Consolidated financial results of PKN ORLEN S.A. Q2 2005 (IFRS)[1]

Strategy implementation update

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16 August 2005

1) Excluding Unipetrol results

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Financial results Q2'05

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Financial results Q2'05

PKN ORLEN Group consolidated (excluding Unipetrol)

Key financial data Q2'05 [1]

- ROACE[2] — 14.4%
  ROACE *(without provision)* — *22.8%*
- EBITDA — PLN 921 m
  EBITDA[3] *(without provision)* — *PLN 1,297 m*
- Net profit — PLN 698 m
  Net profit [3] *(without provision)* — *PLN 1,003 m*
- Operating cash flow — PLN 712 m
- Gearing[4] — 11.7%

1) Refers to the PKN ORLEN Capital Group excluding Unipetrol Group consolidation (for details see slide 14); IFRS numbers in the whole presentation if not otherwise stated.
2) ROACE = operating profit after tax / average capital employed (equity + net debt)
3) In Q2'05 was created provision covering, among other items, the business risk which includes provision to cover possible negative financial effects associated to agreements concerning sale of some Unipetrol assets
4) Gearing = net debt / equity

Operating data Q2'05

- Cost cutting[5] — PLN 210 m
- Wholesale volume sales[6] — + 12%
  Q2'05/Q2'04
- Retail volume sales[7] — - 0.5%
  Q2'05/Q2'04
- Utilization ratio[8] — 87.5%

5) Additional net effect of Q2'05 vs Q2'04 amounts to PLN 47 m (calculations referring to 2002 cost base). For further details please go to slides 24 and 36.
6) Refers to PKN ORLEN Group sales – without Unipetrol (gasoline, diesel, Jet, LHO)
7) Refers to PKN ORLEN Group retail sales – without Unipetrol (gasoline, diesel, LPG)
8) Based on deep processing capacity of PKN ORLEN 13.5 m tonnes/year.
The influence of planned turnaround for upgrading of Olefins II petrochemical unit as well as maintenance turnaround of HOG (Heavy vacuum residue desulphurisation) during Q2'05 at PKN ORLEN amounted to app. PLN -140 m (influence on the operating result of PKN ORLEN in Q2'05)

ORLEN

Agreements with Agrofert and ConocoPhillips
Key facts and action taken

Summary of key facts

- Within the years 2003 – 2004 the then Management of PKN ORLEN reached a number of agreements resulting in PKN ORLEN's obligation to procure, as a majority shareholder in Unipetrol, the sale by Unipetrol of some of Unipetrol's assets to ConocoPhillips and to Agrofert.
- The agreements with Agrofert envisage the divestiture of the Unipetrol assets that were not viewed by the then Management as being core to PKN ORLEN's business, and related to agricultural commodities, pesticides and chemicals[1]. The agreements named a fixed selling price.
- Pursuant to an agreement with ConocoPhillips, PKN ORLEN agreed to sell to ConocoPhillips up to one third of the petrol stations belonging to some of Unipetrol's subsidiaries. Changes in the Czech commercial code may have an adverse effect on the possibility of meeting the obligations arising.
- The duty to reach an agreement for assets sales arose at the moment of taking over corporate control of Unipetrol.
- **No agreement resulting in assets sales has been reached either between Unipetrol and Agrofert or Unipetrol and ConocoPhillips**
- Not meeting the obligations described in the agreements will run the risk of PKN ORLEN paying compensation to Agrofert and ConocoPhillips respectively.
- Details of the agreements are covered by mutual confidentiality agreements[2].

Steps undertaken by the present Management

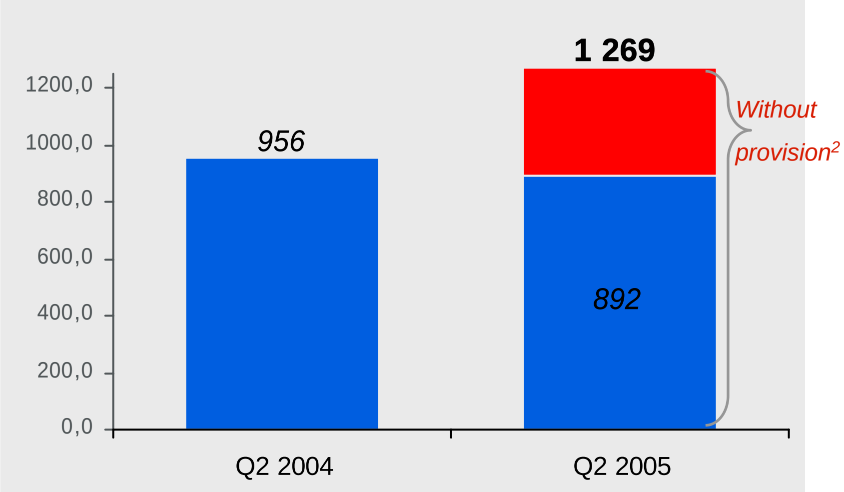
- The present Management asked independent experts to analyse all possible negative consequences associated with the agreements reached by the then Management. This was only possible after taking corporate control over Unipetrol.
- All the agreements related to the acquisition of the Unipetrol holding are due for examination by PKN ORLEN's Control and Security Department. Results of the controlling process will be passed to the Management and appropriate state administration bodies.
- In July '05 the Management Board presented to the Supervisory Board a strategy, aimed at minimizing the negative results of the agreements for PKN ORLEN and its shareholders[3].
- Considering all the possible results and scenarios of the development of this issue, PKN ORLEN cannot exclude arbitrage litigation arising, which creates additional limitations on communication.
- The Management has decided to create a provision for business risk, at a level reflecting the negative, and possible to estimate, influence of the agreements on the consolidated balance sheet of the PKN ORLEN Capital Group.
- As a result of above mention agreements PKN ORLEN has created provisions to cover the possible negative financial effects associated with them[3]
- With respect to the final solutions of the issue, the Management Board of PKN ORLEN is convinced it will be possible to achieve a satisfactory level of return for the Unipetrol project.

All remedial steps undertaken by present Management meet the best corporate governance practices as well as ethical and transparency principles. They are focused on the maximum possible protection of PKN ORLEN's shareholders as well as our investment projects in the Czech Republic.

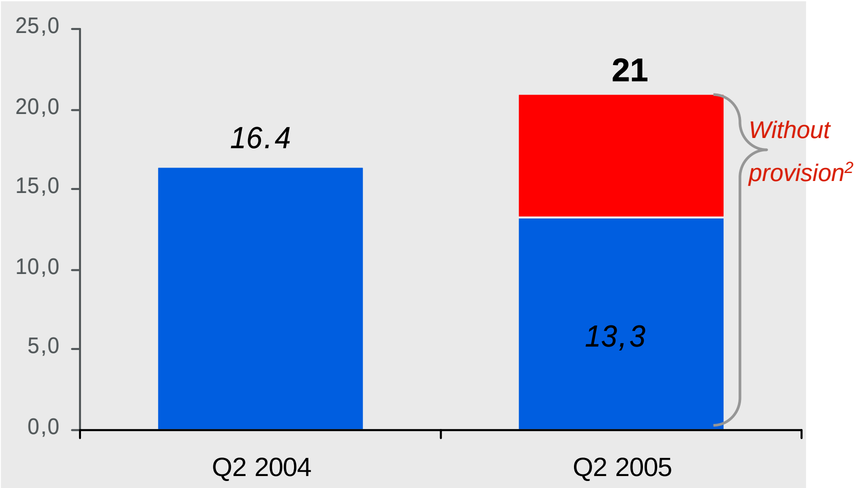
1) Pursuant to the agreements Agrofert was to acquire shares in, and receivables towards, some of the Unipetrol subsidiaries.
2) PKN ORLEN has not got relevant agreements to disclose details of the agreements described above.
3) As a result of the strategy PKN ORLEN has started discussion with both partners. For the sake of the negotiations PKN ORLEN cannot publicly disclose details relating to these discussions.

EBITDA and ROACE Q2'05 vs. Q2'04[1]
Good results of PKN ORLEN despite one-offs (provisions)

EBITDA (PLN m)
(in comparable market enviroment)[1]



ROACE (%)
(in comparable market enviroment)1



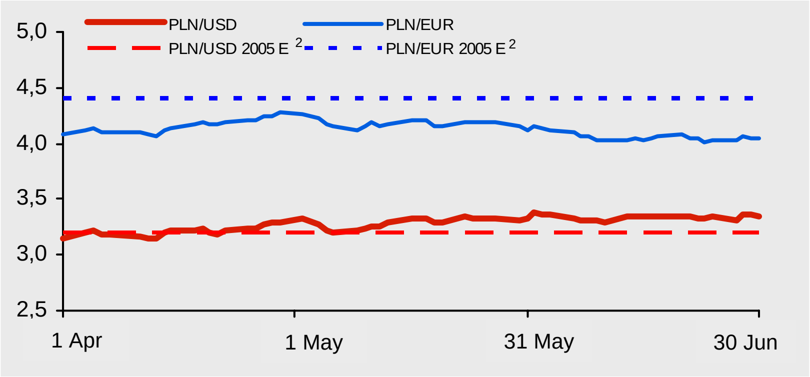
Financial assumptions for 2005 - delivery on track

Item	Delivery after Q2'05
• EBITDA	• At Q2'04 level **(32,7% y-o-y increase without provision[2])**
• Personnel costs	• Below the level of 2004[3]
• CAPEX	• PLN 496 m[4]

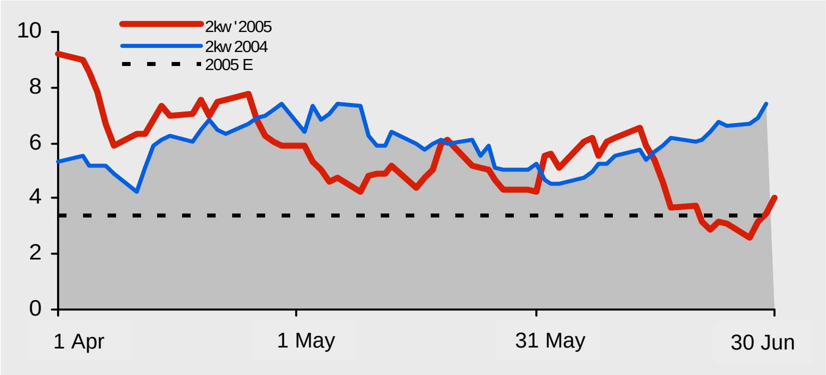
1) Q2'05 and Q2'04 calculated on the same market conditions – average 2004: crude oil Brent \$38.3/b, Brent/Ural differential \$4.1/b, refinery margin \$5.6/b, PLN/EUR 4.52; PLN/USD 3.65;
2) PKN ORLEN has created provisions for business risk which includes provision to cover possible negative financial effects associated to agreements concerning sale of some Unipetrol assets .
3) Refers to PKN ORLEN. ; 4) Refers to PKN ORLEN Group excluding Unipetrol.

Macroeconomic environment in Q2'05

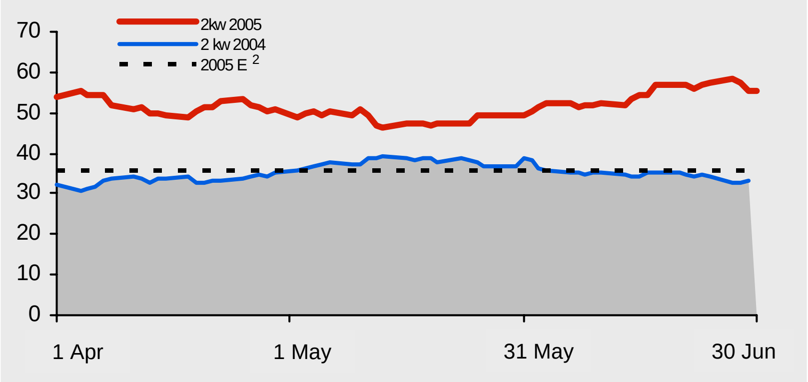
Exchange rate averages in Q2'05[1]



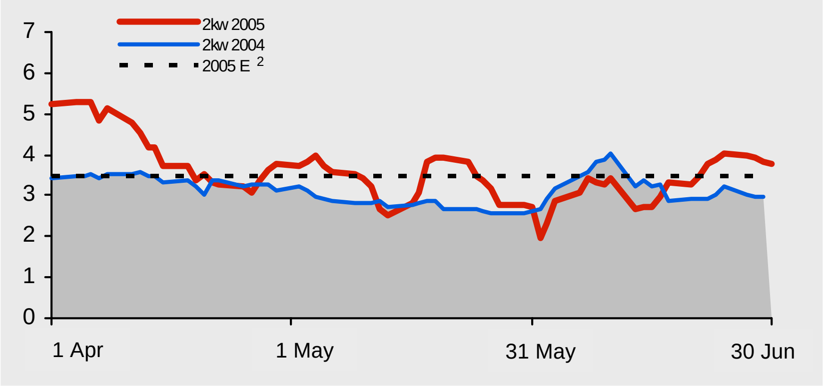
Refinery margin $5.5/b average in Q2'05[3]
Decrease of 7% Q2'05/Q2'04



Brent $51.6/b average in Q2'05
Increase of 46% Q2'05/Q2'04



Brent/Ural differential $3.6/b average in Q2'05
Increase of 15% Q2'05/Q2'04



1) Source: NBP(Polish National Bank)
2) Assumption PKN ORLEN, Strategy
3) Calculated as: Products (88.36%) vs. Brent Dtd (100%). Products contain Premium Unl (25.21%), EN590 (23.20%), Naphtha (16.51%), LHO (15.31%), HSFO (5.44%) and Jet (2.69%) (source: CIF NWE quotations, except HSFO FOB ARA)

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Despite one-off provision made it does not change Management's positive opinion regarding the company's presence in the Czech market, or the chances of a satisfactory return on this investment

Further steps in the integration process

- Execution of Mandatory Tender Offer (MTO)
  - On August 12th, 2005 PKN ORLEN applied to the Czech Securities Commission with a new application for consent to PKN ORLEN's announcement of mandatory tender offers for the shares issued by Unipetrol, a.s., Paramo, a.s. and Spolana a.s.
  - The prices proposed by PKN ORLEN are: CZK 135 per one Unipetrol share; CZK 978 per one Paramo share; and, CZK 155 per one Spolana share.
  - Previous applications submitted by PKN ORLEN were rejected by the SC due to irregularities in the valuation methodology for the shares attached to the application and compiled by the independent expert NS Group.
  - PKN ORLEN has pursued the highest standards of transparency and has placed considerable efforts in preparing the new applications and believes that the proposed prices fully reflect the valuation made according to the methodology, which will fulfil the Security Commission's stipulations.
  - Further steps: performance of MTO – after the acceptance of prices proposed by Czech Security Commission (estimated validity period of MTO – 40 days)[1]
- Defining cooperation potential and preparing the "*Integration and Expansion Plan of the Unipetrol Group*"
- Ongoing performance of "Partnership Programme" – 4 business teams, 10 functional and 10 supporting teams. Nearly 200 specialists from Unipetrol and PKN ORLEN dedicated to the programme
- Final price adjustment definition ("price adjustment mechanism"):
  - There is ongoing audit in Czech subsidiaries in terms of value verification process of acquired assets
  - Price adjustment mechanism has to be closed by end of October this year the latest
- Defining the fair value of the assets

1) The start of the MTO will mean the suspension of the prohibition regarding the exercise of the voting rights attached to the shares of Unipetrol, a.s. and Spolana. In addition, PKN ORLEN will apply to the Security Commission for a suspension of the prohibition regarding the exercise of the voting rights attached to the shares of UNIPETROL, a.s. and SPOLANA, a.s.; as, according to Czech Law, the Security Commision has the power to make such a decision.

The successful restructuring of the regional corporate structure will improve management and internal efficiency

Key restructuring goals include improved efficiency of the back-office, decentralisation of sales management, and centralisation of back-office.

Activities performed

- On June 29th shareholders of PKN ORLEN accepted the changes to the Articles of Association regarding the changes in PKN ORLEN's regional structure
- Labour union representatives and PKN ORLEN signed an agreement regarding the restructuring of the regional corporate structure of PKN ORLEN
- On July 1st the new regional structure of retail, investment, maintenance of service stations and finance offices, were implemented
- Finalisation of recruitment process for new structures
- Protection packages were introduced[1]
  - Voluntary Retirement Programme
  - Relocation Package
  - Training Package
  - Professional Employment Package
- Particular operating functions have been terminated in the closed locations
- Due to the restructuring programme of the regional corporate structure the provision of PLN 70 m was included in the FY 2004 results. Total expenses associated with the programme will not extend beyond the amount of provisions.
- In 2005, due to the voluntary redundancy scheme, we estimate that the number of employees will decrease by ca. 570 people[2].

Actions to be taken

- In October 2005 11 Wholesale Regional Offices are to integrate with 5 Regional Market Operators; also 3 Regional Retail Network Management Centres and 5 Wholesale Regions Centres will be created
- By the end of 2005 support functions will be adjusted to particular support centres of regional headquarters
- By the end of year 2005 5 storage depots will be separated from the logistics network
- The cost reduction programme OPTIMA assumes the centralization of the support functions for key companies of the PKN ORLEN Capital Group (restructuring the administration, prevention, others).
- Due to the operation of the restructuring administration and prevention functions at PKN ORLEN, an additional provision of PLN 54 m was made in 2Q'05

1) The benefit programme of voluntary redundancy scheme was guaranteed - PLN 50 ths. + PLN 4 ths. For every year at the company, for 2 years. Guarantee includes employees recorded at the company as at June 30 2005 in Regional Organizational Entities of Wholesale, logistics, HR, administration and prevention, restructured 5 storage deports, regional support functions – finance and administration in particular.
2) So far ca. 670 employees have expressed their interest in participation in the programme. Mutual agreement of the employee and PKN ORLEN is required. Up until now 390 have received approval to participate in the programme

ORLEN

Expansion of polyolefin installations at BOP is in line with PKN ORLEN's strategy regarding investment in middle distillates and petrochemicals

- In October, 2005 new Polyethylene HDPE and Polypropylene installations will be effectively launched
- Starting October 1st, 2005 Basell Orlen Polyolefins will be responsible for off-take to be sold in Poland
- Basell - Joint Venture partner at BOP – will be responsible for excess/unrealised sales to be off-taken
- Due to modernisation of petrochemical installations (Olefin2 , Butadiene 2, Gasoline dehydrogenation, Pyrotol) and maintenance shutdown of other installations: Oxide Ethylene I and II, Glycol I and II, and Phenol, production of petrochemical products was limited in 2Q 2005.
  - In May and June major modernisation activities were performed at Olefin II; new installations were integrated without shutdown of the other operating installations.
  - By the end of 2Q technological start-up performed of Aromatic Extraction producing Benzene and Toluene (based on products from Reforming 5 and Olefin II)
- The influence of the planned turnaround for upgrading of Olefins II petrochemical unit as well as the maintenance turnaround of HOG (Heavy vacuum residue desulphurisation) during Q2'05 at PKN ORLEN amounted to app. PLN -140 m (influence on the operating result of PKN ORLEN in Q2'05)

	Activity	Capacity (tonnes per year)	
		To date	**after launch of new installations**
PKN ORLEN	**Expansion of existing Ethylene Cracker II**	360,000	**700,000 *(ethylene)***
		240,000	**485,000 *(propylene)****
Basell Orlen Polyolefins	**PolyethyleneLDPE[1]**	150,000	**105,000**
	Polyethylene HDPE[2]	0	**320,000****
	Polypropylene	140,000	**400,000*****

* Including FCC - Fluid Catalytic Cracker
** New installation - Hostalen
***New installation - Spheripol

1)LDPE – Low density Polyethylene
2)HDPE – High density Polyethylene

Key facts on other major strategic projects performed by PKN ORLEN management

Series of efficiency-improvement projects launched

Project	Actions – results
Restructuring of Capital Group	▪ So far in 2005 divestment of 8 companies was performed, the merger or acquisition of additional 9 was conducted, launch of a further 9 was initiated. ▪ Changers at the Supervisory Board of companies from the Capital Group were done and supervisory responsibilities at PKN ORLEN were allocated based on the segmental structure ▪ Assessment of the Management Board members at the companies from the Capital Group was performed and personnel audits were conducted ▪ Based on the audits and assessments carried out, changes of the management were are implemented in 31 companies ▪ Various tax-audit are being carried out (Nafty Jedlicze Refinery, Trzebinia Refinery, ORLEN Oil) and investigations (Ship Service) to assess potential risks
Management by Objectives	▪ New motivating system for the Management Board and managers of PKN ORLEN and its Capital Group was completed ▪ The aim of the system is to build a transparent and objective model for rewarding company managers and underpins the effective corporate culture of the company
New procurement system (e-auctions)	▪ Implementation of best practice in the procurement system based on top-of-the-line technology to improve procurement at the PKN Capital Group. ▪ Setting-up e-auctions to allow the performance of negotiations online[1] ▪ Performance of introductory auctions has brought savings of over PLN 15 m (i.e. production components, fiscal cash-boxes for service stations)
Cost reduction programme OPTIMA	▪ Implementation – as promised – of the new cost cutting programme for the PKN ORLEN Capital Group, on top of the ongoing KPRKO programme "2 x PLN 600+ m of OPEX and CAPEX"

1) Marker estimates show potential savings of 10-60%, as compared to previously obtained prices. During the introductory e-auctions at PKN ORLEN savings amounted to 40%. Additional benefits of e-auctions: negotiations with regard not only to the price, but also to guaranteed duration or terms of payment.

Aiming to become the regional leader, PKN ORLEN is also involved in international ventures

All capital investments in which PKN ORLEN decides to participate have to fulfil various financial-operational requirements. In order to be involved in the investment it has to be in accordance with PKN ORLEN's strategy and an appropriate return on capital invested has to be expected. We also see potential EU contenders as important potential markets to be operationally involved in.

Project	Key facts - timetable
Privatization of Tupras complex refineries (Turkey)	▪ PKN ORLEN Management has confirmed its interest to participate in the sale process of a 51% stake in Tupras (4 refineries in Turkey with total refining capacity of ca. 27.6 m t/year, petrochemical complex and tanker/marine operations), planned by Turkish Government in H12005 r. ➢ As of FY 2004 r. Tupras revenues exceeded ca. USD 8.5 bn and net income ca. USD 0.4 bn ➢ Company – effectively – has no debt (net cash position) ▪ Due diligence of Tupras was concluded ▪ Final offers for Tupras are to be submitted by September 2, 2005, price seems to be the major criterion ▪ We evaluate our participation in the project with a Turkish partner
Tender offer of Aral service stations (Czech Republic)	▪ PKN ORLEN participated in the tender offer for the German network of Aral service stations (ca. 69 service stations located in the Czech Republic) ➢ High standard of stations in favourable locations - average throughput per station 4.5 m l. ▪ Tender process is scheduled to end in Autumn, 2005
Tender offer of Q1 service stations - Beckmann (Deutschland)	▪ PKN ORLEN is participating in a tender offer for the German network of service stations divested by the bankruptcy commissioner of Beckmann Mineraloelhandel company (ca. 90 service stations with Q1 brand located in northern Germany). ▪ Tender process is to scheduled to end in August, 2005 ▪ Possible acquisition of Q1 service stations could increase critical mass of ORLEN Deutschland and operating efficiency. Other scenarios regarding ORLEN Deutschland have not been foreclosed.

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Unipetrol transaction[1] presented in the condensed consolidated financial statement of PKN ORLEN on August 16th 2005

Methodology of presenting the transaction

- **Unipetrol transaction (acquisition of 62.99% stake in Unipetrol) presented in financial results Q2'05, attributed to financial assets based on the initial purchase price of PLN 1.6 bn**
- Unipetrol Group will be fully consolidated based on the financial results published by Unipetrol subsidiaries starting from the Q2'05 and H1'01 reports, which PKN ORLEN will publish on September 29th, 2005
- Currently we are proceeding with the evaluation process (according to IFRS 3) for the acquired assets for consolidation purposes to calculate the final financial impact on our account.
  - As a result of the Unipetrol transaction, audits have been started on the financial statements to set up the final purchase price of the acquired Unipetrol stake[5].

Result of the acquisition[3] of Unipetrol assets

Financial item	Value in PLN bn
Initial purchase price[2]	1.6
Value of 62.99 % of equity as of May 30th 2005.[3]	3.2
Negative goodwill	1.6

- Difference between value of purchased assets and purchase price will be finally set after fair value asset valuation
- Total positive effect – in financial income – due to unrealised discount of receivables of companies of Unipetrol and interest attributable of PLN 237 m[4]

1)On 24 May PKN ORLEN acquired 62.99% of UNIPETROL for CZK 11.3 bn 9.76% shares in SPOLANA at CZK 1.0 m Debt of UNIPETROL Group entities (Aliachem, Benzina, Paramo, Spolana) , at the nominal value of CZK 3 564.3 m for CZK 1 745.1 m
2) Amount – increase by purchase costs – before final account for transition
3) Value of equity excluding purchased assets valuation to fair value and recalculated to PLN based on exchange rate as of May 30th,2005.
4) The presented condensed consolidated financial statement include the effect of unrealised discount (PLN204 m) and interest (PLN 33 m).
5) Current estimates may be different from those presented above (5-15% up vs. 5-25% down)

ORLEN

Revenues by segment

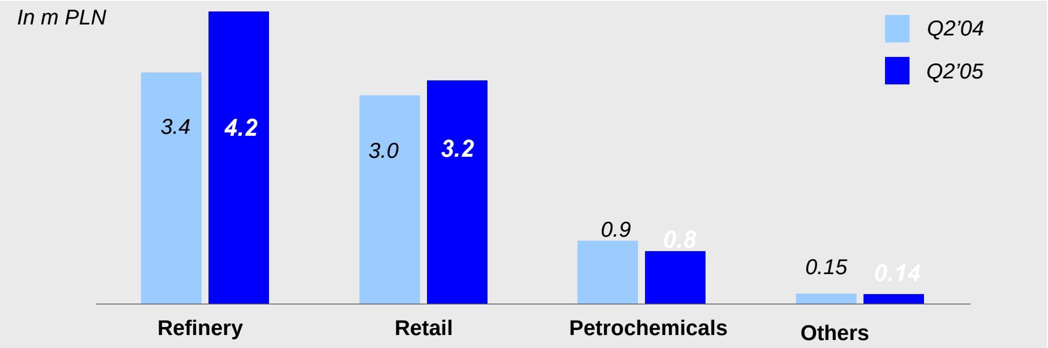
Dynamic revenues increase in refinery segment

IFRS basis, PLN m	Q1' 04	Q1'05	y/y
Revenue total	7 473	**8 400**	*12%*
of which			
Refining[1)]	3 362	**4 244**	*26%*
Poland	2 880	**3 730**	*30%*
Germany (without excise tax)	197	**260**	*32%*
excise tax (Germany)	*285*	***254***	*-11%*
Retail	3 029	**3 247**	*7%*
Poland	1 271	**1 515**	*19%*
Germany (without excise tax)	710	**772**	*9%*
excise tax (Germany)	*1 049*	***960***	*-9%*
Petrochemicals	936	**771**	*-18%*
Others	145	**137**	*-5%*

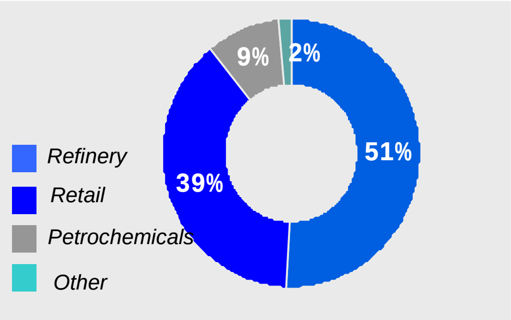
Comment

- **Higher revenues due to higher volume sales and increase in product prices**
- **The highest increase in the refinery segment, supported by volume sales increase of 12%**
- **Decrease due to planed maintenance shutdown (modernization) of olefin unit and lower feedstock volume to BOP and Anwil**

Comparison of revenues by segment Q2'05 vs. Q2'04



Segment revenue structure Q2' 05



1) Production, Wholesale and Logistics segment

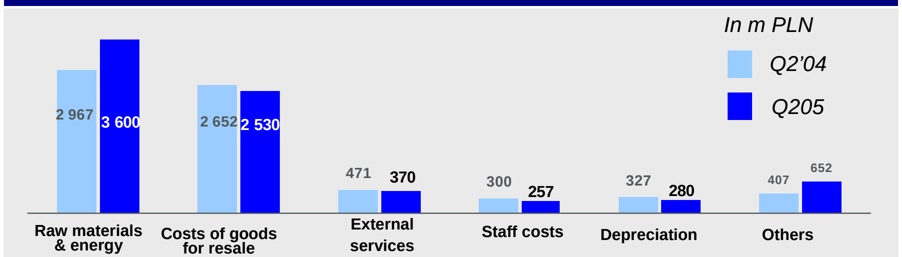
Expenses
Operating costs grew by less than revenues

IFRS basis, PLN m	Q2'04	Q2'05	y/y
Raw materials and energy	2 967	**3 600**	21.3%
Costs of goods for resale	2 652	**2 530**	-4.6%
External services	471	**451**	-4.3%
Staff costs	301	**249**	-17.2%
Depreciation and amortisation	327	**281**	-14.1%
Taxes and charges	41	**67**	63.4%
Others	366	**585**	59.7%
Total	7 124	**7 762**	9.0%
Variable costs	5 742	**6 319**	10.0%
Fixed costs	1 122	**956**	-14.8%
Other operating costs	260	**487**	87.3%
Change in inventories	-169	**81**	-147.9%
Total operating costs	7 215	**8 330**	15.4%

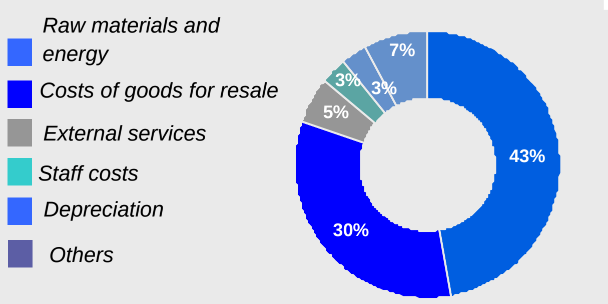
Comment

- Increase of raw materials and energy by 21% as a result of crude oil price increase of 21.6% and increase in volume of crude oil processed by 1.7% in PKN ORLEN (in PKN ORLEN Group, decrease of 0.6%)
- Realization of cost cutting initiatives. Further staff cost reduction Q2'05 vs 1Q'05
- Fixed cost decrease as a result of cost cutting programme
- Including provisions to cover possible business risk [1]

Comparison of operating cost structure Q2'05 vs. Q2'04



Structure of operating costs Q2 '05

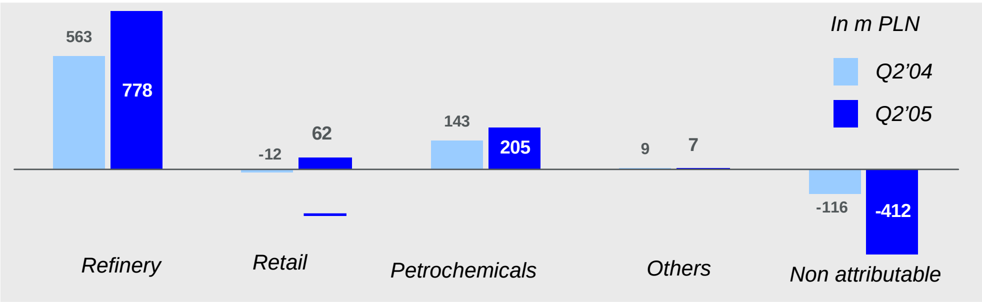


1) In Q2'05 was created provision covering, among other items, the business risk which includes provision to cover possible negative financial effects associated to agreements concerning sale of some Unipetrol assets

Operating profit by segment
Visible improvement in results across all core business segments

IFRS basis, PLN m	Q2'04	**Q2'05**	y/y
Operating profit	587	**640**	*9.0%*
of which:			
Refining[1]	563	**778**	*38.2%*
Retail	-12	**62**	*n.a.*
Petrochemicals	143	**205**	*43.4%*
Others[2]	9	**7**	*-20.0%*
Non attributable[3]	-116	**-412**	*255.2%*

Comparison of operating profit structure Q2'05 vs. Q2' 04



Comments

- **The significant increase in operating profit was due to efficiency activities and favourable cracks on fuels. Profit increase by 34.4% in Q2'05 vs. Q1'04**
- **Increase in retail segment as a result of margin maximization, cost cutting activities and PLN 10 m operating profit from ORLEN Deutschland. Substantial profit increase of PLN 60 m in Q2'05 vs. Q1'05**
- **Strong dynamic in petrochemicals despite planed maintenance shutdown (modernization) of olefin unit due to high cracks on ethylene and propylene**
- **Non attributable increase due to provisions to cover business risk [4)]**

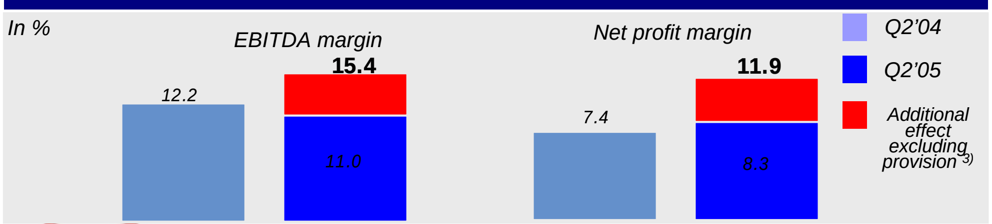
1) Production, Wholesale and Logistics
2) Departments responsible for energy media and social activity and services subsidiaries of PKN ORLEN
3) Includes corporate centre of PKN and subsidiaries not mentioned in previous segments
4) In Q2'05 was created provision covering, among other items, the business risk which includes provision to cover possible negative financial effects agreements concerning sale of some Unipetrol assets

Profit and loss account

EBITDA margin increase, excluding one-off item

IFRS, PLN m	Q2'04	Q2'05	y/y
Revenues	7 473	**8 400**	*12.4%*
Cost of sales	-5 940	**-6 617**	*11.4%*
Distribution costs	-519	**-537**	*3.4%*
Administrative expenses	-236	**-202**	*-14.6%*
Others[1]	-191	**-404**	*111.8%*
Operating profit	587	**640**	*9.1%*
Financial income	141	**395**	*180.1%*
Financial expenses	-40	**-160**	-
Profit before tax&minorities int.	693	**913**	*31.7%*
Tax	-136	**-219**	*60.9%*
Net profit	551	**698**	26,8%

Comparison of EBITDA margin and net margin Q2'05 vs. Q2'04



Comments

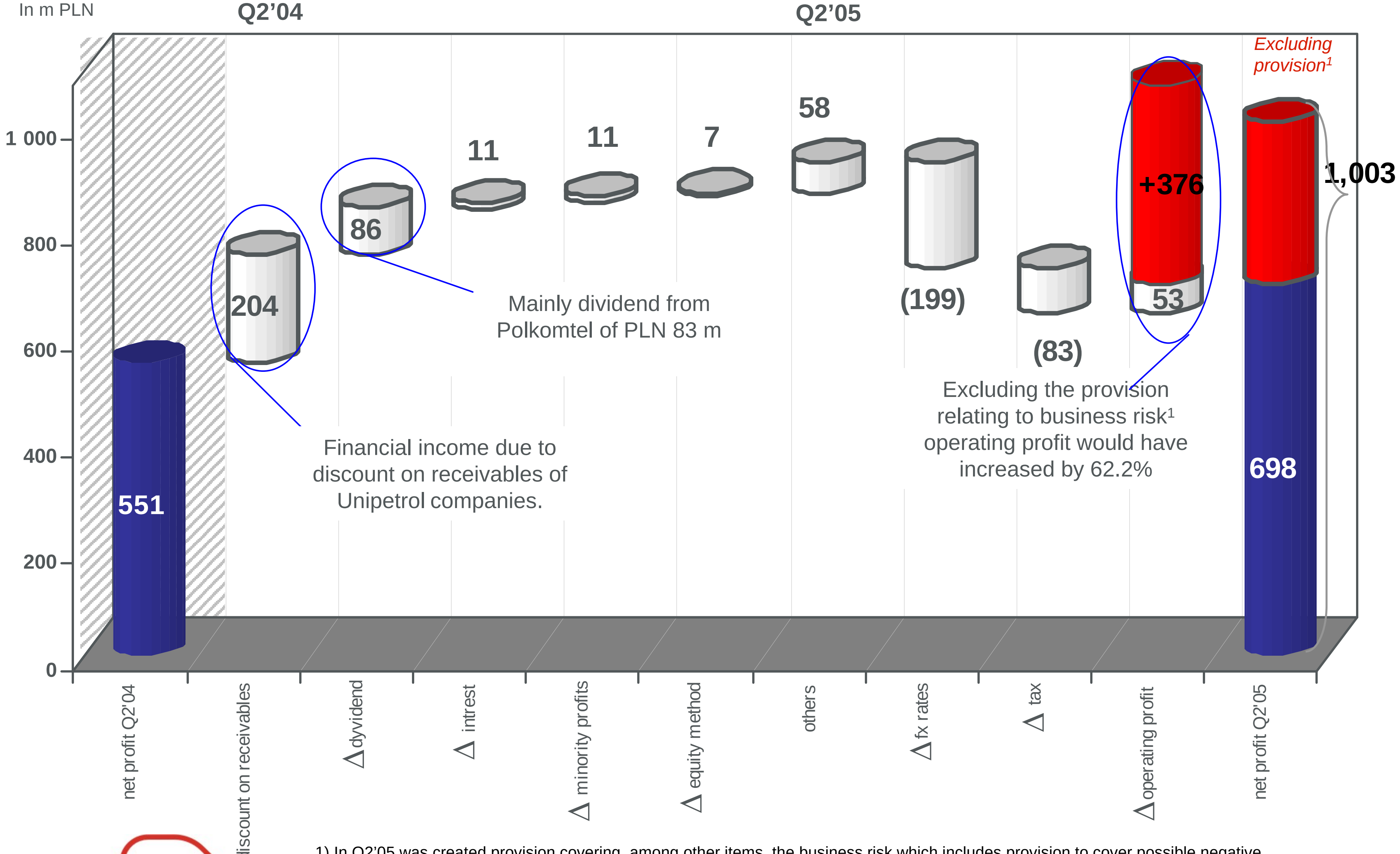
- **Cost cutting visible in decrease of administrative expenses of PLN34 m**
- **Increase in other operating costs among others due to provision on business risk³ Excluding this item, operating profit increased by 73% to the level of PLN 1.016 m**
- **Financial income increased as a result of discount on receivables for companies of the Unipetrol group and dividend from Polkomtel of PLN 83 m**
- **Financial expenses increased due to high level of negative exchange rates**
- **Excluding one-off item – provision³ EBITDA margin increase by 3.2 pp**

1) Other operating income and expenses

2) In Q2'05 was created provision covering, among other items, the business risk which includes provision to cover possible negative financial effects associated to agreements concerning sale of some Unipetrol assets

ORLEN

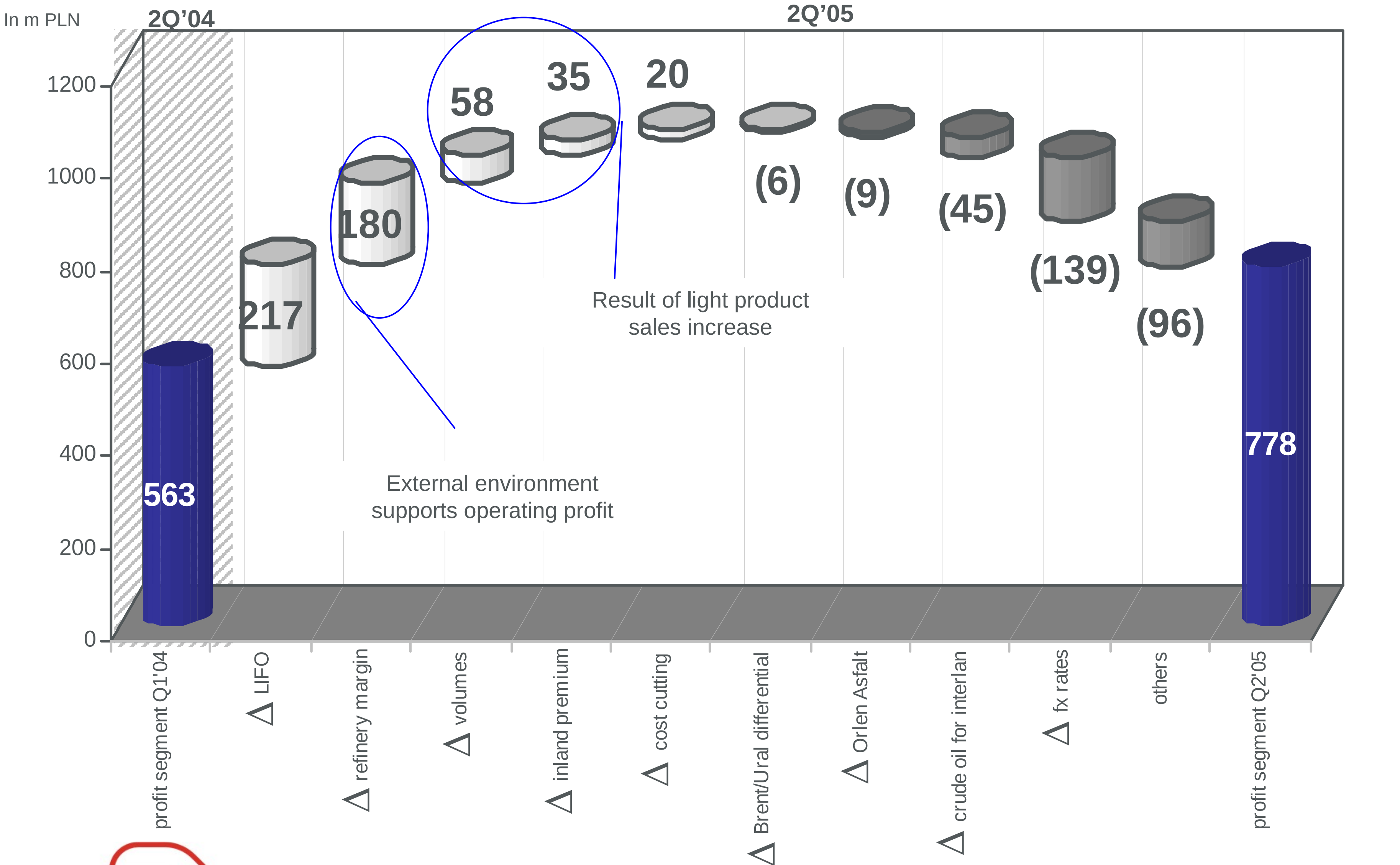
Operating profit increase in Q2'05
impacted by one-off item



1) In Q2'05 was created provision covering, among other items, the business risk which includes provision to cover possible negative financial effects associated to agreements concerning sale of some Unipetrol assets

Refining segment[1)]

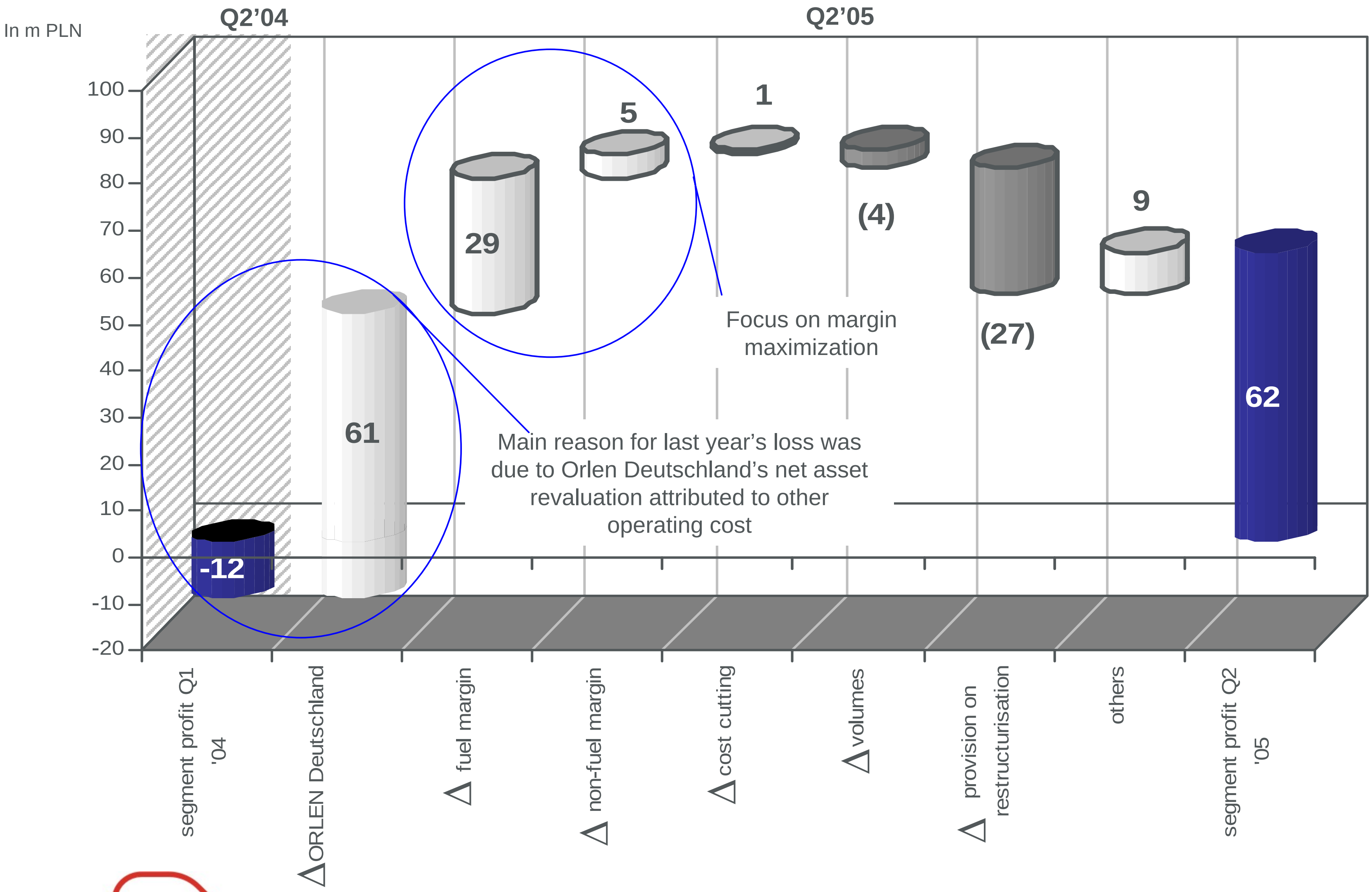
Increase in operating efficiency and exploitation of favourable macroeconomic conditions



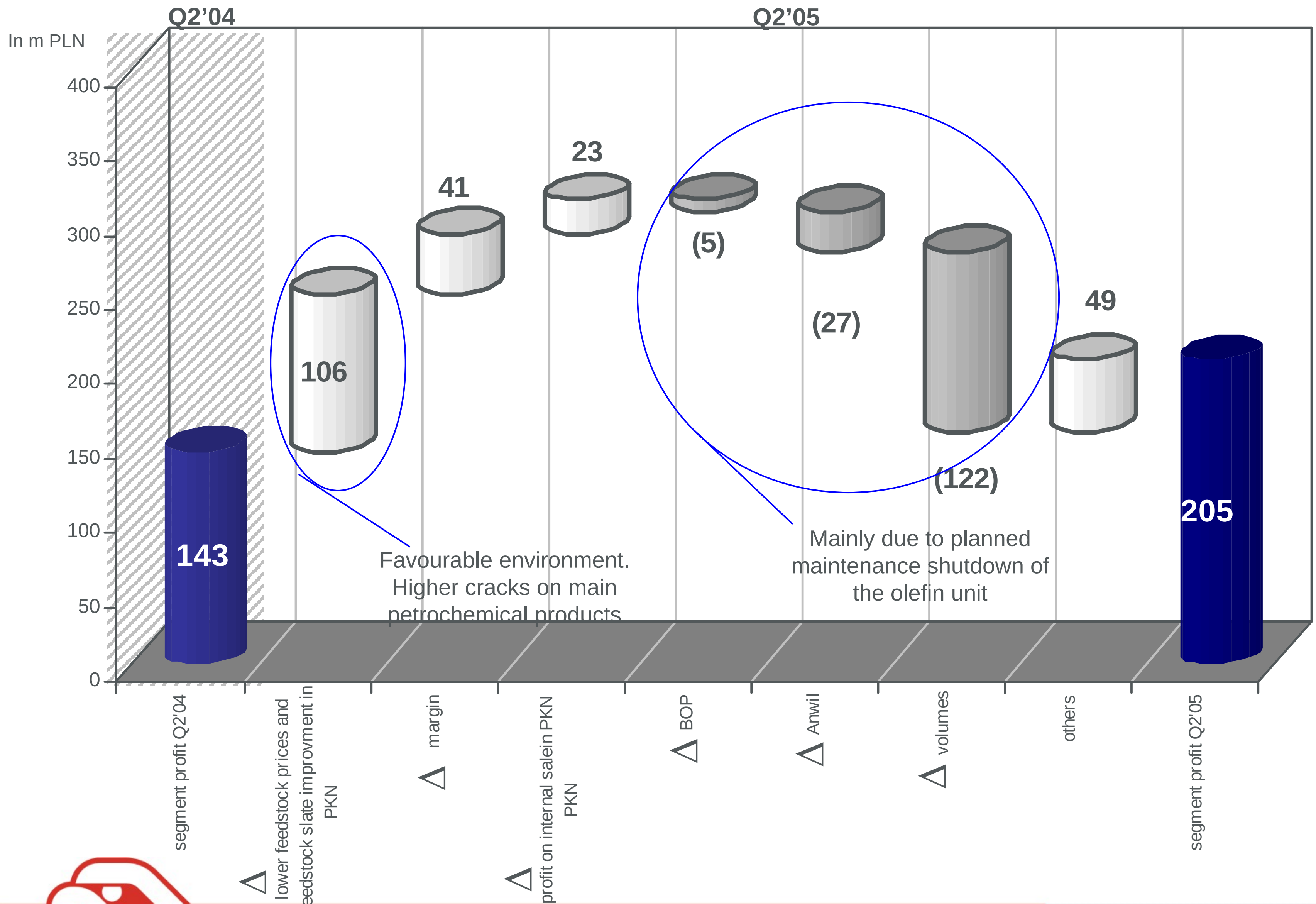
1) Segment: Production, Wholesale, Logistic

Retail Segment

Improvement due to efficiency programme and lower provisions



Petrochemical segment
Profit increase despite planed stoppage of olefin unit (modernization)



Unipetrol: financial highlights
Consolidated financial results 1H'05 vs. 1H'04 (IFRS)

Financial highlights, th CZK	H1'2004	y/y	H1'05
Total assets	71 706 745	9.2%	78 318 284
Equity	28 917 104	29.0%	37 289 760
th CZK			
Revenue	34 100 460	44.5%	49 291 380
Costs of sales	655 757	-2.3%	640 793
Distribution and GA costs	1 760 076	-21.8%	1 376 128
Profit/loss on sales*	2 129 972	36.0%	2 897 819
Other revenue and costs**	-34 637	57.8%	-54 665
Operating profit/loss	2 193 042	28.8%	2 823 903
Net profit/loss	1 202 570	46.3%	1 759 607

* Excluding amortization (goodwill) / negative goodwill

** Net value (other operating revenues – other operating cost)

Comments

- Decrease of net debt to equity from 33.3% to 24.7% proves balance sheet stabilization.
- Higher revenues as a result of volume sales increase and rising product price
- Operating profit increase due to lower fix cost of the Capital Group
- Decrease of financial costs of credits and bonds lead to higher dynamic increase of net profit comparing to EBIT increase

ORLEN

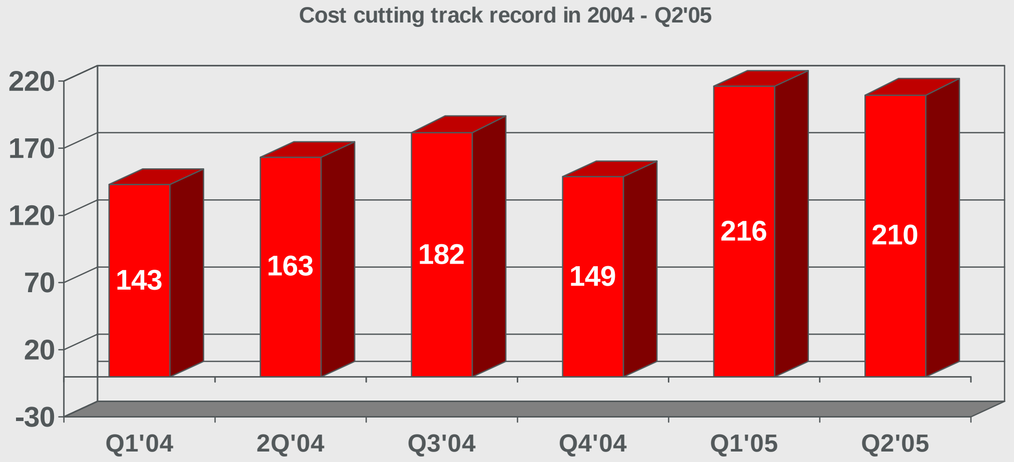
Cost Cutting Programme Results
Delivery on track

Summary of Cost Cutting Programme effects – Q2’05

- **Initiatives implemented create sufficient potential to meet target of PLN 800 m[1] .**
- **PKN ORLEN is continuously looking for new solutions to increase efficiency.**
- **Effects of initiatives realized in Q2’05 at a level of PLN 210 m.**

Efficiency improvement initiatives realised	PLN 210 m
Annual initiatives potential	PLN 800 m

Realisation of initiatives by quarter



- **Full year target realization after Q2’05 is at 53%**

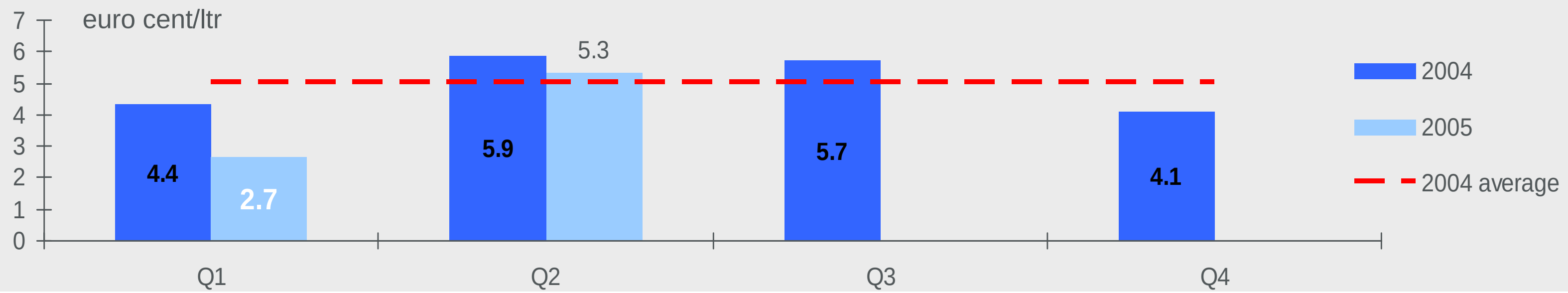
1) Target against cost base as of 2002

ORLEN

ORLEN Deutschland
Visible improvement in retail margin and financial results

Trend in Q2 2005

- Dynamic increase of retail margin by 96% in Q2’05 vs. Q1’05 may be seen as an improvement of the business climate in the sector, and raises hopes for the second half of 2005, even though strong competition remains.
- Total volume sales of fuel in Orlen Deutschland increased in Q2’05 by 3.6% compared to Q2’04. There was a decrease in fuel consumption in the German market of approximately 4% Q2’05 vs. Q2’04.



Estimated fuel consumption in Germany in Q2 05[1]

- Gasoline decrease 5.5%
- Diesel increase 2.7%

1) In accordance with MWW Mineralölwirtschaftsverband e.V. estimates

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It should be also noted that forward-looking statements, including statements relating to expectations regarding the financial results which the Company is to present on August 16th 2005, give no guarantee or assurance that such results will be achieved. The Management Board’s expectations are based on present knowledge or views of the Company’s Management Board and are dependent on a number of factors, which may cause that the actual results may differ materially from those discussed in the document. Many such factors are beyond the present knowledge or control of the Company, or cannot be predicted by it.

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Summary of Q2'05 financial results and macroeconomic environment

Strategy update

Financial results Q2'05

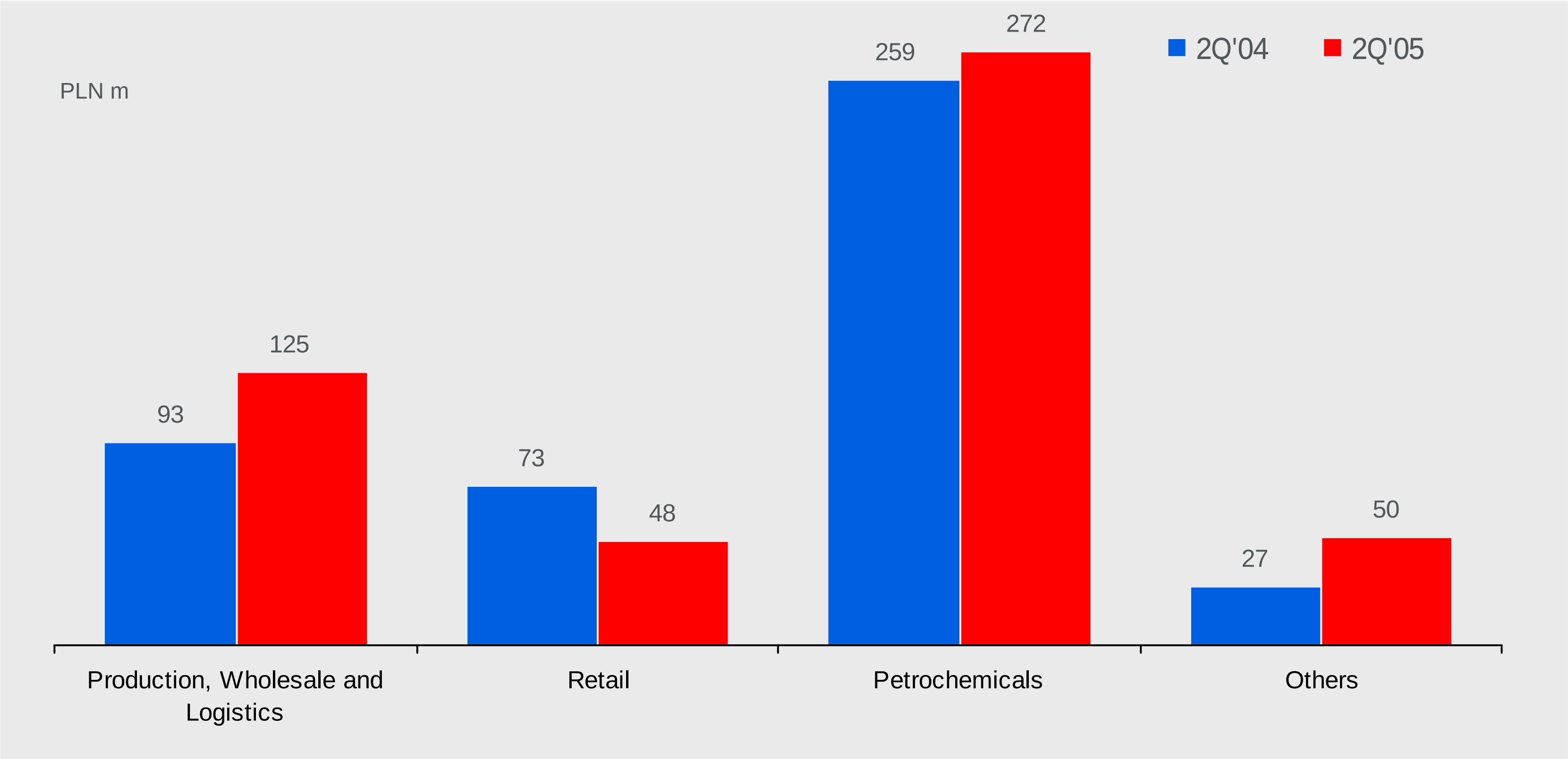
Supporting slides

- CAPEX in Q2'05
- Macroeconomic environment
- Operating and financial data Q2'05
- Cost cutting settlement
- ORLEN Deutschland

Investments in 2Q'05[1]

Focus on petrochemical activity

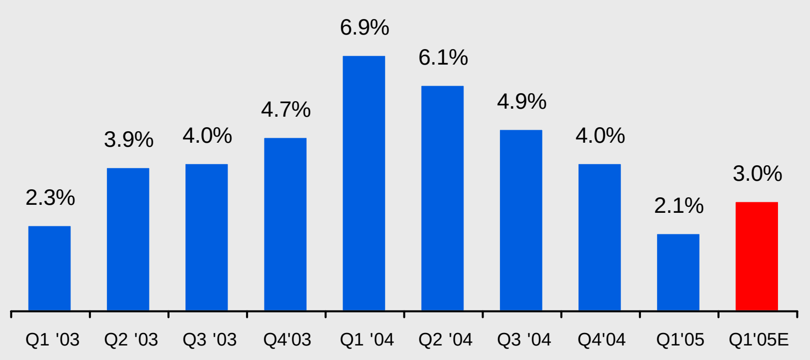
CAPEX in Q2'05



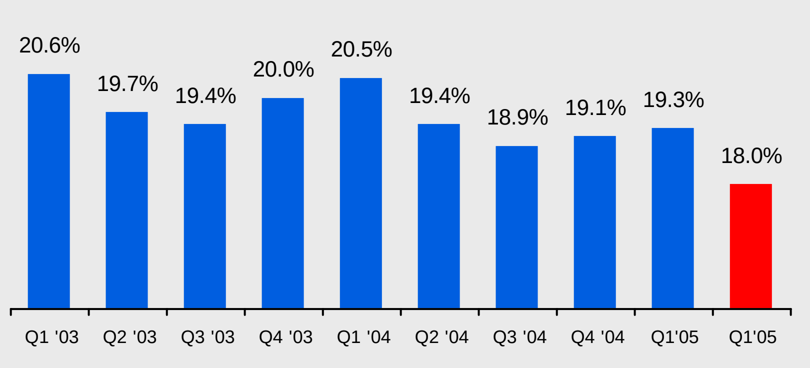
1)Refers to PKN ORLEN Group excluding Unipetrol

Macroeconomic environment in Poland

Real GDP growth



Unemployment rate



Comment

- Slight increase of GDP in Q2'05 – better results in manufacturing, trade and construction industry. Weak consumer demand. Decrease in unemployment rate – **18.0%** (decrease by 1.1pp y/y).
- Estimated decrease in new car sales of **32.8%** (H1'05 vs. H1'04)
- Estimated growth of domestic fuel consumption (gasoline, diesel and LHO) by **3%E** (Q2'05 vs. Q2'04)
- Drop of PLN/USD exchange rate of 16% from 3.89 to **3.28** (Q2'05 vs. Q2'04)

ORLEN

Operating highlights Q2'05

Operating data[1]	2Q 04	1Q 05	2Q 05	y/y	q/q
Total sales[1] (tt) , of which	3 553	3 322	**3 782**	*13.8%*	*6.4%*
- light product sales (tt) [2]	2 426	2 311	**2 611**	*13.0%*	*7.6%*
- other refinery products sales (tt)	587	395	**693**	*18.1%*	*75.4%*
- pet-chem sales (tt)	494	565	**428**	*-13.4%*	*-24.2%*
- other product sales (tt)	46	51	**50**	*8.7%*	*-2.0%*
Retail sales of motor fuels[3]	847	746	**842**	*-0.6%*	*12.9%*
Processed crude[4] (tt)	2 902	3 095	**2 953**	*4.8%*	*-4.6%*
Utilisation[4]	86.0%	91.7%	**87.5%**	*1.5pp*	*-4.2pp*
White product yield[4]	79.9%	82.3%	**80.4%**	*-0,5pp*	*-1.99pp*
Fuel yield[4]	69.7%	69.1%	**71.1%**	*+1.4pp*	*+2.0pp*
Headcount[5]	14 398	14 611	**14 586**	*-0.2%*	*1.3%*

Effect of BOP consolidation. As a result increase of number of employees by 386 as of the end Q1 and Q2 2005

1)Refers to PKN ORLEN Group excluding Unipetrol 2) Gasoline, Diesel, LHO, Jet
3) Refers to PKN ORLEN Group excluding Unipetrol: Gasoline, Diesel, LPG;
4) Refers to PKN ORLEN
5)Refers to PKN ORLEN Group excluding Unipetrol
Production data refers to Plock Refinery only, nameplate capacity of 13.5 mt

Revenue by segment[1]

Dynamic increase has continued – refinery is the leader of improvement

IFRS basis, PLN m	Q1 05	Q2 05	q/q	I-VI'04	I-VI'05	y/y
Revenue total	**6 806**	**8 400**	*23%*	13 813	**15 206**	*10%*
of which						
Refining[2)]	**2 990**	**4 244**	*42%*	6 086	**7 234**	*19%*
Poland	**2 546**	**3 730**	*47%*	5 154	**6 276**	*22%*
Germany (without excise tax)	**224**	**260**	*16%*	377	**484**	*28%*
excise tax (Germany)	***220***	***254***	*15%*	*556*	***474***	*-15%*
Retail	**2 579**	**3 247**	*26%*	5 502	**5 827**	*6%*
Poland	1 179	1 515	*28%*	2 269	2 695	*19%*
Germany (without excise tax)	**572**	**772**	*35%*	1 248	**1 344**	*8%*
excise tax (Germany)	***828***	***960***	*16%*	*1 986*	***1 788***	*-10%*
Petrochemicals	**1 074**	**771**	*-28%*	1 904	**1 844**	*-3%*
Others	**163**	**137**	*-16%*	321	**301**	*-6%*

1)Refers to PKN ORLEN Group excluding Unipetrol

2) Production, Wholesale and Logistics segment

Expenses[1]

Operating costs grew by less than revenues

IFRS basis, PLN m	Q1 05	Q2 05	q/q	I-VI'04	I-VI'05	y/y
Raw materials and energy	3 269	**3 600**	*10.1%*	5 562	**6 869**	*23.5%*
Costs of goods for resale	2 198	**2 530**	*15.1%*	4 911	**4 727**	*-3.7%*
External services	370	**451**	*21.9%*	861	**820**	*-4.7%*
Staff costs	257	**249**	*-3.3%*	561	**506**	*-9.7%*
Depreciation and amortisation	295	**281**	*-4.8%*	667	**575**	*-13.8%*
Taxes and charges	92	**67**	*-26.9%*	125	**159**	*26.8%*
Others	105	**585**	*457.8%*	435	**690**	*58.5%*
Total	6 585	**7 762**	*17.9%*	13 123	**14 347**	*9.3%*
Variable costs	5 581	**6 319**	*13.2%*	10 725	**11 900**	*11.0%*
Fixed costs	940	**956**	*1.7%*	2 108	**1 896**	*-10.1%*
Other operating costs	64	**487**	*660.9%*	290	**551**	*90.0%*
Change in inventories	-492	**81**	*-116.5%*	-271	**-411**	*51.7%*
Total operating costs	6 093	**7 843**	*29.1%*	12 852	**13 936**	*8.4%*

1)Refers to PKN ORLEN Group excluding Unipetrol

ORLEN

Operating profit by segment [1]

Visible improvement in results across all segments

IFRS basis, PLN m	Q1 05	Q2 05	q/q	I-VI'04	I-VI'05	y/y
Operating profit	**791**	**640**	*-19.1%*	1 070	**1 431**	*33.8%*
of which:						
Refining[2]	**579**	**778**	*34.4%*	982	**1 357**	*38.1%*
Retail	**2**	**62**	*n.a.*	-28	**64**	*n.a.*
Petrochemicals	**318**	**205**	*-35.4%*	342	**523**	*52.9%*
Others[3]	**29**	**7**	*-76.8%*	30	**36**	*21.5%*
Non attributable[4]	**-137**	**-412**	*201.7%*	-256	**-549**	*114.5%*

1)Refers to PKN ORLEN Group excluding Unipetrol

2) Production, Wholesale and Logistics

3) Departments responsible for energy media and social activity and services subsidiaries of PKN ORLEN

4) Includes corporate centre of PKN and subsidiaries not mentioned in previous segments

Profit and loss account[1]

Record net profit after H1'05 visible in level of ROACE

IFRS, PLN m	Q1 05	Q2 05	q/q	I-VI'04	I-VI'05	y/y
Revenues	6 806	**8 400**	*23.4%*	13 813	**15 206**	*10.1%*
Cost of sales	-5 341	**-6 617**	*23.9%*	-11 074	**-11 958**	*8.0%*
Distribution costs	489	**537**	*9.7%*	1 063	**1 027**	*-3.5%*
Administrative expenses	199	**202**	*1.6%*	422	**401**	*-5.1%*
Others[2]	15	**-404**	-	-183	**-389**	-
Operating profit	791	**640**	*-19.1%*	1 070	**1 431**	*33.7%*
Financial income	46	**395**	*754.4%*	157	**441**	*180.5%*
Financial expenses	-67	**-160**	*136.9%*	-98	**-227**	*131.1%*
Profit before tax&minorities int.	770	**913**	*18.6%*	1 142	**1 683**	*47.4%*
Tax	-142	**-219**	*54.9%*	-238	**-361**	*51.6%*
Net profit	618	**698**	13.0%	880	**1 316**	49.5%

1)Refers to PKN ORLEN Group excluding Unipetrol
2) Other operating income and expenses

Main results of the cost cutting programme by segment

The leaders of the programme are the largest segments

Effects of the programme realised in each segment in Q2'05

ORLEN Deutschland

Financial highlights Q2'05 vs. Q2'04

Financial highlights, PLN m	Q2 2004	y/y	Q2 2005
Total assets	1 640	-10%	1 476
Equity	533	-13%	465
PLN m			
Revenue	2 246	0%	2 240
Costs of sales	-2 142	1%	-2 153
Distribution and GA costs	-105	-10%	-94
Profit/loss on sales	-1,8	nm	-7
Other revenue and costs	15	13%	17
Operating profit/loss	13	-24%	10
Net profit/loss	13	-48%	7

Comment

- Decrease in costs of sales, distribution, and GA costs of PLN 10m due to implementation of efficiency programme
- The Q2'05 result was adjusted in the financial statement of the PKN ORLEN Group by PLN 65m due to revaluation of net assets
- Increase of net profit by PLN 29m 2Q'05 vs. 1Q'05 was connected with a jump in the retail margin to eurocent 2.6/litre