 12 month periods ended 31 December 2002 and 31 December 2001.

	Refining and Marketing for the period of		**Chemicals for the period of**		**Other operations for the period of**		**Consolidated for the period of**	
	12 months ended 31 December 2002	**12 months ended 31 December 2001**	**12 months ended 31 December 2002**	**12 months ended 31 December 2001**	**12 months ended 31 December 2002**	**12 months ended 31 December 2001**	**12 months ended 31 December 2002**	**12 months ended 31 December 2001**
Export sales	908,794	627,111	800,395	536,914	14,938	8,490	1,724,127	1,172,515
Domestic sales	22,117,726	22,544,737	2,076,535	1,780,297	409,991	374,784	24,604,252	24,699,818
Total external revenue	**23,026,520**	**23,171,848**	**2,876,930**	**2,317,211**	**424,929**	**383,274**	**26,328,379**	**25,872,333**

INFORMATION ON CHANGES IN PROVISIONS AND FIXED ASSETS IMPAIRMENT LOSSES – CONSOLIDATED DATA

I. Provision for deferred tax

4 Q 2002	
Balance of provision for deferred tax as at 1.10.2002	249,320
Increases during the period 1.10.2002– 31.12.2002	84,860
Decreases during the period 1.10.2002 – 31.12.2002	(43,054)
Balance of provision for deferred tax as at 31.12.2002	291,126

4 Q 2002 cumulative	
Balance of provision for deferred tax as at 1.01.2002	238,133
Increases during the period 1.01.2002– 31.12.2002	104,355
Decreases during the period 1.01.2002 – 31.12.2002	(51,362)
Balance of provision for deferred tax as at 31.12.2002	291,126

II. Other provisions presented as liabilities in consolidated balance sheet

	Environmental provision	Provision for potential losses resulting from lawsuits	Provision for business risks	Other provisions
4 Q 2002				
Balance of provision as at 1.10.2002	392,458	6,787	13,862	7,773
Increases during the period 1.10.2002– 31.12.2002	3,194	226	16,166	10,128
Decreases during the period 1.10.2002 – 31.12.2002	(15,770)	(1,800)	(924)	(6,393)
Balance of provision as at 31.12.2002	379,882	5,213	29,104	11,508

	Environmental provision	Provision for potential losses resulting from lawsuits	Provision for business risks	Other provisions
4 Q 2002 cumulative				
Balance of provision as at 1.01.2002	412,123	10,483	14,788	2,951
Increases during the period 1.01.2002– 31.12.2002	6,194	2,884	21,075	15,659
Decreases during the period 1.01.2002 – 31.12.2002	(38,435)	(8,154)	(6,759)	(7,102)
Balance of provision as at 31.12.2002	379,882	5,213	29,104	11,508

Provision for jubilee and retirement bonuses

4 Q 2002	
Balance of provision as at 1.10.2002	138,538
Increases during the period 1.10.2002– 31.12.2002	35,580
Decreases during the period 1.10.2002– 31.12.2002	(23,722)
Balance of provision as at 31.12.2002	150,396

4 Q 2002 cumulative	
Balance of provision as at 1.01.2002	137,963
Increases during the period 1.01.2002– 31.12.2002	46,488
Decreases during the period 1.01.2002 – 31.12.2002	(34,055)
Balance of provision as at 31.12.2002	150,396

III. Provisions decreasing assets

Impairment of receivables

4 Q 2002	
Balance of impairment as at 1.10.2002	315,927
Increases during the period 1.10.2002– 31.12.2002	45,368
Decreases during the period 1.10.2002 – 31.12.2002	(71,315)
Balance of impairment as at 31.12.2002	289,980

4 Q 2002 cumulative	
Balance of impairment as at 1.01.2002	255,353
Increases during the period 1.01.2002– 31.12.2002	165,317
Decreases during the period 1.01.2002 – 31.12.2002	(130,690)
Balance of impairment as at 31.12.2002	289,980

Adjustments in the valuation of financial fixed assets and differences in the valuation of contributions

Impairment of financial fixed assets

4 Q 2002	
Balance as at 1.10.2002	75,617
Increases during the period 1.10.2002– 31.12.2002	838
Decreases during the period 1.10.2002 – 31.12.2002	(45)
Balance as at 31.12.2002	76,410

4 Q 2002 cumulative	
Balance as at 1.01.2002	80,662
Increases during the period 1.01.2002– 31.12.2002	1,776
Decreases during the period 1.01.2002 – 31.12.2002	(6,028)
Balance as at 31.12.2002	76,410

Valuation of financial fixed assets to fair value (above purchase price)

4 Q 2002	
Balance as at 1.10.2002	58,218
Increases during the period 1.10.2002– 31.12.2002	-
Decreases during the period 1.10.2002 – 31.12.2002	(58,218)
Balance as at 31.12.2002	-

4 Q 2002 cumulative	
Balance as at 1.01.2002	-
Increases during the period 1.01.2002– 31.12.2002	58,218
Decreases during the period 1.01.2002 – 31.12.2002	(58,218)
Balance as at 31.12.2002	-

Difference in the valuation of contribution relating to financial fixed assets

4 Q 2002	
Balance as at 1.10.2002	4,586
Increases during the period 1.10.2002– 31.12.2002	-
Decreases during the period 1.10.2002 – 31.12.2002	-
Balance as at 31.12.2002	4,586

4 Q 2002 cumulative	
Balance as at 1.01.2002	5,400
Increases during the period 1.01.2002– 31.12.2002	108
Decreases during the period 1.01.2002 – 31.12.2002	(922)
Balance as at 31.12.2002	4,586

Impairment of tangible fixed assets

4 Q 2002	
Balance as at 1.10.2002	44,573
Increases during the period 1.10.2002– 31.12.2002	803
Decreases during the period 1.10.2002 – 31.12.2002	(8,058)
Balance as at 31.12.2002	37,318

4 Q 2002 cumulative	
Balance as at 1.01.2002	36,231
Increases during the period 1.01.2002– 31.12.2002	19,659
Decreases during the period 1.01.2002 – 31.12.2002	(18,572)
Balance as at 31.12.2002	37,318

IV. Goodwill from consolidation /Negative goodwill from consolidation

Goodwill from consolidation

4 Q 2002	
Balance of goodwill from consolidation as at 1.10.2002	12,741
Increases during the period 1.10.2002– 31.12.2002	-
Decreases during the period 1.10.2002 – 31.12.2002	(793)
Balance of goodwill from consolidation as at 31.12.2002	11,948

4 Q 2002 cumulative	
Balance of goodwill from consolidation as at 1.01.2002	4,138
Increases during the period 1.01.2002– 31.12.2002	9,306
Decreases during the period 1.01.2002 – 31.12.2002	(1,496)
Balance of goodwill from consolidation as at 31.12.2002	11,948

Negative goodwill from consolidation

4 Q 2002	
Balance of negative goodwill from consolidation as at 1.10.2002	269,145
Increases during the period 1.10.2002– 31.12.2002	-
Decreases during the period 1.10.2002 – 31.12.2002	(10,143)
Balance of negative goodwill from consolidation as at 31.12.2002	259,002

4 Q 2002 cumulative	
Balance of negative goodwill from consolidation as at 1.01.2002	291,715
Increases during the period 1.01.2002– 31.12.2002	9,430
Decreases during the period 1.01.2002 – 31.12.2002	(42,143)
Balance of negative goodwill from consolidation as at 31.12.2002	259,002

The companies of the Group made stock valuation adjustments in the 4Q 2002 in the amount of PLN 2,254 thousand.

SHAREHOLDERS POSSESSING DIRECTLY OR INDIRECTLY THROUGH DEPENDENT ENTITIES AT LEAST 5% OF VOTES AT THE GENERAL MEETING OF SHAREHOLDERS AS AT DATE OF ISSUE OF QUARTERLY REPORT

Shareholder	Share in number of votes at the GM as at the day of last quarterly report publication, in %*	Number of shares as at the day of last quarterly report publication*	Change during the period 1.10.2002-19.02.2003	Share in number of votes in % at the GM as at the day of publication of this report**	Number of shares as at the day of publication of this report**
Nafta Polska S.A.	17.63%	74,076,299	-	17.63%	74,076,299
State Treasury	10.38 %	43,633,897	-	10.38%	43,633,897
The Bank of New York (GDR holders)	15.30 %	64,251,672	(2.13)	13.17%	55,332,510
Others	56.69 %	238,215,269	2.13	58.82%	247,134,431
Total	100.00 %	420,177,137	-	100%	420,177,137

* Data as at 7 November 2002
** Data as at 19 February 2003

On 20 June 2002 the Company was informed, that Kulczyk Holding S.A. and its affiliates, possessed 23,911,206 shares of PKN ORLEN , constituting 5.69% of total number of votes on the General Meeting of Shareholders.

Stake of the above shareholders (in %) in the share capital of the company is consistent with shares (in %) in the number of votes at the GM as at the day of publication of this report.

CHANGES IN THE COMPANY SHARES POSSESSED BY THE MANAGEMENT BOARD AND BY THE SUPERVISORY BOARD, ACCORDING TO INFORMATION POSSESSED BY THE COMPANY

The company shares possessed by the Management Board and by the Supervisory Board in 4 Q 2002:

	Number of shares as at the day of last quarterly report publication*	Acquired	Disposed	Number of shares as at the day of publication of this report**
Management Board	-	2,000	2,000	-
Supervisory Board	-	-	-	-

* Data as at 12 November 2002
** Data as at 15 February 2003

The Management Board has the right to acquire convertible bonds, which was announced in current report issued on 24 July 2001 and 29 August 2002.

INFORMATION ON MATERIAL LEGAL ACTIONS CONCERNING THE COMPANY'S OR ITS DEPENDENT ENTITIES' LIABILITIES

On 15 November 2002, based on the act on restructuring of some budget receivables from entrepreneurs, subsidiary – Rafineria Trzebinia S.A. – applied for the restructuring of budget receivables concerning VAT and excise duty for the period from June to December 1998, of total value of PLN 55 million and liabilities resulting from interest charge of total value PLN 58 million. On 30 December 2002 fiscal authorities issued a decision on restructuring conditions, stating the restructuring charge in the amount of PLN 5 million. At the date of preparation of these financial statements, a tax audit on similar case in Rafineria Trzebinia S.A. in relation to periods from 1999 to 2001 has been in progress and its results are not yet known. In case of sustaining similar qualifications, in the course of further proceeding, a risk of setting other amount of tax liabilities for the periods form 1999 to 2001 exists. In the Company's management view, considering strong merit background and obtained legal opinion, likelihood of an unfavourable result of the tax audit is low.

INFORMATION ON UNUSUAL TRANSACTIONS WITH RELATED ENTITIES

During the period from 1 January to 31 December 2002 there were no unusual transactions with related entities in the Capital Group, where the value of the transaction would exceed EUR 500,000.

INFORMATION ON GUARANTIES OF LOANS GRANTED BY COMPANY OR ITS SUBSIDIARIES TO OTHER ENTITIES, WHERE THE AMOUNT OF GUARANTY ACCOUNTS FOR 10% OR MORE OF THE COMPANY'S EQUITY

During the period from 1 January to 31 December 2002 in the Capital Group PKN ORLEN, the Dominant Company and its subsidiaries did not grant any guaranties of loans to any other entities, where the amount of guaranty would account for 10% or more of the Company's equity.

INFORMATION ON LEGAL ACTIONS CONCERNING THE COMPANY'S OR ITS DEPENDENT ENTITIES' LIABILITIES OR RECEIVABLES ACCOUNTING FOR 10% OR MORE OF THE COMPANY'S EQUITY

In the period from 1 January to 31 December 2002 the Company was not involved in any legal actions concerning the Company's or its dependent entities' liabilities or receivables accounting for 10% or more of the Company's equity.

MANAGEMENT BOARD MEMBERS SIGNATURES

.....
President – Zbigniew Wrobel

....
Vice-President – Jacek Strzelecki **Vice-President** – Slawomir Golonka

....
Vice-President - Janusz Wisniewski **Vice-President –** Andrzej Macenowicz

Plock, 25 February 2003