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TRANSLATION

Polski Koncern Naftowy ORLEN

Spółka Akcyjna

Opinion and Report of the Independent Auditor Financial Year ended 31 December 2007

The opinion contains 2 pages
The report supplementing the auditor's opinion contains 14 pages
Opinion of the independent auditor and report supplementing the auditor's opinion on the unconsolidated financial statements for the financial year ended 31 December 2007

KPMG

KPMG Audyt Sp. z o.o.
ul. Chłodna 51
00-867 Warszawa
Poland

Telefon +48 22 528 11 00
Fax +48 22 528 10 09
E-mail kpmg@kpmg.pl
Internet www.kpmg.pl

This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

OPINION OF THE INDEPENDENT AUDITOR

To the General Meeting of Polski Koncern Naftowy ORLEN Spółka Akcyjna

We have audited the accompanying unconsolidated financial statements of Polski Koncern Naftowy ORLEN S.A. (PKN ORLEN S.A.), seated in Płock, 7 Chemików Street ("the Company"), which comprise the balance sheet as at 31 December 2007, with total assets and total liabilities and equity of PLN 31,969,707 thousand, the profit and loss account for the year then ended with a net profit of PLN 2,759,859 thousand, the statement of changes in equity for the year then ended with an increase in equity of PLN 2,823,996 thousand, the cash flow statement for the year then ended with a decrease in cash amounting to PLN 141,047 thousand, and notes to the financial statements, comprising of a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management of the Company is responsible for the accuracy of the accounting records and the preparation and fair presentation of these unconsolidated financial statements in accordance with International Financial Reporting Standards, as adopted by European Union and with other applicable regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility, based on our audit, is to express an opinion on these unconsolidated financial statements, and whether the financial statements are derived from properly maintained accounting records. We conducted our audit in accordance with section 7 of the Accounting Act dated 29 September 1994 (Official Journal from 2002, No. 76, item 694 with amendments) ("the Accounting Act"), the professional standards established by the Polish National Council of Certified Auditors and International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements and the accounting records from which they are derived are free of material misstatements.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the accompanying unconsolidated financial statements of PKN ORLEN S.A. have been prepared and present fairly in all material respects the financial position of the Company as at 31 December 2007 and the results of its operations and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, are in compliance with the respective regulations and the provisions of the Company's Statute that apply to the Company's unconsolidated financial statements and have been prepared from accounting records, that in all material respects have been properly maintained.

Other Matters

As required under the Accounting Act we also report that the Report on the Company's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 October 2005 on current and periodic information provided by issuers of securities (Official Journal from 2005, No 209, item 1744) and the information is consistent with the unconsolidated financial statements.

....

Certified Auditor No. 10268/7598
Monika Bartoszewicz

....

For KPMG Audyt Sp. z o.o.
ul. Chłodna 51; 00-867 Warsaw
Certified Auditor No. 9451/7175
Leszek Dubicki,
Member of the Management Board

Warsaw, 22 April 2008

TRANSLATION

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Polski Koncern Naftowy ORLEN

Spółka Akcyjna

Report supplementing the auditor's opinion on the unconsolidated financial statements

Financial Year ended 31 December 2007

The report supplementing the auditor's opinion
contains 14 pages
Report supplementing the auditor's oppinion
on the unconsolidated financial statements
for the finanacial year ended
31 December 2007

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Contents

1 General

1.1 General information about the Company

1.1.1 Company name

Polski Koncern Naftowy ORLEN Spółka Akcyjna

1.1.2 Registered office

7 Chemików Street
09-411 Płock

1.1.3 Registration in the National Court Register

Registration court:	District Court in Warsaw, XXI Commercial Department of the National Court Register
Date:	19 July 2001
Registration number:	KRS 0000028860

1.1.4 Tax Office and Provincial Statistical Office registration

NIP number:	774-00-01-454
REGON:	610188201

1.2 Auditor information

Name:	KPMG Audyt Sp. z o.o.
Registered office:	Warsaw
Address:	ul. Chłodna 51, 00-867 Warsaw
Registration number:	KRS 0000104753
Registration court:	District Court for the Capital City Warsaw in Warsaw, XII Commercial Department of the National Court Register
Share capital:	PLN 125,000
NIP number:	526-10-24-841

KPMG Audyt Sp. z o.o. is entered in the register of entities authorised to audit financial statements under number 458.

1.3 Legal status

1.3.1 Share capital

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

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

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

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

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

According to the Commercial Register the share capital of the Company amounted to PLN 534,636 thousand as at 31 December 2007 divided into 427,709,061 ordinary shares with a nominal value of PLN 1.25 each. On 1 January 2004 - transition date to IFRS as adopted by the European Union the share capital has been restated by an amount of PLN 522,999 thousand in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies". After the restatement share capital presented in the financial statements as at 31 December 2007 amounts to PLN 1,057,635 thousand.

As at 31 December 2007, the shareholder structure was as follows:

Name of the Shareholder	Number of shares	Voting rights (%)	Nominal value of shares PLN	Percentage of share capital (%)
Nafta Polska S.A.	74,076,299	17.3%	92,595,374	17.3%
State Treasury	43,633,897	10.2%	54,542,371	10.2%
Others	309,998,865	72.5%	387,498,581	72.5%
	427,709,061	100.0%	534,636,326	100.0%

1.3.2 Related parties

The Company is a member of the PKN ORLEN S.A. Group.

1.3.3 Management of the Company

The Management Board is responsible for management of the Company.

At 31 December 2007, the Management Board of the Company was comprised of the following members:

- Piotr Kownacki - President of the Board of Directors, Chief Executive Officer,
- Cezary Filipowicz - Vice President of the Board of Directors, Upstream and Crude Oil Procurement,
- Wojciech Heydel - Vice President of the Board of Directors, Sales,

- Waldemar Maj - Vice President of the Board of Directors, Chief Financial Officer,
- Dariusz Formela - Member of the Board of Directors, Organisation and Capital Group,
- Krystian Pater - Member of the Board of Directors, Production,
- Krzysztof Szwedowski - Member of the Board of Directors, Purchases and IT.

During 2007 the following changes in the composition of the Management Board of the Company occurred:

On 18 January, The Supervisory Board of PKN ORLEN S.A. dismissed Mr. Igor Chalupec from the position of President of PKN ORLEN S.A. Management Board, effective from 18 January 2007. Mr. Igor Chalupec held position of the President of the PKN ORLEN S.A. Management Board from 1 October 2007. At the same time, the Supervisory Board of PKN ORLEN S.A. appointed Mr. Piotr Kownacki, the Vice President of the Company responsible for Audit and Regulations at that date, to the position of the President of the PKN ORLEN S.A. Management Board.

On 15 March 2007, the Supervisory Board of PKN ORLEN S.A., dismissed at the request of the person concerned Mr. Jan Maciejewicz from position of Vice President of PKN ORLEN S.A. Management Board responsible for Cost Management, effective from 15 March 2007. Besides, following the motion of the President of PKN ORLEN S.A. Management Board, the Supervisory Board dismissed Mr. Cezary Smorszczewski from the position of Vice President of the Management Board, Chief Investment Officer. At the same time, following the motion of the President of the PKN ORLEN S.A. Management Board, the Supervisory Board appointed Mr. Krystian Pater to the position of the Member of the Management Board.

On 19 April 2007, the Supervisory Board of the PKN ORLEN S.A., after the motion of President of the Management Board, appointed Mr. Paweł Szymański, the Memeber of the Board to the position of the Vice President of the Management Board.

On 30 July 2007, the Supervisory Board of the PKN ORLEN S.A., after the motion of President of the Management Board, dismissed Mr. Paweł Szymański, from the position of the Vice President of the Management Board, effective from 30 July 2007. At the same time, the Supervisory Board appointed Mr. Dariusz Formela to the position of the Member of the PKN ORLEN S.A. Management Board effective from 30 July 2007.

On 23 August 2007, the Supervisory Board of the PKN ORLEN S.A., after the motion of President of the Management Board, appointed Mr. Waldemar Maj, to the position of the Vice President of the Management Board, effective from 3 September 2007.

After 31 December 2007 there were the following changes in the Management Board of PKN ORLEN S.A.:

On 29 February 2008, the Supervisory Board decided to suspend Mr. Piotr Kownacki, the President of the Management Board.

At the same time, the Supervisory Board decided that for the time of suspension of Mr. Piotr Kownacki, Mr. Wojciech Heydel, Vice President of the Management Board will hold the rights the President of the Management Board.

As at the date of publication of this report the Management Board of the Company comprised the following members:

- Piotr Kownacki - President of the Board of Directors, Chief Executive Officer (suspended),
- Cezary Filipowicz - Vice President of the Board of Directors, Upstream and Crude Oil Procurement,
- Wojciech Heydel - Vice President of the Board of Directors, Sales (acting as President of the Board of Directors),
- Waldemar Maj - Vice President of the Board of Directors, Chief Financial Officer,
- Dariusz Formela - Member of the Board of Directors, Organisation and Capital Group,
- Krystian Pater - Member of the Board of Directors, Production,
- Krzysztof Szwedowski - Member of the Board of Directors, Purchases and IT.

1.3.4 Scope of activities

The business activities listed in the Company's Statute include the following:

- processing of crude oil and manufacturing of oil-derivative (refinery and petrochemical) products and semi finished products,
- domestic and foreign trade on own account, on commission and as a consignee, including in particular: trade in crude oil, oil-derivative and other fuel, sale of motor vehicles, parts and accessories for motor vehicles, sale of industrial and consumer goods,
- research and development activity, project work, construction and production activities on own account and as a consignee, in the areas of processing, storage, packaging and trade in solid, liquid and gaseous oil products, derivative chemical products as well as transportation: by land, by rail, water and by pipeline,
- storage of crude oil and liquid fuels, creation and management of oil stock in accordance with appropriate regulations,
- services connected to the principal activity, especially:
  - land and sea reloading,
  - refining of gas and oil including ethylization, dyeing and blending of components,
- purchase, trade and processing of used lubricant oils and other chemical waste,
- manufacturing, transportation and trading in electrical and heating energy,
- overhaul of appliances used in principle activities, especially refinery and petrochemical installations, oil storage appliances, petrol stations and means of transportation,
- operation of petrol stations, bars, restaurants and hotels,
- capital investment activities, in particular: purchasing and trade in shares and interests in domestic and foreign trade,
- providing services in respect of the clearance of electronic fuel cards,
- extraction and exploration of a crude oil,
- extraction and exploration of natural gas.

1.4 Prior period financial statements

The unconsolidated financial statements for the period ended 31 December 2006 were audited by KPMG Audyt Sp. z o.o. and received an unqualified opinion.

The unconsolidated financial statements were approved at the General Meeting on 31 May 2007 where it was resolved to allocate the profit for the prior financial year of PLN 2,199,876 thousand as follows:

- reserve capital – PLN 2,195,876,021.08,
- Social Fund – PLN 4,000,000.00.

The closing balances as at 31 December 2006 have been properly recorded as the opening balances of the audited year.

The unconsolidated financial statements were submitted to the Registry Court on 16 July 2007 and were published in Monitor Polski B No. 1856 on 16 November 2007.

1.5 Audit scope and responsibilities

This report was prepared for the General Meeting of PKN ORLEN S.A., seated in Płock, 7 Chemików Street and relates to the unconsolidated financial statements comprising: the balance sheet as at 31 December 2007 with total assets and total liabilities and equity of PLN 31,969,707 thousand, the profit and loss account for the year then ended with a net profit of PLN 2,759,859 thousand, the statement of changes in equity for the year then ended with an increase in equity of PLN 2,823,996 thousand, the cash flow statement for the year then ended with a decrease in cash amounting to PLN 141,047 thousand and notes to the financial statements, comprising of a summary of significant accounting policies and other explanatory notes.

The audited Company prepares its unconsolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union on the basis of the decision of Extraordinary General Meeting of the PKN ORLEN S.A. dated 30 December 2004.

The unconsolidated financial statements have been audited in accordance with the contract dated 30 May 2005, concluded on the basis of the resolution of Supervisory Board dated 21 January 2005 on the appointment of the auditor.

We conducted the audit in accordance with section 7 of the Accounting Act, the professional standards established by the Polish National Council of Certified Auditors and International Standards on Auditing.

We audited the unconsolidated financial statements in the Company's head office during the period from 1 March 2008 to 22 April 2008.

Management of the Company is responsible for the accuracy of the accounting records and the preparation and fair presentation of the unconsolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and with other applicable regulations.

Our responsibility is to express an opinion, and to prepare a supplementing report, on the unconsolidated financial statements, and whether the unconsolidated financial statements are derived from properly maintained accounting records, based on our audit.

Management of the Company submitted a statement dated the same date as this report as to the true and fair presentation of the unconsolidated financial statements presented for audit, which confirmed that there were no undisclosed matters which could significantly influence the information presented in the unconsolidated financial statements.

All our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

KPMG Audyt Sp. z o.o., the members of its Management Board and Supervisory Board and other persons involved in the audit of the unconsolidated financial statements of the Company fulfil independence requirements. The scope of the work planned and performed has not been limited in any way. The method and scope of our audit is detailed in working papers prepared by us and retained in the offices of KPMG Audyt Sp. z o.o.

2 Financial analysis of the Company

2.1 Summary of the unconsolidated financial statements

2.1.1 Balance sheet

ASSETS	31.12.2007 PLN '000	% of total	31.12.2006 PLN '000	% of total
Non-current assets				
Property, plant and equipment	8,472,139	26.5	8,001,116	29.1
Intangible assets	58,592	0.2	42,806	0.2
Long-term financial assets	32,796	0.1	32,652	0.1
Investments in associates	11,252,587	35.2	10,791,463	39.3
Loans granted	47,000	0.1	5,589	0.0
Perpetual usufruct of land	78,659	0.2	75,948	0.3
Other non-current assets	16,426	0.1	46,980	0.2
Total non-current assets	19,958,199	62.4	18,996,554	69.2
Current assets				
Inventory	6,753,486	21.1	4,515,736	16.4
Trade and other receivables	4,746,410	14.9	3,475,623	12.7
Income tax receivable	76,575	0.3	55,394	0.2
Other financial assets	199,798	0.6	55,446	0.2
Loans granted	5,461	0.0	3,387	0.0
Short-term prepayments	57,486	0.2	55,396	0.2
Cash and cash equivalents	166,142	0.5	307,315	1.1
Financial assets classified as held for sale	6,150	0.0	6,150	0.0
Total current assets	12,011,508	37.6	8,474,447	30.8
TOTAL ASSETS	31,969,707	100.0	27,471,001	100.0

EQUITY AND LIABILITIES	31.12.2007 PLN '000	% of total	31.12.2006 PLN '000	% of total
Equity				
Share capital	1,057,635	3.3	1,057,635	3.9
Share premium	1,227,253	3.8	1,227,253	4.5
Hedging reserve	87,584	0.3	23,447	0.1
Retained earnings	15,461,110	48.4	12,701,251	46.2
Total equity	17,833,582	55.8	15,009,586	54.7
Liabilities				
Interest-bearing loans and borrowings	6,500,200	20.3	3,495,630	12.7
Provisions	453,971	1.4	475,737	1.7
Deferred tax liabilities	295,350	0.9	228,199	0.8
Other long term liabilities	39,546	0.1	50,286	0.2
Total non-current liabilities	7,289,067	22.7	4,249,852	15.4
Trade and other liabilities and accrued expenses	5,788,892	18.1	4,457,301	16.2
Provisions	596,254	1.9	604,812	2.2
Interest-bearing loans and borrowings	440,262	1.4	3,139,842	11.5
Deferred income	985	-	1,081	-
Other current financial liabilities	20,665	0.1	8,527	0.0
Total current liabilities	6,847,058	21.5	8,211,563	29.9
Total liabilities	14,136,125	44.2	12,461,415	45.3
TOTAL EQUITY AND LIABILITIES	31,969,707	100.0	27,471,001	100.0

2.1.2 Profit and loss account

	1.01.2007 - 31.12.2007 PLN '000	% of total sales	1.01.2006 - 31.12.2006 PLN '000	% of total sales
Revenue				
Sales of finished goods	35,782,667		33,841,496	
Excise tax and other charges	(11,133,630)		(9,450,413)	
Revenues from sale of finished goods	24,649,037		24,391,083	
Revenues from sale of merchandise and raw materials	19,675,131		9,888,116	
Excise tax and other charges	(1,620,500)		(778,165)	
Revenues from sale of merchandise and raw materials	18,054,631		9,109,951	
Net sales revenue	42,703,668	100.0%	33,501,034	100.0%
Cost of finished goods	(20,812,723)	-48.7%	(20,883,850)	-62.3%
Cost of merchandise and raw materials	(17,327,593)	-40.6%	(8,558,853)	-25.5%
Cost of goods and merchandise aand raw materials	(38,140,316)	-89.3%	(29,442,703)	-87.9%
Gross profit on sales	4,563,352	10.7%	4,058,331	12.1%
Other operating income	(1,686,709)	-3.9%	(1,457,965)	-4.4%
Distribution expenses	(691,039)	-1.6%	(549,174)	-1.6%
Administrative expenses	192,224	0.5%	253,560	0.8%
Other operating expenses	(284,634)	-0.7%	(303,746)	-0.9%
Operating profit before financing costs	2,093,194	4.9%	2,001,006	6.0%
Finance income	1,543,086	3.6%	891,903	2.7%
Finance expenses	(378,811)	-0.9%	(290,680)	-0.9%
Net finance profits/costs	1,164,275	2.7%	601,223	1.8%
Profit before tax	3,257,469	7.6%	2,602,229	7.8%
Income tax expense	(497,610)	-1.2%	(402,353)	-1.2%
Profit for the period	2,759,859	6.5%	2,199,876	6.6%
Profit for the period				
Basic earnings per share (PLN)	6.45		5.14	
Diluted earnings per share (PLN)	6.45	-	5.14	-

2.2 Selected financial ratios

		2007	2006	2005
1.	**Return on sales**			
	profit for the period x 100% / revenue	6.5%	6.6%	11.1%
2.	**Return on equity**			
	profit for the period x 100% / equity - profit for the period	18.3%	17.2%	24.4%
3.	**Debtors' days**			
	average trade receivables (gross) x 365 days / revenue	32 days	31 days	35 days
4.	**Debt ratio**			
	liabilities x 100% / equity and liabilities	44.2%	45.4%	33.0%
5.	**Current ratio**			
	current assets / current liabilities	1.8	1.0	1.8

- Net revenues are comprised of the sale of finished products, merchandise and raw materials.
- Average trade receivables represent the average of trade receivables at the beginning and at the end of the period, excluding allowances for receivables.

2.3 Interpretation of selected financial ratios

Return on sales

Return on sales remained on the comparable level to 2006. The decrease as compared to 2005 resulted from the decrease in Ural/ Brent differential, lower crack margins on refining products, increase in the average commodity price for Brent crude oil as well as the commencing of crude oil sales to Unipetrol Rafinerie a.s. and Mazeikiu Nafta.

Return on equity

Return on equity increased comparing to 2006 due to higher net profit for the year 2007.

Debtors' days

Debtors' days ratio remained on the comparable level to 2006.

Debt ratio

Debt ratio remained on the comparable level to 2006. The increase compared to 2005 is mainly attributed to an increased of credit facilities connected with purchase of AB Mazeiku Nafta shares.

Current ratio

Current ratio increased in 2007 as compared to the prior year due to significant increase in current assets, especially inventory due to changes in regulations concerning mandatory reserves.

3 Detailed report

3.1 Proper operation of the accounting system

The Company maintains current documentation describing the applied accounting principles, adopted by the Management Board, to the extent required by Art. 10 of the Accounting Act.

During the audit of the financial statements, we tested, on a sample basis, the operation of the accounting system. Our assessment covered in particular:

- appropriateness and consistency of the accounting principles used,
- correctness of the documentation of business transactions,
- fairness, accuracy and verifiability of the books of account, including the matching of accounting entries with supporting documentation and the financial statements,
- compliance of the adopted policies relating to safeguarding of accounting records, books of account and the financial statements with the Accounting Act.

On the basis of the work performed we have not identified material irregularities in the accounting system which have not been corrected and that could have a material impact on the financial statements. Our audit was not conducted for the purpose of expressing a comprehensive opinion on the operation of the accounting system.

3.2 Asset verification

The Company performed a physical verification of assets in accordance with the requirements and time frame specified in Art. No. 26 of the Accounting Act. The following categories of assets were included in the verification:

- cash,
- inventories,
- trade receivables.

Count differences have been recorded in the period covered by the unconsolidated financial statements.

3.3 Notes to the financial statements

All information included in the notes to the financial statements, comprising of a summary of significant accounting policies and other explanatory notes, is, in all material respects, presented accurately and completely. This information should be read in conjunction with the unconsolidated financial statements taken as a whole.

3.4 Report on the Company's activities

The Report on the Company's activities includes, in all material respects, information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 October 2005 on current and periodic information provided by issuers of securities (Official Journal from 2005, No 209, item 1744) and the information is consistent with the unconsolidated financial statements.

3.5 Information on the opinion of the independent auditor

Based on our audit of the unconsolidated financial statements as at and for the year ended 31 December 2007, we have issued an unqualified opinion.

....
Certified Auditor No. 10268/7598
Monika Bartoszewicz

....
For KPMG Audyt Sp. z o.o.
ul. Chłodna 51; 00-867 Warsaw
Certified Auditor No. 9451/7175
Leszek Dubicki,
Member of the Management Board

Warsaw, 22 April 2008