

## Financial Results of PKN ORLEN Group for Q4 2005 according to MSSF

### Primary financial data

PKN ORLEN Group	12 months ended 31 Dec. 2005 (unaudited data)		3 months ended 31 Dec. 2005 (unaudited data)		12 months ended 31 Dec. 2004 (unaudited data)		3 months ended 31 Dec. 2004 (unaudited data)		% change 12 months		% change 3 months	
	PLN '000	USD'000 <sup>1</sup>	PLN '000	USD'000 <sup>1</sup>	PLN '000	USD'000 <sup>1</sup>	PLN '000	USD'000 <sup>1</sup>	PLN'000	USD'000	PLN'000	USD'000
<b>Results according to MSSF</b>												
Sales revenue	42 804 215	13 232 824	12 968 831	3 941 774	30 728 894	8 422 567	8 399 241	2 570 147	39.3%	57.1%	54.4%	53.4%
EBITDA <sup>2</sup>	6 796 604	2 101 154	1 017 573	309 283	4 008 680	1 098 750	924 780	282 980	69.5%	91.2%	10.0%	9.3%
Operating profit/(loss)	5 059 931	1 564 266	400 410	121 701	2 689 265	737 108	561 375	171 779	88.2%	112.2%	-28.7%	-29.2%
Financial expenses	-442 396	-136 766	-134 108	-40 761	-326 619	-89 524	-197 528	-60 443	35.4%	52.8%	-32.1%	-32.6%
Net profit (loss)	4 723 946	1 460 397	340 248	103 416	2 566 801	703 542	713 573	218 352	84.0%	107.6%	-52.3%	-52.6%
Net profit (loss) according to LIFO method <sup>3</sup>	3 848 261	1 189 681	377 173	114 639	2 358 770	646 522	862 730	263 993	63.1%	84.0%	-56.3%	-56.6%
Operating cash flow	3 634 353	1 123 552	878 508	268 935	3 592 088	984 565	786 467	242 522	1.2%	14.1%	11.7%	11.0%

(1) The following average exchange rates were used for conversion of the financial data denominated in USD: 12 months 2005 – PLN 3.2347, 12 months 2004 – PLN 3.6484, 3 months 2005 – PLN 3.2901, 3 months 2004 – PLN 3.2680.

(2) EBITDA = OPERATING PROFIT + AMORTISATION/DEPRECIATION

(3) Excluding the LIFO effect at Unipetrol a.s.

- **Refining (Production + Wholesale)** – In Q4 2005, the segment's financial result dropped by PLN 147 m year on year, chiefly as a result of the increase of oil prices in internal consumptions, as well as the decrease of the URAL/Brent commodity oil differential level. The profit of Unipetrol a.s. attributable to this segment was PLN 34 m.
- **Refining (Retail)** – the loss of PLN 15 m recorded in Q4 2005 was PLN 39 m lower than the result for Q4 2004. In PKN ORLEN S.A. itself, the result was PLN 92 m higher due to the increase of margins for petrols. In Q4 2005, a provision for economic risk was established in the amount of PLN 137m in ORLEN Deutschland.
- **Petrochemicals** – Q4 2005 saw the segment's financial result decreasing relative to the analogous quarter of 2004 (down by PLN 31m) as a result of factors such as the repair shutdowns at BOP. Anwil S.A.'s profit attributable to the segment totalled PLN 60m.
- **Other Activities** – In Q4 2005, the segment's financial result decreased by PLN 43m towards Q4 2004.
- **Inland Premium** – In Q4 2005 the inland premium reached PLN 177m, which means a PLN 30m increase relative to Q4 2004.
- **Operating Profit (EBIT)** – the segment's profit decreased in Q4 2005 in relation to the analogous period of 2004 (by PLN 161m) as a result of higher costs of products sold.
- **Net Profit** – the Q4 2005 net profit stood at PLN 340m, which means a PLN 373m decrease towards the result for Q4 2004.
- **Net Operating Cash Flow** – A PLN 92m increase in cash generated in Q4 2005, year on year.
- **CAPEX (expenditure on property, plant and equipment and intangible assets)** – a PLN 150m increase in CAPEX in Q4 2005 over Q4 2004, caused mainly by the higher expenditure in the Refinery segment.
- **Operating Expenses Reduction Programme**– In Q4 2005, the implementation of the Programme led to PLN 228m cost savings, against PLN 149m in Q4 2004 (relative to the reference value, i.e. the costs incurred in 2002).

**Igor Chalupiec, President of the Management Board, General Manager:** „The year 2005 was a period of significant internal changes within PKN ORLEN S.A. and the first year of implementation of the strategy outlined by the new Management Board of the company at the end of 2004 and at the beginning of 2005. The foundation for the implementation of the strategy of PKN ORLEN was the change of its corporate culture, the elimination of its political character and the modernisation of the method of management of the company. These changes opened the way for actions aimed at improving the effectiveness of action and giving them top priority in the first period of implementation of the strategy for years 2005-2009.

The reduction of costs and the optimization of investment outlays are key elements of our strategy. In accordance with declarations, at the end of 2005 we not only achieved the target planned for the Comprehensive Cost Reduction Program – PLN 800m of repeated savings, but also exceeded it by more than PLN 80m. This is a tremendous success of all people involved in this project. From 1 January 2006 we also started to implement the OPTIMA program, which is aimed at utilising the new savings potential identified in the field of operating expenses and investment outlays by another amount of at least PLN 600m in each of these two areas by 2009. Another stage of implementation of the steady growth and building of value of the Corporation is the introduction of an organisation based on segment management rules from 1 January 2006. It will cover the entire PKN ORLEN after integration and key companies of the Capital Group. Segment management will ensure co-ordination of activities within all business segments and support functions. It will also create good conditions for the improvement of effectiveness of operation and investments and the utilization of the benefit of scale and synergy between companies. In 2005, one of the primary aims of the policy within the scope of the Capital Group was to establish clear criteria according to which decisions are made to retain companies within the Capital Group or sell them. In addition, a unified, cohesive and transparent system of remuneration and motivation of Members of Management Boards of companies and their executive staff was introduced in key companies on the basis of the MBO system.

The year 2005 saw the commencement of transformation of regional structures. In business aspects, this process is inevitable and necessary in order to reinforce the market position of the Corporation, but at the same time it is difficult in social aspects, because it involves the reduction of employment. Communication with employees and the dialogue with social partners was the primary value of the restructuring process. As a result of introduced changes, employment and organizational structures became more effective. More than 500 persons took advantage of coverage programs, and the transformation process itself was successful. Now we are using the same standards in the process of restructuring of the administrative area. The currently functioning Restructuring Agreement from 2002 does not correspond to the current corporate reality. Thus, new provisions were suggested in order to secure the coverage of all employees with the Voluntary Retirement Program, on condition that social partners express their consent to further restructuring activities.

Following the restructuring of regions, we prepared and implemented the retail sales development plan. In the last few years, changes on the Polish fuel market led to a clear division of the market in terms of the customer's needs. Consequently, there was demand for two kinds of stations with high and lower economic standard. After the introduction of premium segment fuels (Verva fuels) we presented the Bliska brand in November – the name of the new network of economical fuel stations addressed to drivers who seek both proved quality and a good price. I am convinced that the last year was a breakthrough for this segment in PKN ORLEN, however, neither

## Financial Results of PKN ORLEN Group for Q4 2005 according to MSSF

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*new premium fuels nor the best brand will replace a top quality service. I believe that customers will recognize the effects of our work in this area in 2006.*

*Talking about the achievements of our Company in 2005, we cannot ignore the achievements of the Production Plant in Plock, which received the honourable title of the Refinery of the Year 2005 in Central and Eastern Europe, granted for the corporate strategy, corporate infrastructure, technological innovation and development plans. In October 2005, the Plock refinery processed 400 millionth ton of petroleum oil after 41 years of production. Now, after years of intense modernisation and large investments, ORLEN managed to achieve an over 80 per cent yield of white products and their top European quality as well as recognition and respect of customers.*

*The constant prosperity in the refinery & petrochemical industry during the year 2005, supported by the intense internal restructuring of the Corporation, made it possible to achieve good financial results. In 2005, sales revenues rose by 39.3% , whereas the net profit improved by 84.0% towards 2004. Due to the growing demand for oil derivative products, along with decreasing free capacities of processing and petroleum oil output, oil prices significantly increased and refinery margins were kept on a satisfactory level. In 2005, the average price of Brent oil in quotations was USD 54.56/bbl and was higher than the price in 2004 by USD 16.27/bbl, i.e. by 42.5%. The operating activity of the Corporation is largely influenced by the differential between Ural and Brent oil, which was still kept on a relatively high level of USD 4.15/bbl, similar to the value from 2004 (USD 4.12/bbl). This is advantageous for refineries that process oil with worse quality. The prosperity in the refinery industry was accompanied by a downward trend on the petrochemical market, which was reflected by a drop of margins for a majority of segment products.*

*Observing the dynamic situation in our region, we are aware of the fact that in the next years the competitive advantage will be determined by active development operations in the field of mergers and acquisitions. Therefore, the Management Board attaches high importance to the 2<sup>nd</sup> and 3<sup>rd</sup> pillar of the effective strategy of building of PKN ORLEN S.A. 's own value, in particular to capital acquisitions both on home markets in Poland, Czech Republic and Germany and on new markets. In addition, steps were taken for the purpose of gradual development of the new area of output activity for PKN ORLEN. The year 2006 will be a period of building competence in this field, but also a period of active search of attractive projects”.*

## Financial Data by Area of Activity (Segment)

### *Market Overview*

In the 4<sup>th</sup> quarter of 2005, the average price of Brent oil was USD 56.91/bbl, having gone up by USD 13.03/bbl (29.7%) year on year. This rise in oil prices went hand in hand with the decrease of the URAL/Brent differential by 40.8%, i.e. from USD 6.13/bbl in Q4 2004 to USD 3.63 USD/bbl in Q4 2005. In Q4 2005, the average commodity price of petrol was USD 544.27/t, which is a USD 119.39/t, or 28.1%, increase over Q4 2004. In the same period, a significant rise was recorded in the commodity prices of diesel oil and Ekoterm - by USD 73.64/t and USD 103.09/t, respectively (or by 14.9% and 23.3%). In Q4 2005, the commodity crack margins increased substantially for petrols, light fuel oil and JET A-1 fuel, by 24.1%, 5.4% and 13.9%, respectively, as compared to Q4 2004. The decrease in margins was reported for diesel oil (by 14.6%) and main petrochemical products (except propylene); whose value for ethylene and propylene dropped by 5.8% and 63.3%, respectively as compared to Q4 2004. In the case of propylene, the commodity margin rose by 10.6% in Q4 2005. The Euro exchange rate decreased against the Polish currency by 7.8% (falling from PLN 4.24 /EUR in Q4 2004 to PLN 3.91/EUR in Q4 2005) and the U.S. dollar exchange rate slightly increased by 0.6% (rising from PLN 3.27/USD in Q4 2004 to PLN 3.29/USD in Q4 2005).

According to the estimated data, the domestic consumption of fuels (petrols, diesel oil) rose by approximately 124,000 tons (by 4.4%) in Q4 2005 year on year. The increase was reported mainly for diesel oil (by approx. 198,000 t), and the petrol consumption decreased by 73,000 t. In 2005, the estimated total growth of consumption of fuels (petrols, diesel oil) reached approx. 140,000 t in Poland.

Based on the GUS (Central Statistics Office) data, in Q4 2005 consumer prices rose by 0.4% (as compared to Q3 2005), while in Q4 2004 they rose by 0.9%. Consumer prices in Q4 2005 were 1.1% higher than in the analogous quarter of 2004. The unemployment rate at the end of Q4 2005 was 17.6%, whereas at the end of the analogous quarter of 2004 it was 19.1%.

Based on market data provided by Samar, 235,500 new cars were sold in Poland in 2005. This result is similar to that reported in 1991 and means a 26.0% drop as compared to sales in the last year. The low level of sales results from the unstable situation on the labour market and the lack of financial stability, which is additionally accompanied by a huge offer of imported secondhand cars. In 2005 the number of secondhand cars imported to Poland was 870,800, as compared to 828,000 pcs in 2004.

## Financial Results of PKN ORLEN Group for Q4 2005 according to MSSF

### Refining (Production + Wholesale)

Refining (Production + Wholesale)	12 months ended 31 Dec. 2005 (unaudited data)		3 months ended 31 Dec. 2005 (unaudited data)		12 months ended 31 Dec. 2004 (unaudited data)		3 months ended 31 Dec. 2004 (unaudited data)		% change 12 months		% change 3 months	
	PLN '000	USD '000 <sup>1</sup>	PLN '000	USD '000 <sup>1</sup>	PLN '000	USD '000 <sup>1</sup>	PLN '000	USD '000 <sup>1</sup>	PLN '000	USD '000 <sup>1</sup>	PLN '000	USD '000 <sup>1</sup>
<b>Results according to MSSF</b>												
<b>Revenue, including:</b>	<b>32 811 272</b>	<b>10 143 529</b>	<b>10 387 367</b>	<b>3 157 158</b>	<b>21 197 391</b>	<b>5 810 051</b>	<b>5 933 073</b>	<b>1 815 506</b>	<b>54.8%</b>	<b>74.6%</b>	<b>75.1%</b>	<b>73.9%</b>
Third-party sales	21 421 334	6 622 356	6 464 283	1 964 768	14 337 841	3 929 898	4 126 865	1 262 811	49.4%	68.5%	56.6%	55.6%
Intra-company sales*	11 389 938	3 521 173	3 923 084	1 192 391	6 859 550	1 880 153	1 806 208	552 696	66.0%	87.3%	117.2%	115.7%
<b>Segment's costs</b>	<b>-29 795 035</b>	<b>-9 211 066</b>	<b>-9 967 264</b>	<b>-3 029 471</b>	<b>-18 695 362</b>	<b>-5 124 263</b>	<b>-5 337 592</b>	<b>-1 633 290</b>	<b>59.4%</b>	<b>79.8%</b>	<b>86.7%</b>	<b>85.5%</b>
Other operating income	144 945	44 055	59 172	17 985	94 323	28 669	65 761	20 123	53.7%	53.7%	-10.0%	-10.6%
Other operating expenses.	-286 739	-87 152	-128 871	-39 169	-345 014	-104 864	-162 275	-49 656	-16.9%	-16.9%	-20.6%	-21.1%
Excess of fair value of acquired assets over the acquisition price	663 787	201 753	1 249									
<b>Segment's result**</b>	<b>3 538 230</b>	<b>1 091 118</b>	<b>351 653</b>	<b>106 503</b>	<b>2 251 338</b>	<b>609 592</b>	<b>498 967</b>	<b>152 683</b>	<b>57.2%</b>	<b>79.0%</b>	<b>-29.5%</b>	<b>-30.2%</b>
Sales to third parties (thousand tons)	11 061		3 021		9 143		2 519		21.0%		19.9%	

\*) The revenue includes the following transfers to retail: 12 months 2005 – PLN 3,663,840 thousand, 12 months 2004 – PLN 2,574,828 thousand, 3 months 2005 – PLN 973,396 thousand, 3 months 2004 – PLN 588,072 thousand.

\*\*) The segment's operating result, net of the costs not attributed to any of the segments and applicable to the entire Group.

The Q4 2005 result for the refining segment totalled PLN 351,653 thousand, as compared to PLN 498,967 thousand in Q4 2004. The segment's revenues expanded by 75.1%, while its costs and expenses grew by 86.7%. The growth of the segment's revenues is a result of favourable changes with respect to commodity prices for fuels and the resulting increase of fuel margins. On the other hand, the increase in costs was caused by such factors as the rising price of oil. The commodity Brent prices in Q4 2005 went up by 29.7% year on year. The results of the segments were also affected negatively by the drop of the quoted URAL/Brent oil differential level by 40.8% (i.e. by USD 2.5/bbl).

In Q4 2005, the implementation of the comprehensive Operating Expenses Reduction Programme yielded PLN 78,221 thousand in savings for the segment, i.e. PLN 14,337 thousand more than in the analogous period of 2004.

Unipetrol's profit attributable to this segment totalled PLN 34 million. At the same time, Rafineria Trzebinia S.A. and Rafineria Nafty Jedlicze recorded a loss for this segment in Q4 2005, which amounts to PLN 32 million and PLN 9 million, respectively.

It must be stressed that, when comparing the 4<sup>th</sup> quarters of 2005 and 2004, the rise in the volume of third-party sales by 19.9% was accompanied by a 56.6% growth of value. In Q4 2005, the volume of petrol and diesel oil sold to third parties grew by 43.1% and 42.3%, respectively, in comparison with Q4 2004. In the same period, growth was also reported for liquid gas, the sales of which rose by 40.7% (16,000 tons) in Q4 2005 in comparison with Q4 2004. The downward trend was reported for the volume of Ekoterm sales (14.2% decrease). In comparison with Q4 2004, Q4 2005 saw the increase of outlays for fixed and intangible assets by PLN 50,928 thousand.

After 4 quarters of 2005, the profit achieved by this segment was PLN 3,538,230 thousand and was 57.2% higher than the profit for the analogous period of 2004. This increase was influenced by the excess of fair value of acquired net assets over the acquisition cost, disclosed in 2005 at PLN 663,787 thousand (without this effect, the segment's result increased by 27.7%).

# Financial Results of PKN ORLEN Group for Q4 2005 according to MSSF

## Refinery (Retail)

Refinery (Retail)	12 months ended 31 Dec. 2005 (unaudited data)		3 months ended 31 Dec. 2005 (unaudited data)		12 months ended 31 Dec. 2004 (unaudited data)		3 months ended 31 Dec. 2004 (unaudited data)		% change 12 months		% change 3 months	
	PLN '000	USD '000 <sup>1</sup>	PLN '000	USD '000 <sup>1</sup>	PLN '000	USD '000 <sup>1</sup>	PLN '000	USD '000 <sup>1</sup>	PLN '000	USD '000 <sup>1</sup>	PLN '000	USD '000 <sup>1</sup>
<b>Results according to MSSF</b>												
<b>Revenue, including:</b>	<b>13 753 435</b>	<b>4 251 843</b>	<b>3 761 656</b>	<b>1 143 326</b>	<b>11 583 773</b>	<b>3 175 028</b>	<b>2 936 915</b>	<b>898 689</b>	<b>18.7%</b>	<b>33.9%</b>	<b>28.1%</b>	<b>27.2%</b>
Third-party sales	13 708 991	4 238 103	3 749 243	1 139 553	11 547 818	3 165 173	2 925 106	895 075	18.7%	33.9%	28.2%	27.3%
Intra-company sales*	44 444	13 740	12 413	3 773	35 955	9 855	11 809	3 614	23.6%	39.4%	5.1%	4.4%
<b>Segment's costs</b>	<b>-13 525 207</b>	<b>-4 181 286</b>	<b>-3 663 063</b>	<b>-1 113 359</b>	<b>-11 505 478</b>	<b>-3 153 568</b>	<b>-2 932 932</b>	<b>-897 470</b>	<b>17.6%</b>	<b>32.6%</b>	<b>24.9%</b>	<b>24.1%</b>
Other operating income	163 443	49 677	83 641	25 422	114 108	34 682	50 444	15 436	43.2%	43.2%	65.8%	64.7%
Other operating expenses.	-287 182	-87 287	-197 313	-59 972	-198 235	-60 252	-108 552	-33 217	44.9%	44.9%	81.8%	80.5%
Excess of fair value of acquired assets over the acquisition price	161 382	49 051										
<b>Segment's result**</b>	<b>265 871</b>	<b>81 997</b>	<b>-15 079</b>	<b>-4 583</b>	<b>-5 832</b>	<b>-4 110</b>	<b>-54 125</b>	<b>-16 562</b>	<b>-4658.8%</b>	<b>-2095.1%</b>	<b>-72.1%</b>	<b>-72.3%</b>
Sales to third parties (thousand tons)	3 487		901		3 346		852		4.2%		5.8%	

\*) The segment's operating result, net of the costs not attributed to any of the segments and applicable to the entire Group.

In Q4 2005, the segment's revenue increased by PLN 824,741 thousand (28.1%) over Q4 2004, while costs increased by PLN 730,131 thousand (24.9%). The growth of revenue of the segment was also accompanied by a rise in volume sales by 5.8% within the Group, mainly due to the remarkable increase of diesel oil sales by 16.6%. A slight sales decrease was reported for petrols and liquid gas, by 1.2% and 2.9%, respectively. It results mainly from the existing trend of decrease in petrol consumption and adverse weather conditions in December. Favourable trends were reported with regard to revenue from the sale of services, the value of which went up by PLN 17,339 thousand. PKN's German operations attributable to this segment brought a loss of PLN 161,636 thousand in Q4 2005 (as compared to PLN 95,583 thousand in Q4 2004). It is the result of the establishment of a provision for economic risk in ORLEN Deutschland in the amount of PLN 137 million, and the profit of PLN 12,603 thousand was contributed to this segment by Unipetrol a.s. In PKN ORLEN S.A., the result of this segment for Q4 2005 was PLN 142,299 thousand (in Q4 2004 it reached PLN 50,174 thousand). The improvement of the result in PKN ORLEN S.A. is a consequence of the increase of unit margins for fuels and non-fuel goods and the increase of volume sales of diesel oil and liquid gas. The total retail margin for fuels and non-fuel goods in Q4 2005 rose by 19.1% as compared to the analogous period of 2004.

As a result of the influence of the above factors, the segment's loss totalled PLN 15,079 thousand in Q4 2005, whereas in Q4 2004 it reached PLN 54,125 thousand.

The implementation of the Comprehensive Operating Expenses Reduction Programme yielded PLN 54,162 thousand in savings for the segment in Q4 2005 (Q4 2004: PLN 42,051 thousand).

In comparison with Q4 2004, Q4 2005 saw the increase of outlays for fixed and intangible assets by PLN 98,685 thousand.

After 4 quarters of 2005, the result of this segment was PLN 265,871 thousand, whereas after 4 quarters of 2004 the loss reached PLN 5,832 thousand. This increase was also influenced by the excess of fair value of acquired net assets over the acquisition cost, disclosed in 2005 at PLN 161,382 thousand.

# Financial Results of PKN ORLEN Group for Q4 2005 according to MSSF

## Petrochemicals

Petrochemicals	12 months ended 31 Dec. 2005 (unaudited data)		3 months ended 31 Dec. 2005 (unaudited data)		12 months ended 31 Dec. 2004 (unaudited data)		3 months ended 31 Dec. 2004 (unaudited data)		% change 12 months		% change 3 months	
	PLN '000	USD '000 <sup>1</sup>	PLN '000	USD '000 <sup>1</sup>	PLN '000	USD '000 <sup>1</sup>	PLN '000	USD '000 <sup>1</sup>	PLN '000	USD '000 <sup>1</sup>	PLN '000	USD '000 <sup>1</sup>
<b>Results according to MSSF</b>												
<b>Revenue, including:</b>	<b>9 085 300</b>	<b>2 808 699</b>	<b>3 224 936</b>	<b>980 194</b>	<b>5 623 990</b>	<b>1 541 495</b>	<b>1 544 329</b>	<b>472 561</b>	<b>61.5%</b>	<b>82.2%</b>	<b>108.8%</b>	<b>107.4%</b>
Third-party sales	6 686 254	2 067 040	2 361 460	717 747	4 082 509	1 118 986	1 115 094	341 216	63.8%	84.7%	111.8%	110.3%
Intra-company sales	2 295 306	709 589	835 115	253 827	1 480 130	405 693	406 759	124 467	55.1%	74.9%	105.3%	103.9%
Settlement value of hedging transactions	103 740	32 071	28 361	8 620	61 351	16 816	22 476	6 878	69.1%	90.7%	26.2%	25.3%
<b>Segment's costs</b>	<b>-8 236 469</b>	<b>-2 546 285</b>	<b>-3 031 074</b>	<b>-921 271</b>	<b>-4 699 482</b>	<b>-1 288 094</b>	<b>-1 225 809</b>	<b>-375 095</b>	<b>75.3%</b>	<b>97.7%</b>	<b>147.3%</b>	<b>145.6%</b>
Other operating income	170 894	51 942	109 426	33 259	32 480	9 872	11 086	3 392	426.2%	426.2%	887.1%	880.5%
Other operating expenses.	-124 222	-37 756	-56 803	-17 265	-76 326	-23 199	-51 427	-15 737	62.8%	62.7%	10.5%	9.7%
Excess of fair value of acquired assets over the acquisition price	1 076 642	327 237										
<b>Segment's result*</b>	<b>1 972 145</b>	<b>603 837</b>	<b>246 485</b>	<b>74 917</b>	<b>880 662</b>	<b>240 074</b>	<b>278 179</b>	<b>85 122</b>	<b>123.9%</b>	<b>151.5%</b>	<b>-11.4%</b>	<b>-12.0%</b>
Sales to third parties (thousand tons)	2 800		748		2 191		564		27.8%		32.6%	

\*) The segment's operating result, net of the costs not attributed to any of the segments and applicable to the entire Group.

The segment's result for Q4 2005 was PLN 246,485 thousand, while in the corresponding quarter of 2004 it totalled PLN 278,179 thousand. The revenue on petrochemicals rose by PLN 1,680,607 thousand (108.8%), and the volume of sales to external customers increased by 32.6%. Q4 2005 saw an increase in the volume of sales of the segment's main products, including ethylene – by 172.0% (199.0% increase in value), polyethylene – by 213.3% (166.4% increase in value), polypropylene – by 154.2% (145.2% increase in value) and benzene – by 78.9% (20.9% increase in value), mainly due to the consolidation of Unipetrol a.s. The deterioration of the result of this segment was influenced by the loss of Basell Orlen Polyolefins Sp. z o.o. in the amount of PLN 23,201 thousand, which results mainly from emergency shut-downs of the installation in Q4 2005. Slightly lower results were recorded by Anwil S.A. (decrease of the result by PLN 2,689 thousand in Q4 2005), which is caused by a decrease in the amount of sales volume of ammonium nitrate, Canwil and PVC granulate by 7.2%, 8.5% and 9.9% respectively, and lower prices of execution of products, especially PVC and caustic soda. PKN ORLEN S.A. itself recorded a decrease of the result attributable to this segment by PLN 53,965 thousand. The above relations were caused by a declining trend of commodity margins on a majority of petrochemical products and the decrease of sales of acetone, ethylene oxide and orthoxylene. The decrease of acetone sales is a result of smaller demand for this product and resignation of two leading customer from the part of receipts.

The implementation of the Comprehensive Operating Expenses Reduction Programme yielded PLN 7,590 thousand in savings for this segment in Q4 2005 (Q4 2004: PLN 5,424 thousand).

In comparison with Q4 2004, Q4 2005 saw the decrease of outlays for fixed and intangible assets by PLN 47,635 thousand.

After 4 quarters of 2005, the result achieved by this segment was PLN 1,972,145 thousand and exceeded the result for the analogous period of 2004 by PLN 1,091,483 thousand. This improvement of the segment's result was influenced mainly by the excess of fair value of acquired net assets over the acquisition cost, disclosed in 2005 at PLN 1,076,642 thousand.

# Financial Results of PKN ORLEN Group for Q4 2005 according to MSSF

## Other Activities

Other Activities	12 months ended 31 Dec. 2005 (unaudited data)		3 months ended 31 Dec. 2005 (unaudited data)		12 months ended 31 Dec. 2004 (unaudited data)		3 months ended 31 Dec. 2004 (unaudited data)		% change 12 months		% change 3 months	
	PLN '000	USD '000 <sup>1</sup>	PLN '000	USD '000 <sup>1</sup>	PLN '000	USD '000 <sup>1</sup>	PLN '000	USD '000 <sup>1</sup>	PLN '000	USD '000 <sup>1</sup>	PLN '000	USD '000 <sup>1</sup>
<b>Results according to MSSF</b>												
<b>Revenue, including:</b>	<b>1 688 857</b>	<b>522 106</b>	<b>524 004</b>	<b>159 267</b>	<b>1 482 723</b>	<b>406 404</b>	<b>420 066</b>	<b>128 539</b>	<b>13.9%</b>	<b>28.5%</b>	<b>24.7%</b>	<b>23.9%</b>
Third-party sales	883 896	273 254	365 484	111 086	699 375	191 694	209 700	64 168	26.4%	42.5%	74.3%	73.1%
Intra-company sales	804 961	248 852	158 520	48 181	783 348	214 710	210 366	64 371	2.8%	15.9%	-24.6%	-25.2%
<b>Segment's costs</b>	<b>-1 704 317</b>	<b>-526 886</b>	<b>-563 008</b>	<b>-171 122</b>	<b>-1 461 567</b>	<b>-400 605</b>	<b>-452 020</b>	<b>-138 317</b>	<b>16.6%</b>	<b>31.5%</b>	<b>24.6%</b>	<b>23.7%</b>
Other operating income	40 126	12 196	12 110	3 681	55 786	16 956	15 461	4 731	-28.1%	-28.1%	-21.7%	-22.2%
Other operating expenses.	-113 175	-34 399	-81 008	-24 622	-109 314	-33 225	-48 802	-14 933	3.5%	3.5%	66.0%	64.9%
Excess of fair value of acquired assets over the acquisition price	274 542	83 445										
<b>Segment's result*</b>	<b>186 033</b>	<b>56 463</b>	<b>-107 902</b>	<b>-32 796</b>	<b>-32 372</b>	<b>-10 471</b>	<b>-65 295</b>	<b>-19 980</b>	<b>-674.7%</b>	<b>-639.2%</b>	<b>65.3%</b>	<b>64.1%</b>
Third-party sales (thousand tons)	208		63		265		105		-21.5%		-40.0%	

\*) The segment's operating result, net of the costs not attributed to any of the segments and applicable to the entire Group.

In addition to the companies involved in the production of energy and provision of services to PKN ORLEN S.A., the "Other Activities" segment includes a number of Group entities which were separated mainly within the restructuring process.

In Q4 2005, the segment achieved a loss of PLN 107,902 thousand. For comparison, the loss earned in Q4 2004 was PLN 65,295 thousand.

The implementation of the comprehensive Operating Expenses Reduction Programme yielded PLN 87,863 thousand in savings for the segment in Q4 2005 (Q4 2004: PLN 37,641 thousand).

In comparison with Q4 2004, Q4 2005 saw the increase of outlays for fixed and intangible assets by PLN 46,059 thousand.

After 4 quarters of 2005, the result achieved by this segment was PLN 186,033 thousand and exceeded the result for the analogous period of 2004 by PLN 218,405 thousand. The growth of the segment's result was influenced mainly by the excess of fair value of acquired net assets over the acquisition cost, disclosed in 2005 at PLN 274,542 thousand.

## Financial Review

### *Profit and Loss Account*

The gross profit on sales for Q4 2005 totalled PLN 1,598,329 thousand, rising by PLN 39,530 thousand (2.5%) in comparison with the result reported for Q4 2004. Total sales revenues rose by PLN 4,569,590 thousand (54.4%), with a simultaneous increase of costs by PLN 4,756,556 thousand (62.7%). In Q4 2005, there was a year-on-year increase in the Group's external sales in all segments: Refining (Production + Wholesale), which rose by PLN 2,337,418 thousand (56.6%), in Refining (Retail), where external sales was higher by PLN 824,137 thousand (28.2%), in Petrochemicals where external sales expanded by PLN 1,246,366 thousand (111.8%) and in Other Activities, which rose by PLN 155,784 thousand (74.3%). The rise in the value of external sales was accompanied by an increase in volume sales by 19.9%, 5.8%, and 32.6%, respectively, and by a 40.0% decrease in other activities. The amount of revenue derived from Refining (Production + Wholesale) is substantially affected by factors such as higher commodity prices of fuel.

In Q4 2005, costs of sale rose by PLN 107,656 thousand (20.8%) relative to Q4 2004, and totalled PLN 625,004 thousand. In the same period, general administrative expenses increased by PLN 118,840 thousand (51.9%) relative to Q4 2004, and reached the level of PLN 347,626 thousand, of which general administrative expenses in the capital group Unipetrol a.s. totalled PLN 79,063 thousand.

Other operating revenues increased by PLN 124,816 thousand, whereas other operating costs increased by PLN 92,970 thousand. The loss on other operating activities in the 4<sup>th</sup> quarter of 2005 amounted to PLN 216,006; for comparison, the loss in Q4 2004 reached PLN 225,289 thousand. The amount of loss in this segment was largely influenced by the establishment of a provision for economic risk in ORLEN Deutschland in the amount of PLN 137 million.

In Q4 2005, the value of EBITDA was PLN 1,017,573 thousand, which means an increase by PLN 92,793 thousand in comparison with Q4 2004. The operating profit (EBIT) for Q4 2005 was PLN 400,410 thousand and was lower than the figure for Q4 2004 by PLN 160,965 thousand.

Financial income in the 4<sup>th</sup> quarter of 2005 was PLN 139,549 thousand, having fallen by PLN 298,417 thousand in comparison with the Q4 2004 figure. The Group also reported a PLN 63,420 thousand decrease in financial expenses towards the Q4 2004 figure. Consequently, the profit of this segment totalled PLN 5,441 thousand in Q4 2005, while in the analogous period of 2004 the Group recorded a profit of PLN 240,438 thousand. The drop of results for this segment was caused mainly by the foreign exchange rate. In Q4 2004 a strong appreciation of PLN occurred, which resulted in a high level of positive exchange differences and, consequently, a considerable increase of financial income.

The share of entities evaluated with the equity method in the financial result amounted to PLN 39,108 thousand in Q4 2005, relative to PLN 51,411 thousand in Q4 2004.

The Q4 2005 income tax was PLN 104,711 thousand, which constitutes an decrease by PLN 34,940 thousand year on year.

The above factors produced a net profit of PLN 340,248 thousand for Q4 2005, which means a PLN 373,325 thousand decrease towards the profit for Q4 2004.

## Financial Results of PKN ORLEN Group for Q4 2005 according to MSSF

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After 4 quarters of 2005, the net profit was PLN 4,723,946 thousand and exceeded the profit for the analogous period of 2004 by PLN 2,157,145 thousand, mainly due to the fact that other operating revenues for the year 2005 were expanded by the excess of fair value of acquired net assets over the acquisition price in the amount of PLN 2,006,276 thousand.

### **Balance Sheet**

As at the end of the 4<sup>th</sup> quarter of 2005, the total assets amounted to PLN 33,666,261 thousand, which is a 61.4% increase from 31 December 2004. The value of fixed assets rose by PLN 8,178,138 thousand (63.2%) in relation to their value as at 31 December 2004, and amounted to PLN 21,117,718 thousand, mainly due to a growth of tangible fixed assets by PLN 7,127,550 thousand in relation to their value as at 31 December 2004 (including tangible fixed assets of Unipetrol – PLN 6,660,331 thousand). As at the end of Q4 2005, current assets grew from PLN 7,921,623 thousand (as at 31 December 2004) to PLN 12,470,110 thousand, mainly due to an increase in inventories, trade debtors and other receivables by PLN 2,923,643 thousand and PLN 2,179,241 thousand, respectively. The strong growth of receivables is a result of the consolidation of the Unipetrol a.s. Group and an increase in product prices. Concurrently, the value of short-term securities dropped by PLN 915,584 thousand (funds assigned for acquisition of Unipetrol). Compared to the end of 2004, the working capital (current assets less current liabilities) decreased from PLN 3,960,179 thousand to PLN 3,761,761 thousand.

At the end of Q4 2005, total shareholders' equity stood at PLN 19,467,512 thousand, which means an increase by PLN 5,803,506 thousand (42.5%) in relation to the end of 2004, mainly due to an increase in retained profits by PLN 3,767,047 thousand. Long-term liabilities amounted to PLN 5,490,400 thousand and rose by PLN 2,254,647 thousand in comparison with the end of 2004, mainly due to an increase in loans and borrowings (by PLN 1,199,351 thousand) and total provisions (by PLN 303,996 thousand). Short-term liabilities increased from PLN 3,961,444 thousand as at 31 December 2004 to PLN 8,708,349 thousand as at 31 December 2005. With regard to short-term liabilities, there has been a significant increase (by PLN 3,323,206 thousand) of trade creditors, other liabilities and accrued expense. The Group's total debt (loans, borrowings and securities) reached PLN 4,394,641 thousand as at 31 December 2005, which means an increase by PLN 2,063,478 thousand as compared with the end of 2004. The increase of all liabilities results from this year's disclosure of liabilities of the capital group Unipetrol a.s., and in the case of trade liabilities - also from an increase in petroleum oil prices.

### **Cash Flow**

The Q4 2005 net operating cash flow stood at PLN 878,508 thousand, having risen by PLN 92,041 thousand relative to the analogous quarter of 2004. This increase is attributable mainly to favourable trends with respect to liabilities and accrued expense (increase by PLN 202,185 thousand in Q4 2005, against a PLN 437,366 thousand decrease in Q4 2004). The decrease of operating cash was also a result of the drop of net profit by PLN 373,325 thousand in Q4 2005. On the other hand, operating cash flow was affected negatively also by trends with regard to stock (in Q4 2005 the amount of stock rose by PLN 445,359 thousand, whereas in Q4 2004 it dropped by PLN 201,259 thousand). In Q4 2005, the net cash outflow for investments was PLN 578,155 thousand, which meant a PLN 550,378 thousand decrease towards the analogous period of 2004. This decrease results mainly from transactions in short-term securities. In Q4 2005, the purchase and sale balance of short-term securities totalled

## Financial Results of PKN ORLEN Group for Q4 2005 according to MSSF

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PLN (-)16,272 thousand, whereas in the analogous quarter of 2004 it totalled PLN (-)688,124 thousand. At the same time, expenses for acquisition of shares and stocks increased by PLN 260,502 thousand.

In Q4 2005, the Group reported a negative balance of financing cash flow of PLN 442,194 thousand (in Q4 2004, the balance was negative at PLN 1,283 thousand). In Q4 2005, net receipts from loans and borrowings were PLN 91,516 thousand, while in Q4 2004 they reached PLN 64,673 thousand. The increase of negative balance of funds in this segment was affected mainly by the amount of dividends paid out in Q4 2005, which totalled PLN 453,371 thousand (in the analogous period of 2004 no dividends were paid out).

The amount of cash at the end of Q4 2005 was PLN 1,125,627 thousand, i.e. PLN 396,129 thousand more than at the end of Q4 2004.

After 4 quarters of 2005, net operating cash flow amounted to PLN 3,634,353 thousand (compared to PLN 3,592,088 thousand after 4 quarters of 2004), investment cash flow totalled (-) PLN 2,289,247 thousand (compared to PLN (-)2,655,387 thousand after 4 quarters of 2004), and financial cash flow was PLN (-)950,002 thousand (compared to PLN (-)837,677 thousand after 4 quarters of 2004).

## APPENDIX I

**PKN ORLEN S.A.**  
**SUMMARY CONSOLIDATED PROFIT AND LOSS ACCOUNTS**  
**for the periods of 9 and 3 months**  
**ended 31 December 2005 and 31 December 2004**  
**(PLN '000)**

ITEM	12 months ended 31 Dec. 2005 (unaudited data)	3 months ended 31 Dec. 2005 (unaudited data)	12 months ended 31 Dec. 2004 (unaudited data)	3 months ended 31 Dec. 2004 (unaudited data)	% change 12 months	% change 3 months
Sales of products	41 330 710	12 436 953	29 346 192	7 700 011	40.8%	61.5%
Excise tax and other charges	-10 908 032	-2 816 588	-10 103 861	-2 561 179	8.0%	10.0%
<b>Net revenue on sales of products</b>	<b>30 422 678</b>	<b>9 620 365</b>	<b>19 242 331</b>	<b>5 138 832</b>	<b>58.1%</b>	<b>87.2%</b>
Revenue on sales of goods and materials	12 381 537	3 348 466	11 486 563	3 260 409	7.8%	2.7%
<b>Total sales revenues</b>	<b>42 804 215</b>	<b>12 968 831</b>	<b>30 728 894</b>	<b>8 399 241</b>	<b>39.3%</b>	<b>54.4%</b>
Cost of manufacturing of products sold	-24 308 411	-8 301 723	-14 008 115	-3 928 311	73.5%	111.3%
Value of goods and materials sold	-11 560 684	-3 068 779	-10 594 203	-2 912 131	9.1%	5.4%
<b>Gross profit on sales</b>	<b>6 935 120</b>	<b>1 598 329</b>	<b>6 126 576</b>	<b>1 558 799</b>	<b>13.2%</b>	<b>2.5%</b>
Costs of sale	-2 233 010	-625 004	-2 164 061	-517 348	3.2%	20.8%
General administrative expenses	-1 029 000	-347 626	-855 341	-228 786	20.3%	51.9%
Other operating income	2 539 802	274 519	331 144	149 703	667.0%	83.4%
Other operating expenses	-1 182 376	-499 808	-768 219	-406 838	53.9%	22.9%
Profit (loss) on disposal of all or part of equity interests in subordinated entities	29 395	0	19 166	5 845	53.4%	-100%
<b>Operating profit</b>	<b>5 059 931</b>	<b>400 410</b>	<b>2 689 265</b>	<b>561 375</b>	<b>88.2%</b>	<b>-28.7%</b>
Financial income	639 077	139 549	617 698	437 966	3.5%	-68.1%
Financial expenses	-442 396	-134 108	-326 619	-197 528	35.4%	-32.1%
<b>Net financial income and expenses</b>	<b>196 681</b>	<b>5 441</b>	<b>291 079</b>	<b>240 438</b>	<b>-32.4%</b>	<b>-97.7%</b>
Share in financial result of entities evaluated with equity method	201 213	39 108	193 094	51 411	4.2%	-23.9%
<b>Profit before tax</b>	<b>5 457 825</b>	<b>444 959</b>	<b>3 173 438</b>	<b>853 224</b>	<b>72.0%</b>	<b>-47.8%</b>
Corporate income tax	-733 879	-104 711	-606 637	-139 651	21.0%	-25.0%
<b>Net profit</b>	<b>4 723 946</b>	<b>340 248</b>	<b>2 566 801</b>	<b>713 573</b>	<b>84.0%</b>	<b>-52.3%</b>
including:						
Profit attributable to minority interest	53 463	26 301	55 369	10 299	-3.4%	155.4%
<b>Profit attributable to parent company shareholders</b>	<b>4 670 483</b>	<b>313 947</b>	<b>2 511 432</b>	<b>703 274</b>	<b>86.0%</b>	<b>-55.4%</b>

## APPENDIX II

### PKN ORLEN S.A. SUMMARY CONSOLIDATED BALANCE SHEETS as at 31 December 2005 and 31 December 2004 (PLN '000)

ITEM	31 Dec. 2005 (unaudited data)	31 Dec. 2004 (unaudited data)	% change
<b>ASSETS</b>			
<b>Fixed (long-term) assets</b>			
Property, plant and equipment (tangible fixed assets)	18 588 397	11 460 847	62.2%
Goodwill	17 630	20 501	-14.0%
Intangible assets	761 529	344 431	121.1%
Financial assets	147 230	78 023	88.7%
Shares and equity interests in entities evaluated with equity method	1 425 784	921 085	54.8%
Deferred tax assets	77 431	19 673	293.6%
Other fixed assets	13 180	17 916	-26.4%
Perpetual usufruct rights	74 980	67 982	10.3%
Property investments	11 557	9 122	26.7%
<b>Total fixed assets</b>	<b>21 117 718</b>	<b>12 939 580</b>	<b>63.2%</b>
<b>Current assets</b>			
Stocks	6 124 625	3 200 982	91.3%
Trade debtors and other receivables	4 759 987	2 580 746	84.4%
Income tax receivable	66 635	23 309	185.9%
Short-term securities	208 571	1 124 155	-81.4%
Prepayments	176 399	108 716	62.3%
Cash and cash equivalents	1 125 627	729 498	54.3%
Other financial assets	8 266	154 217	-94.6%
<b>Total current assets</b>	<b>12 470 110</b>	<b>7 921 623</b>	<b>57.4%</b>
Assets classified as appropriated for sale	78 433	0	
<b>Total assets</b>	<b>33 666 261</b>	<b>20 861 203</b>	<b>61.4%</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholder's equity</b>			
Initial capital	534 636	534 636	0.0%
Initial capital revaluation adjustment	522 999	522 999	0.0%
<b>Initial capital*</b>	<b>1 057 635</b>	<b>1 057 635</b>	<b>0.0%</b>
Share premium	1 058 450	1 058 450	0.0%
Share premium revaluation adjustment	168 803	168 803	0.0%
<b>Share premium spare capital</b>	<b>1 227 253</b>	<b>1 227 253</b>	<b>0.0%</b>
Hedging accounting capital	10 148	59 195	-82.9%
Currency-translation differences on subsidiary entities	-156 232	-9 444	1554.3%
Retained profits, including:	14 656 708	10 889 661	34.6%
profit of parent company	4 670 483	2 511 432	86.0%
undistributed result from previous years due to changes of accountancy rules	0	1 850 438	-100.0%
<b>Shareholders' equity attributable to shareholders of parent company</b>	<b>16 795 512</b>	<b>13 224 300</b>	<b>27.0%</b>
Minority interests	2 672 000	439 706	507.7%
<b>Total shareholders' equity</b>	<b>19 467 512</b>	<b>13 664 006</b>	<b>42.5%</b>
<b>Long-term liabilities</b>			
Loans and borrowings	3 282 887	2 083 536	57.6%
Provisions	946 288	642 292	47.3%
Deferred income tax provisions	1 154 953	456 554	153.0%
Other long-term liabilities	106 272	53 371	99.1%
<b>Total long-term liabilities</b>	<b>5 490 400</b>	<b>3 235 753</b>	<b>69.7%</b>
<b>Short-term liabilities</b>			
Trade liabilities, other liabilities and accrued expenses	6 711 496	3 388 290	98.1%

# Financial Results of PKN ORLEN Group for Q4 2005 according to MSSF

Provisions	753 935	283 442	166.0%
Corporate income tax payable	65 728	1 680	3812.4%
Loans and borrowings	1 111 754	247 627	349.0%
Deferred income	64 011	19 106	235.0%
Other financial liabilities	1 425	21 299	-93.3%
<b>Total short-term liabilities</b>	<b>8 708 349</b>	<b>3 961 444</b>	<b>119.8%</b>
<b>Total shareholders' equity and liabilities</b>	<b>33 666 261</b>	<b>20 861 203</b>	<b>61.4%</b>

\*) share capital was revaluated according to MSR 29

## ATTACHMENT III

**PKN ORLEN S.A.**  
**SUMMARY CONSOLIDATED CASH FLOW STATEMENTS**  
**for the periods of 12 and 3 months**  
**ended 31 December 2005 and 31 December 2004**  
**(PLN '000)**

ITEM	12 months ended 31 Dec. 2005 (unaudited data)	3 months ended 31 Dec. 2005 (unaudited data)	12 months ended 31 Dec. 2004 (unaudited data)	3 months ended 31 Dec. 2004 (unaudited data)	Change 12 months	Change 3 months
<b>Operating cash flow</b>						
<b>Net profit</b>	<b>4 723 946</b>	<b>340 248</b>	<b>2 566 801</b>	<b>713 573</b>	<b>2 157 145</b>	<b>-373 325</b>
Total adjustments:						
Share in financial profit of entities evaluated with equity method	-201 213	-39 108	-193 094	-51 411	-8 119	12 303
Depreciation and amortisation	1 736 673	617 163	1 319 415	363 405	417 258	253 758
Net dividends and interest	106 514	41 435	75 193	11 528	31 321	29 907
Corporate income tax on profit before tax	733 879	104 711	606 637	139 651	127 242	-34 940
Profit (loss) on investment activities	-88 114	-45 597	99 436	156	-187 550	-45 753
Decrease / (increase) in receivables	-70 388	203 348	-135 220	384 259	64 832	-180 911
Decrease / (increase) in stocks	-1 816 650	-445 359	-244 448	201 259	-1 572 202	-646 618
Decrease / increase in liabilities and accrued expenses	1 004 020	202 185	201 565	-437 366	802 455	639 551
Decrease / increase in provisions	643 658	218 954	309 175	209 392	334 483	9 562
Other	-2 341 788	-90 481	-368 975	-435 930	-1 972 813	345 449
Corporate income tax paid	-796 184	-228 991	-644 397	-312 049	-151 787	83 058
<b>Net operating cash flow</b>	<b>3 634 353</b>	<b>878 508</b>	<b>3 592 088</b>	<b>786 467</b>	<b>42 265</b>	<b>92 041</b>
<b>Investment cash flow</b>						
Acquisition of property, plant and equipment and intangible assets	-2 040 360	-544 019	-1 778 839	-520 248	-261 521	-23 771
Gain on disposal of property, plant and equipment	167 343	120 654	62 781	11 905	104 562	108 749
Gain on disposal of shares	83 001	6 183	45 726	5 249	37 275	934
Acquisition of shares and interests	-1 606 563	-265 153	-48 299	-4 651	-1 558 264	-260 502
Acquisition of short-term securities	-159 250	-34 136	-1 232 744	-728 313	1 073 494	694 177
Gain on disposal of short-term securities	1 172 897	17 864	129 698	40 189	1 043 199	-22 325
Dividends and interest received	146 172	8 060	105 058	16 621	41 114	-8 561
Loans (granted)/repaid	7 300	4 365	6 688	7 848	612	-3 483
Other adjustments	-59 787	108 027	54 544	42 867	-114 331	65 160
<b>Net investment cash flow</b>	<b>-2 289 247</b>	<b>-578 155</b>	<b>-2 655 387</b>	<b>-1 128 533</b>	<b>366 140</b>	<b>550 378</b>
<b>Financing cash flow</b>						
Gain on long- and short-term loans and borrowings	2 628 586	971 030	1 240 178	265 642	1 388 408	705 388
Repayment of long- and short-term loans and borrowings	-2 463 267	-879 514	-1 648 772	-200 969	-814 495	-678 545
Interest paid	-165 513	-65 773	-105 597	-26 301	-59 916	-39 472
Dividends paid	-911 020	-453 371	-278 011	0	-633 009	-453 371
Other adjustments	-38 788	-14 566	-45 475	-39 655	6 687	25 089
<b>Net financing cash inflow/(outflow)</b>	<b>-950 002</b>	<b>-442 194</b>	<b>-837 677</b>	<b>-1 283</b>	<b>-112 325</b>	<b>-440 911</b>
<b>Change in net cash</b>	<b>395 104</b>	<b>-141 841</b>	<b>99 024</b>	<b>-343 349</b>	<b>296 080</b>	<b>201 508</b>
Foreign exchange gains/losses	1 025	855	2 310	4 070	-1 285	-3 215
<b>Cash at beginning of period</b>	<b>729 498</b>	<b>1 266 613</b>	<b>628 164</b>	<b>1 068 777</b>	<b>101 334</b>	<b>197 835</b>
<b>Cash at end of period, including:</b>	<b>1 125 627</b>	<b>1 125 627</b>	<b>729 498</b>	<b>729 498</b>	<b>396 129</b>	<b>396 129</b>
Restricted cash	100 331	100 331	269 728	269 728	-169 397	-169 397

Financial Results of PKN ORLEN Group for Q4 2005 according to MSSF

## APPENDIX IV

**PKN ORLEN S.A.**  
**KEY CONSOLIDATED FINANCIAL DATA**  
**BY BUSINESS SEGMENT**  
**for the periods of 12 and 3 months**  
**ended 31 December 2005 and 31 December 2004**  
**(PLN '000)**

ITEM	12 months ended 31 Dec. 2005 (unaudited data)	3 months ended 31 Dec. 2005 (unaudited data)	12 months ended 31 Dec. 2004 (unaudited data)	3 months ended 31 Dec. 2004 (unaudited data)	% change 12 months	% change 3 months
<b>REVENUE ON SALES TO THIRD PARTIES<sup>1</sup></b>						
Refining (production + wholesale)	21 421 334	6 464 283	14 337 841	4 126 865	49.4%	56.6%
Refining (retail)	13 708 991	3 749 243	11 547 818	2 925 106	18.7%	28.2%
Petrochemicals	6 686 254	2 361 460	4 082 509	1 115 094	63.8%	111.8%
Other activities	883 896	365 484	699 375	209 700	26.4%	74.3%
<b>TOTAL</b>	<b>42 700 475</b>	<b>12 940 470</b>	<b>30 667 543</b>	<b>8 376 765</b>	<b>39.2%</b>	<b>54.5%</b>
<b>FINANCIAL RESULT<sup>2</sup></b>						
Refining (production + wholesale)	3 538 230	351 653	2 251 338	498 967	57.2%	-29.5%
Refining (retail)	265 871	-15 079	-5 832	-54 125	-4658.8%	-72.1%
Petrochemicals	1 972 145	246 485	880 662	278 179	123.9%	-11.4%
Other activities	186 033	-107 902	-32 372	-65 295	-674.7%	65.3%
Exclusions	-263 571	-633	335	210	-	-
Total of non-attributed items	-638 777	-74 115	-404 866	-96 561	-	-
<b>TOTAL</b>	<b>5 059 931</b>	<b>400 410</b>	<b>2 689 265</b>	<b>561 375</b>	<b>88.2%</b>	<b>-28.7%</b>
<b>EXPENDITURE ON FIXED ASSETS</b>						
Refining (production + wholesale)	522 507	149 487	391 784	98 559	33.4%	51.7%
Refining (retail)	461 614	220 735	319 406	122 050	44.5%	80.9%
Petrochemicals	904 678	192 187	722 074	239 822	25.3%	-19.9%
Other activities	158 726	67 479	70 150	21 420	126.3%	215.0%
Total of non-attributed items	42 444	12 070	34 455	10 390	23.2%	16.2%
<b>TOTAL</b>	<b>2 089 969</b>	<b>641 958</b>	<b>1 537 869</b>	<b>492 241</b>	<b>35.9%</b>	<b>30.4%</b>
<b>DEPRECIATION AND AMORTISATION</b>						
Refining (production + wholesale)	576 598	154 268	617 386	164 408	-6.6%	-6.2%
Refining (retail)	255 229	47 105	240 462	68 680	6.1%	-31.4%
Petrochemicals	654 819	322 095	212 559	59 395	208.1%	442.3%
Other activities	216 636	84 174	214 321	63 376	1.1%	32.8%
Total of non-attributed items	33 391	9 521	34 687	7 546	-3.7%	26.2%
<b>TOTAL</b>	<b>1 736 673</b>	<b>617 163</b>	<b>1 319 415</b>	<b>363 405</b>	<b>31.6%</b>	<b>69.8%</b>

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

2. The financial result comprises revenue on sales to third parties and transfer to other segments.

Financial Results of PKN ORLEN Group for Q4 2005 according to MSSF

## APPENDIX V

### PKS ORLEN S.A. KEY CONSOLIDATED OPERATING DATA for the periods of 12 and 3 months ended 31 December 2005 and 31 December 2004 (in tons)

ITEM	12 months ended 31 Dec. 2005 (unaudited data)	3 months ended 31 Dec. 2005 (unaudited data)	12 months ended 31 Dec. 2004 (unaudited data)	3 months ended 31 Dec. 2004 (unaudited data)	% change 12 months	% change 3 months
<b>CRUDE OIL THROUGHPUT (‘000 tons)</b>	<b>15 383</b>	<b>4 519</b>	<b>12 654</b>	<b>3 327</b>	<b>21.6%</b>	<b>35.8%</b>
<b>REFINERY OUTPUT*</b>						
Petrols	3 348 454	857 788	2 755 979	700 104	21.5%	22.5%
Diesel oil	4 419 945	1 234 068	3 389 654	838 317	30.4%	47.2%
Fuel oil III	640 290	154 992	624 147	162 144	2.6%	-4.4%
Ekoterm	1 600 329	464 063	1 706 830	538 292	-6.2%	-13.8%
Jet A-1	404 847	91 670	334 199	87 190	21.1%	5.1%
LPG	258 589	68 136	200 710	54 430	28.8%	25.2%
Other refining products	1 855 620	517 039	1 418 910	355 732	30.8%	45.3%
<b>TOTAL</b>	<b>12 528 075</b>	<b>3 387 757</b>	<b>10 430 429</b>	<b>2 736 209</b>	<b>20.1%</b>	<b>23.8%</b>
<b>SALES OF REFINING PRODUCTS</b>						
Petrols	4 261 623	1 139 274	3 762 039	949 657	13.3%	20.0%
Diesel oils	5 181 788	1 454 919	4 069 351	1 080 825	27.3%	34.6%
Fuel oil III	516 158	141 037	487 740	162 701	5.8%	-13.3%
Ekoterm	1 851 944	527 469	1 957 627	614 811	-5.4%	-14.2%
Jet A-1	464 971	111 222	372 566	108 498	24.8%	2.5%
LPG	355 009	88 052	300 048	72 922	18.3%	20.7%
Other refining products	1 902 291	448 263	1 538 761	382 394	23.6%	17.2%
<b>TOTAL</b>	<b>14 533 784</b>	<b>3 910 236</b>	<b>12 488 132</b>	<b>3 371 808</b>	<b>16.4%</b>	<b>16.0%</b>
<b>PETROCHEMICALS OUTPUT*</b>						
Polyethylene	219 051	78 343	71 829	18 139	205.0%	331.9%
Polypropylene	176 381	61 822	69 714	19 844	153.0%	211.5%
Ethylene	282 024	106 044	82 060	21 533	243.7%	392.5%
Glycol	88 611	30 076	104 981	27 193	-15.6%	10.6%
Propylene	251 881	88 405	146 048	38 436	72.5%	130.0%
Ammonium nitrate	558 804	134 190	492 079	120 540	13.6%	11.3%
CANWIL	367 131	103 494	338 288	103 009	8.5%	0.5%
Polyvinyl chloride (PVC)	238 036	75 590	221 178	54 123	7.6%	39.7%
Other petrochemical products	1 439 187	504 093	673 226	180 176	113.8%	179.8%
<b>TOTAL</b>	<b>3 621 106</b>	<b>1 182 057</b>	<b>2 199 403</b>	<b>582 993</b>	<b>64.6%</b>	<b>102.8%</b>
<b>SALES OF PETROCHEMICAL PRODUCTS</b>						
Polyethylene	228 574	60 471	90 661	19 302	152.1%	213.3%
Polypropylene	183 443	56 011	86 227	22 038	112.7%	154.2%
Ethylene	128 224	55 995	80 309	20 589	59.7%	172.0%
Glycol	88 795	27 212	104 057	25 727	-14.7%	5.8%
Propylene	163 631	55 418	144 946	38 905	12.9%	42.4%
Ammonium nitrate	527 769	118 014	495 313	127 136	6.6%	-7.2%

Financial Results of PKN ORLEN Group for Q4 2005 according to MSSF

CANWIL	356 550	88 592	332 265	96 804	7.3%	-8.5%
Polyvinyl chloride	248 393	65 737	208 056	41 391	19.4%	58.8%
Other petrochemical products	872 910	220 052	649 481	171 816	34.4%	28.1%
<b>TOTAL</b>	<b>2 798 289</b>	<b>747 502</b>	<b>2 191 315</b>	<b>563 708</b>	<b>27.7%</b>	<b>32.6%</b>

\*) The amount of production outputs in Unipetrol a.s. from June to September 2005 was adjusted.

## APPENDIX VI

**PKN ORLEN S.A.**  
**SALES OF KEY PRODUCTS**  
**for the periods of 12 and 3 months**  
**ended 31 December 2005 and 31 December 2004**  
**(in tons)**

Sale of light products in PKN ORLEN S.A. Group (by volume)	12 months ended 31 Dec. 2005 (unaudited data)	3 months ended 31 Dec. 2005 (unaudited data)	12 months ended 31 Dec. 2004 (unaudited data)	3 months ended 31 Dec. 2004 (unaudited data)	% change 12 months	% change 3 months
<b>Wholesale of key light products, including:</b>	<b>8 639 732</b>	<b>2 422 198</b>	<b>7 117 162</b>	<b>1 974 341</b>	<b>21.4%</b>	<b>22.7%</b>
- Petrol	2 330 948	649 721	1 819 070	453 938	28.1%	43.1%
- Diesel oil	3 787 578	1 078 117	2 795 398	757 596	35.5%	42.3%
- Jet A-1	464 971	111 222	372 566	108 498	24.8%	2.5%
- Ekoterm	1 851 782	527 456	1 957 193	614 722	-5.4%	-14.2%
- LPG	204 453	55 682	172 935	39 587	18.2%	40.7%
<b>Retail sales of engine fuels, including:</b>	<b>3 475 603</b>	<b>898 738</b>	<b>3 344 469</b>	<b>852 372</b>	<b>3.9%</b>	<b>5.4%</b>
- Petrol	1 930 675	489 553	1 942 969	495 719	-0.6%	-1.2%
- Diesel oil	1 394 210	376 802	1 273 953	323 229	9.4%	16.6%
- Ekoterm	162	13	434	89	-62.7%	-85.4%
- LPG	150 556	32 370	127 113	33 335	18.4%	-2.9%
<b>Total sales of fuels, including:</b>	<b>12 115 335</b>	<b>3 320 936</b>	<b>10 461 631</b>	<b>2 826 713</b>	<b>15.8%</b>	<b>17.5%</b>
- Engine fuels	10 263 391	2 793 467	8 504 004	2 211 902	20.7%	26.3%

## APPENDIX VII

Polski Koncern Naftowy ORLEN S.A. ("PKN ORLEN"), Central Europe's largest downstream oil company, can now outline the impact of the LIFO method of valuation of inventories on the unconsolidated financial results of PKN ORLEN, and also the consolidated financial results of the PKN ORLEN Capital Group for Q4 2005 and twelve months to end-December 2005.

Estimates of gross and net income (after deferred taxation), assuming LIFO valuation of inventories (excluding LIFO effect in Unipetrol a.s.) for PKN ORLEN and for PKN ORLEN Capital Group under International Financial Reporting Standards (IFRS) are as follows (PLN '000s):

	Q4 2005 assuming method of inventory valuation according to the weighted average manufacturing cost or purchase price	Q4 2005 assuming LIFO valuation of inventories	After Q4 2005 assuming method of inventory valuation according to the weighted average manufacturing cost or purchase price	After Q4 2005 assuming LIFO valuation of inventories	Q4 2004 assuming method of inventory valuation according to the weighted average manufacturing cost or purchase price	Q4 2004 assuming LIFO valuation of inventories	After Q4 2004 assuming method of inventory valuation according to the weighted average manufacturing cost or purchase price	After Q4 2004 assuming LIFO valuation of inventories
Unconsolidated gross profit	525 682	585 043	3 176 490	2 102 043	654 694	856 109	2 680 817	2 445 549
Unconsolidated net profit	419 098	467 181	2 543 908	1 673 606	522 253	685 399	2 154 026	1 963 459
Consolidated gross profit	444 959	490 546	5 457 825	4 376 732	853 224	1 037 369	3 173 438	2 916 610
Consolidated net profit	340 248	377 173	4 723 946	3 848 261	713 573	862 730	2 566 801	2 358 770

PKN ORLEN and the PKN ORLEN Capital Group apply a method of inventory valuation based on the weighted average manufacturing cost or purchase price. Such a valuation method causes a delay in transferring the effects of oil price increases or decreases to the prices of the final products. The results achieved by PKN and the Capital Group are, therefore, positively affected when crude oil prices increase and negatively affected when oil prices decrease. The application of the LIFO method to inventory valuation causes current production to be valued on the basis of the current price of purchased crude oil. In light of the above, increasing crude oil prices have a negative effect, and falling crude oil prices have a positive effect on the results in comparison to the case when the weighted average method is applied. These trends are obviously most apparent when crude oil prices show significant movements. In spite of the drop of crude oil prices in Q4 2005, the crude oil price increase during 2005 was significantly higher than in 2004. Therefore the (negative) correction due to the LIFO valuation in the year 2005 is clearly higher.

The assumptions used for the above LIFO estimates are the same as those used for previously published LIFO estimates. These assumptions were published in the current report no 29, dated 21<sup>st</sup> May 2001.

Financial Results of PKN ORLEN Group for Q4 2005 according to MSSF

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Legal basis\*:

*Art. 56 par. 1 pt 1 of the Law on 29 July 2005 on public offers and conditions of introduction of financial instruments into a structured trading system and on public companies (Journal of Law 2005, No. 184, item 1539)*