

## Financial Results of PKN ORLEN Group for Q3 2006 according to IFRS

### Summary of results

#### Refinery and Retail

- The increase of oil throughput by 10% led to a 1.1% increase of petrol sales, 8.5% increase of diesel oil sales and 9.6% increase of LPG sales.
- The decrease of the Ural-Brent differential (15%, y/y) affected the operating result negatively in the amount of (-) PLN 68 m (y/y).
- The negative impact of decreasing refinery margins on the result in the amount of (-) PLN 76 m.
- Significant improvement of results of companies from the segment (Q3, y/y): Unipetrol (by 83%), ORLEN Deutschland (by 50%), ORLEN Asfalt (by 86%), ORLEN Gaz (by 291%).
- Increase of unit margins on petrols and diesel oil and retail sales volumes contributed to very good results in the Retail segment.

#### Petrochemicals

- Increase of ethylene production by 91 tt and propylene production by 62 tt (y/y) in PKN ORLEN S.A. as a result of start-up of new Olefin II installations.
- Favourable trends in petrochemical margins (allowing for the system of price discounts used in PKN) had a positive impact on the result of the Parent Company in the segment in the amount of (+) PLN 69 m (y/y).
- High share of the segment's companies in the results of the Petrochemical segment: Unipetrol (PLN 89 m) and BOP (PLN 41 m).

#### Summary

- PLN 1,743 m (EBITDA) vs. PLN 1,623 m in Q3 2005 – the worsening of macroeconomic factors observed in the Refinery area was compensated with high results of Capital Group companies (increase by almost PLN 152 m, y/y).
- The low level of the net debt ratio of shareholders' equities resulting from the high level of cash and short-term investments makes it possible to implement the M & A strategy.
- The OPTIMA program, aimed at savings in the field of operating costs, resulted in measurable savings of PLN 117 m.
- Fixed costs in the Parent Company (excluding costs of strategic projects and depreciation) fell below the last year's level in Q3 2006, in spite of the increased scale of operation.

#### Key financial data

Q3/06	Q2/06	q/q +/- (%)	Q3/05	y/y +/- (%)	in million (PLN), unless stated otherwise	2006	2005	y/y +/- (%)
917	926	-1,0	1 109	-17,3	Refinery	1 970	3 134	-37,1
211	223	-5,4	141	49,6	Petrochemicals	749	1 492	-49,8
57	34	67,6	-52	-209,6	Chemicals	143	161	-11,2
187	76	146,1	50	274,0	Retail	269	265	1,5
-15	8	-287,5	-16	-6,3	Other <sup>1</sup>	42	273	-84,6
-178	-67	165,7	-141	26,2	Not attributed <sup>2</sup>	-355	-821	-56,8
1 179	1 200	-1,8	1 091	8,1	EBIT	2 818	4 504	-37,4
-63	0	-	0	-	Non-recurrent events <sup>3</sup>	-63	1 894	-103,3
0	0	-	0	-	Refinery	0	626	-
0	0	-	0	-	Petrochemicals	0	893	-
0	0	-	0	-	Chemicals	0	124	-
-2	0	-	0	-	Retail	-2	152	-101,3
-3	0	-	0	-	Other <sup>1</sup>	-3	259	-101,2
-58	0	-	0	-	Not attributed <sup>2</sup>	-58	-160	-63,8
1 242	1 200	3,5	1 091	13,8	Cleared EBIT <sup>3</sup>	2 881	2 610	10,4
1 681	1 644	2,3	1 623	3,6	EBITDA	4 308	5 665	-23,9
1 744	1 644	6	1 623	7,5	Cleared EBITDA <sup>3</sup>	4 371	3 771	15,9
1 037	958	8,2	994	4,3	Net profit	2 385	4 238	-43,7
1 026	881	16,5	985	4,2	Profit of Parent Company's shareholders	2 219	4 213	-47,3
1 077	881	22,2	985	9,3	Cleared profit of Parent Company's shareholders <sup>3</sup>	2 270	2 319	-2,1
1 533	1 684	-9,0	1 100	39,4	Operating cash flow	2 660	2 746	-3,1
16,0	16,0	-0,2	16,7	-4,3	ROACE (%) <sup>4</sup>	13,2	27,3	-51,7
10,9	18,4	-41,0	17,1	-36,5	Shareholder's equity net debt ratio (%) <sup>5</sup>	11,7	10,9	7,3
2,40	2,06	16,4	2,30	4,1	EPS	5,19	9,85	-47,3
2,52	2,06	22,2	2,30	9,3	Cleared EPS	5,31	5,42	-2,1
0,00	0,00	-	2,13	-	Dividend per share	0,00	2,13	-

1) Entities responsible for media, social welfare activity and service companies of PKN ORLEN S.A.

2) Includes PKN Corporate Centre and companies not listed in previous segments

3) Non-recurrent events: excess of net fair value of acquired assets over the acquisition price

4) ROACE = operating profit after tax / average exposed capital (shareholder's equity + net debt)

5) Calculated for average amounts of balance-sheet items

#### Macroeconomic factors:

Q3/06	Q2/06	q/q +/- (%)	Q3/05	y/y +/- (%)		2006	2005	y/y +/- (%)
3,96	5,65	-29,9	6,09	-35,0	Average refinery margin <sup>1</sup> (USD/bbl)	4,03	5,09	-20,8
3,67	4,81	-23,7	4,30	-14,7	Ural/Brent differential (USD/bbl)	4,03	4,32	-6,7
69,61	69,60	0,0	61,67	12,9	Average Brent oil price (USD/bbl)	67,00	53,77	24,6
3,10	3,14	-1,3	3,30	-6,1	Average PLN/USD rate <sup>2</sup>	3,14	3,22	-2,5
3,96	3,95	0,3	4,02	-1,5	Average PLN/EUR rate <sup>2</sup>	3,91	4,06	-3,7
623,16	566,03	10,1	330,57	88,5	Average margin on ethylene (USD/t)	559,91	494,37	13,3
537,61	513,55	4,7	343,05	56,7	Average margin on propylene (USD/t)	511,75	458,16	11,7

1) Calculated on the basis of the algorithm: Products (88.36%) vs. Brent Dtd (100%).

Products include: Petrols (25.21%), Diesel Oil (23.20%), Petroleum (16.51%), LHO (15.31%),  
(Source: quotations of CIF NWE, excluding HSFO FOB ARA)

2) Source: NBP

**Financial data by Area of Activity (Segment)****Market Overview**

In the 3<sup>rd</sup> quarter of 2006, the average price of commodity Brent oil was USD 69.61/bbl, having gone up by USD 7.94/bbl (12.9%) year on year. This rise in oil prices went hand in hand with the decrease of the URAL/Brent differential by 14.7%, i.e. from USD 4.3/bbl in Q3 2005 to USD 3.67 USD/bbl in Q3 2006. In Q3 2006, the average commodity price of petrols was USD 691.01/t, which means a USD 48.61/t, or 7.6%, increase over Q3 2005. Price increases were also reported for diesel oil, Ekoterm and JET A-1 fuel - by USD 52.2/t, USD 49.43/t and USD 63.72/t, respectively (i.e. by 8.7%, 8.6% and 10.1%).

The high prices of products were accompanied by a decrease of commodity crack margins for petrols (by 6.8%), diesel oil (by 6.2%) and light heating oil (by 10.1%). Only in the case of JET A-1 fuel, the commodity margins in Q3 2006 increased in comparison with the analogous period of 2005 (by 1.9%). The 3<sup>rd</sup> quarter of 2006 was characterised by high commodity margins for benzene, ethylene, propylene, phenol, butadiene and acetone. For these products, margins rose by 40.4%, 88.5%, 56.7%, 18.8%, 26.0% and 21.7%, respectively. On the other hand, a negative margin of 57.USD/t was recorded for glycols (as compared to 135.4 USD/t in Q3 2005).

In Q3 2006 the Euro exchange rate decreased against the Polish currency by 1.6% (falling from PLN 4.02 /EUR in Q3 2005 to PLN 3.96/EUR in Q3 2006) and the U.S. dollar exchange rate decreased by 6.1% (falling from PLN 3.30/USD in Q3 2005 to PLN 3.10/USD in Q3 2006).

According to the estimations based on data provided by Nafta Polska S.A. and Agencja Rynku Energii S.A., the domestic consumption of fuels (petrols, diesel oil and light heating oil) rose by approximately 270,000 tons (by 7.6%) in Q3 2006 year on year, amounting to 3,839,000 tons. In the period under analysis, the consumption of petrols rose to the level of 1,115,000 tons (by 2.1%) and the growth of diesel oil consumption was very dynamic, amounting to 24.0% (2,321,000 tons). According to the Central Statistics Office (GUS), in Q3 2006 primary areas of economy were characterised by a high increase rate, and the dynamics of production sold in the industry exceeded 12%. In the section of crude oil refining products, the dynamics of production reached 14.8% in Q3 2006.

According to the estimations of the Market Economy Research Institute (IBnGR), the dynamics of growth of the gross national product was still high in Q3 2006. The gross national product in Q3 2006 is estimated to have grown by 5.6% towards the analogous period of 2005.

In the 3<sup>rd</sup> quarter of 2006, prices of consumer goods and services rose by 0.2% in comparison with the 2<sup>nd</sup> quarter of 2006 and by 1.5% in comparison with the end of 2005. In the 3<sup>rd</sup> quarter of 2005, there was a deflation on the level of 0.2% towards the 2<sup>nd</sup> quarter of 2005. In comparison with the analogous quarter of 2005, prices of consumer goods and services rose by 1.4% in Q3 2006. The rapid economic growth in the last few quarters brought the expected further improvement of situation on the labour market. The unemployment rate at the end of Q3 2006 was 15.2%, which means its decrease by 2.4 percentage points towards the analogous period of 2005.

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### Refinery (Production + Wholesale)

Refinery (Production + Wholesale)	9 months ended 30 Sep. 2006		3 months ended 30 Sep. 2006		9 months ended 30 Sep. 2005		3 months ended 30 Sep. 2005		% change 9 months		% change 3 months	
	PLN '000	USD '000	PLN '000	USD '000	PLN '000	USD '000	PLN '000	USD '000	PLN '000	USD '000	PLN '000	USD '000
<b>Results acc. to IFRS</b>												
<b>Revenue, including:</b>	<b>32 252 241</b>	<b>10 394 225</b>	<b>12 427 801</b>	<b>4 005 221</b>	<b>22 423 905</b>	<b>6 803 576</b>	<b>10 609 458</b>	<b>3 218 987</b>	<b>43.8%</b>	<b>52.8%</b>	<b>17.1%</b>	<b>24.4%</b>
Third-party sales	19 225 588	6 196 006	7 288 800	2 349 028	14 957 051	4 538 078	7 083 821	2 149 283	28.5%	36.5%	2.9%	9.3%
Intra-company sales	13 026 653	4 198 219	5 139 001	1 656 193	7 466 854	2 265 498	3 525 637	1 069 704	74.5%	85.3%	45.8%	54.8%
<b>Segment's costs</b>	<b>-30 286 483</b>	<b>-9 760 702</b>	<b>-11 514 741</b>	<b>-3 710 961</b>	<b>-19 843 662</b>	<b>-6 020 711</b>	<b>-9 480 225</b>	<b>-2 876 369</b>	<b>52.6%</b>	<b>62.1%</b>	<b>21.5%</b>	<b>29.0%</b>
Other operating income	99 468	32 056	33 558	10 815	85 773	26 024	9 803	2 974	16.0%	23.2%	242.3%	263.7%
Other operating expenses	-95 080	-30 642	-29 862	-9 624	-157 868	-47 898	-30 339	-9 205	-39.8%	-36.0%	-1.6%	4.6%
Excess of net fair value of acquired assets over the acquisition price	-	-	-	-	625 748	189 856	-	-	-	-	-	-
<b>Segment's result*</b>	<b>1 970 146</b>	<b>634 937</b>	<b>916 756</b>	<b>295 451</b>	<b>3 133 896</b>	<b>950 847</b>	<b>1 108 697</b>	<b>336 387</b>	<b>-37.1%</b>	<b>-33.2%</b>	<b>-17.3%</b>	<b>-12.2%</b>
Sales to third parties ('000 tons)	9 549		3 223		8 040		3 366		18.8%		-4.2%	

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

The most important companies belonging to the Refinery segment include: PKN ORLEN S.A., Rafineria Trzebinia S.A., Rafineria Nafty Jedlicze S.A., ORLEN PetroProfit Sp. z o.o., ORLEN Petrogaz Płock Sp. z o.o., ORLEN PetroTank Sp. z o.o., ORLEN PetroZachód Sp. z o.o., ORLEN Asfalt Sp. z o.o., ORLEN Oil Sp. z o.o. and companies from the Czech holding Unipetrol a.s.: Paramo a.s., Unipetrol Rafinerie a.s., and Ceska Rafinerska a.s.

The segment's revenues expanded by 17.1%. The growth of the segment's revenues is a result of favourable changes with respect to commodity prices for fuels (increase of commodity prices for petrols – by 7.6%, diesel oil – by 8.7%, Ekoterm – by 8.6% and Jet A-1 – by 10.1%). As regards the volume sales of the segment's products in Q3 2006 in relation to the analogous quarter of 2005, sales of petrols dropped by 19.4 thousand tons (by 3.0%), which means a decrease by 124,074,000 PLN in terms of value, and sales of Ekoterm dropped by 95.3 thousand tons (by 20.7%), which means a decrease by 160,442,000 PLN in terms of value. At the same time, the biggest sales increase was recorded for diesel oil - by 50.5 thousand tons (i.e. by 4.0%), which means an increase by 336,371,000 PLN in terms of value. The drop in sales of petrols results, among others, from the lower demand for petrol and the increasing popularity of alternative fuel – LPG. Lower sales of light heating oil are caused by frequent transition to other heat carriers, such as gas, coal or coal dust, especially among technological consumers. The high dynamics of diesel oil sale was caused largely by the effect of growing consumption of this fuel on the domestic market.

The results of the segment were affected negatively by the drop of the quoted URAL/Brent oil differential level by 14.7% to USD 3.67/bbl, which reduced the operating result of the Parent Company by PLN 68 m. In addition, EBIT of the Parent Company was lower by PLN 76 m as a result of the decrease of refinery margins on primary products of the segment.

In Q3 2006, the implementation of the OPTIMA Program yielded PLN 28,796 thousand in savings for the segment, i.e. 30% of the potential assumed for the year 2006.

In Q3 2006, costs of this segment rose by 21.5% due to the high level of petroleum prices (increase by 12.9%).

As a result of the above factors, the segment's result for Q3 2006 reached PLN 916,756 thousand, whereas in the analogous period of 2005 it amounted to PLN 1,108,697 thousand. This decrease was influenced mainly by the

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Parent Company, which generated PLN 647,410 thousand in Q3 2006, i.e. 33.4% lower than the result from the analogous quarter of 2005. The capital group Unipetrol a.s., generated a profit of PLN 133,379 thousand in Q3 2006 (as compared to PLN 73,558 thousand in Q3 2005).

In comparison with Q3 2005, Q3 2006 saw the decrease of outlays for fixed and intangible assets by PLN 45,344 thousand.

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### Refinery (Retail)

Refinery (Retail)	9 months ended 30 Sep. 2006		3 months ended 30 Sep. 2006		9 months ended 30 Sep. 2005		3 months ended 30 Sep. 2005		% change 9 months		% change 3 months	
Results acc. to IFRS	PLN '000	USD '000	PLN '000	USD '000	PLN '000	USD '000	PLN '000	USD '000	PLN '000	USD '000	PLN '000	USD '000
<b>Revenue, including:</b>	<b>11 061 512</b>	<b>3 564 895</b>	<b>4 144 179</b>	<b>1 335 583</b>	<b>9 991 779</b>	<b>3 031 578</b>	<b>4 007 895</b>	<b>1 216 024</b>	<b>10.7%</b>	<b>17.6%</b>	<b>3.4%</b>	<b>9.8%</b>
Third-party sales	11 033 469	3 555 857	4 136 200	1 333 011	9 959 748	3 021 860	3 998 560	1 213 192	10.8%	17.7%	3.4%	9.9%
Intra-company sales	28 043	9 038	7 979	2 571	32 031	9 718	9 335	2 832	-12.5%	-7.0%	-14.5%	-9.2%
<b>Segment's costs</b>	<b>-10 874 739</b>	<b>-3 504 702</b>	<b>-3 980 595</b>	<b>-1 282 863</b>	<b>-9 869 532</b>	<b>-2 994 488</b>	<b>-3 952 466</b>	<b>-1 199 207</b>	<b>10.2%</b>	<b>17.0%</b>	<b>0.7%</b>	<b>7.0%</b>
Other operating income	121 242	39 074	39 365	12 687	79 802	24 213	29 361	8 908	51.9%	61.4%	34.1%	42.4%
Other operating expenses	-38 663	-12 460	-16 162	-5 209	-89 869	-27 267	-34 480	-10 461	-57.0%	-54.3%	-53.1%	-50.2%
Excess of net fair value of acquired assets over the acquisition price	-	-	-	-	152 420	46 245	-	-	-	-	-	-
<b>Segment's result*</b>	<b>269 352</b>	<b>86 807</b>	<b>186 787</b>	<b>60 198</b>	<b>264 600</b>	<b>80 282</b>	<b>50 310</b>	<b>15 264</b>	<b>1.8%</b>	<b>8.1%</b>	<b>271.3%</b>	<b>294.4%</b>
Sales to third parties ('000 tons)	3 019		1 088		2 586		961		16.7%		13.2%	

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

The Retail segment includes the activity of the following companies attributable to this area: PKN ORLEN S.A., ORLEN Deutschland GmbH, ORLEN PetroProfit Sp. z o.o., ORLEN PetroCentrum Sp. z o.o., ORLEN PetroZachód Sp. z o.o. and Benzina a.s. from the Czech holding Unipetrol a.s.

In Q3 2006, the segment's revenue increased by PLN 136,284 thousand (3.4%) over Q3 2005. The growth of revenue of the segment was caused by a rise in sales volumes by 127 thousand tons, i.e. by 13.2%, due to the remarkable increase of diesel oil sales by 22.9% and Eurosuper 95 petrol by 15.5%. In Q3 2006 the result of the segment reached the level of PLN 186,787 thousand, whereas in the analogous period of 2005 it amounted to PLN 50,310 thousand. The profit generated by PKN ORLEN S.A. in this segment in Q3 2006 was PLN 163,717 thousand (as compared to the profit of PLN 41,554 thousand in Q3 2005). PKN ORLEN's German operations attributable to the retail segment\* brought a profit of PLN 12,566 thousand in Q3 2006 (as compared to the profit of PLN 12,077 thousand in Q3 2005). In the period under analysis, the volume sales of all fuels increased, as a result of which the operating result of the Parent Company rose by PLN 34 million. The 3<sup>rd</sup> quarter of 2006 saw also favourable trends with regard to margins on non-fuel goods and services, which rose by 19.9% to the level of PLN 83 million during that period. In comparison with the analogous quarter of 2005, Q3 2006 saw an increase of unit margins on petrols and diesel oil and a decrease of margins on LPG. The estimated favourable impact of unit margins on the operating result of PKN ORLEN S.A. reached the level of PLN 34 million.

The implementation of the OPTIMA Program yielded PLN 52,090 thousand in savings for this segment in Q3 2006, which constitutes 69% of the potential assumed for the year 2006.

In comparison with Q3 2005, Q3 2006 saw the increase of outlays for fixed and intangible assets by PLN 18,518 thousand.

\*) ORLEN Deutschland conducts also wholesale operations attributable to the production and wholesale segment.

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### Petrochemicals

Petrochemicals	9 months ended 30 Sep. 2006		3 months ended 30 Sep. 2006		9 months ended 30 Sep. 2005		3 months ended 30 Sep. 2005		% change 9 months		% change 3 months	
	PLN '000	USD '000	PLN '000	USD '000	PLN '000	USD '000	PLN '000	USD '000	PLN '000	USD '000	PLN '000	USD '000
<b>Revenue, including:</b>	<b>10 117 353</b>	<b>3 260 612</b>	<b>3 931 803</b>	<b>1 267 138</b>	<b>4 676 976</b>	<b>1 419 028</b>	<b>1 867 729</b>	<b>566 683</b>	<b>116.3%</b>	<b>129.8%</b>	<b>110.5%</b>	<b>123.6%</b>
Third-party sales	6 806 410	2 193 564	2 514 508	810 374	3 091 798	938 074	1 272 726	386 154	120.1%	133.8%	97.6%	109.9%
Intra-company sales	3 218 305	1 037 193	1 380 884	445 030	1 509 799	458 084	568 955	172 625	113.2%	126.4%	142.7%	157.8%
Settlement value of hedging transactions	92 638	29 855	36 411	11 735	75 379	22 871	26 048	7 903	22.9%	30.5%	39.8%	48.5%
<b>Segment's costs</b>	<b>-9 326 513</b>	<b>-3 005 741</b>	<b>-3 677 809</b>	<b>-1 185 281</b>	<b>-4 060 641</b>	<b>-1 232 028</b>	<b>-1 723 906</b>	<b>-523 046</b>	<b>129.7%</b>	<b>144.0%</b>	<b>113.3%</b>	<b>126.6%</b>
Other operating income	78 567	25 321	32 931	10 613	48 105	14 595	36 079	10 947	63.3%	73.5%	-8.7%	-3.1%
Other operating expenses	-120 073	-38 697	-75 798	-24 428	-65 320	-19 819	-38 671	-11 733	83.8%	95.3%	96.0%	108.2%
Excess of net fair value of acquired assets over the acquisition price	-	-	-	-	892 921	270 919	-	-	-	-	-	-
<b>Segment's result*</b>	<b>749 334</b>	<b>241 495</b>	<b>211 127</b>	<b>68 042</b>	<b>1 492 041</b>	<b>452 696</b>	<b>141 231</b>	<b>42 851</b>	<b>-49.8%</b>	<b>-46.7%</b>	<b>49.5%</b>	<b>58.8%</b>
Sales to third parties ('000 tons)	2 259		833		1 050		486		115.1%		71.4%	

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

In 2006 the Chemical segment was divided into two areas of operation: Petrochemicals and Chemicals. The new Petrochemicals section includes the activity of the following companies attributable to it: PKN ORLEN S.A., Chemopetrol a.s., Kaucuk a.s. and Unipetrol Trade a.s. (subsidiaries of Unipetrol a.s.), the Petrochemical part of ORLEN PetroZachód sp. z o.o. and Basell Orlen Polyolefins Sp. z o.o.

During the 3<sup>rd</sup> quarter of 2006, the segment's revenues were higher by PLN 2,064,074 thousand (by 110.5%), and external volume sales rose by 71.4%. Q3 2006 saw an increase in sales volume of most primary products of the segment, incl. polyethylene – by 39.3%, polypropylene – by 37.5%, ethylene – by 85.2%, benzene – by 36.5%. Such high increases of sales are a consequence of the repair shutdown of the Olefin II installation in the 3<sup>rd</sup> quarter of 2005.

In Q3 2006, the segment's result was PLN 211,127 thousand, whereas in Q3 2005 it reached PLN 141,231 thousand. It must be noted that very good results were generated by the Parent Company, whose result attributable to this segment reached PLN 104 million in Q3 2006, whereas in the analogous period of 2005 it was PLN 25 million. A favourable result was also generated by Basell Orlen Polyolefins Sp. z o.o., which increased its operating profit by PLN 20 million. The result generated by companies of Unipetrol a.s. belonging to this segment was PLN 9 million lower than the profit for Q3 2005. The level of results of this segment was significantly affected by an increase of margins on petrochemical products. The estimated favourable impact of the increase of margins in the Parent Company amounted to PLN 69 million (allowing for price discounts).

The implementation of the OPTIMA Program yielded PLN 431 thousand in savings for this segment in Q3 2006, which constitutes 36% of the potential assumed for the year 2006.

The decrease of outlays for fixed and intangible assets by PLN 115,513 thousand in Q3 2006 was caused by investment works being carried out on the Olefin II installation and at Basell Orlen Polyolefins Sp. z o.o. in the 3<sup>rd</sup> quarter of 2005.

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### Chemicals

Chemicals	9 months ended 30 Sep. 2006		3 months ended 30 Sep. 2006		9 months ended 30 Sep. 2005		3 months ended 30 Sep. 2005		% change 9 months		% change 3 months	
	PLN '000	USD '000	PLN '000	USD '000	PLN '000	USD '000	PLN '000	USD '000	PLN '000	USD '000	PLN '000	USD '000
<b>Results acc. to IFRS</b>												
<b>Revenue, including:</b>	<b>1 880 764</b>	<b>606 131</b>	<b>663 598</b>	<b>213 864</b>	<b>1 306 139</b>	<b>396 292</b>	<b>555 188</b>	<b>168 448</b>	<b>44.0%</b>	<b>53.0%</b>	<b>19.5%</b>	<b>27.0%</b>
Third-party sales	1 875 681	604 493	661 649	213 236	1 232 996	374 100	482 553	146 410	52.1%	61.6%	37.1%	45.6%
Intra-company sales	5 083	1 638	1 949	628	73 143	22 192	72 635	22 038	-	-	-	-
<b>Segment's costs</b>	<b>-1 751 973</b>	<b>-564 624</b>	<b>-608 398</b>	<b>-196 074</b>	<b>-1 279 876</b>	<b>-388 324</b>	<b>-615 343</b>	<b>-186 700</b>	<b>36.9%</b>	<b>45.4%</b>	<b>-1.1%</b>	<b>5.0%</b>
Other operating income	20 400	6 574	2 512	810	13 363	4 054	8 703	2 641	52.7%	62.2%	-71.1%	-69.3%
Other operating expenses	-6 558	-2 114	-1 004	-324	-2 099	-637	-354	-107	212.4%	231.9%	183.6%	202.8%
Excess of net fair value of acquired assets over the acquisition price	-	-	-	-	123 936	37 603	-	-	-	-	-	-
<b>Segment's result*</b>	<b>142 633</b>	<b>45 968</b>	<b>56 708</b>	<b>18 276</b>	<b>161 463</b>	<b>48 989</b>	<b>-51 806</b>	<b>-15 718</b>	<b>-11.7%</b>	<b>-6.2%</b>	<b>-</b>	<b>-</b>
Sales to third parties ('000 tons)	1 406		453		1 002		373		40.3%		21.4%	

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

In 2006, the Chemical segment was divided into two areas of operation: Petrochemicals and Chemicals. The new Chemicals segment includes the activity of the following companies: Zakłady Azotowe "Anwil" S.A., Spolana a.s. (subsidiary of Unipetrol a.s.), ORLEN PetroProfit Sp. z o.o.

In Q3 2006 the segment's revenue was PLN 108,410 thousand (19.5%) higher than in the analogous period of 2005. In the said quarter, the sales volume of main products of the segment increased, e.g. for polyvinyl chloride – by 15.8%, for soda lye – by 441.7% and for CANWIL – by 13.9%. The sales increase for these products is a consequence of lower supplies of ethylene to Anwil S.A. in the 3<sup>rd</sup> quarter of 2005 caused by the repair shutdown of Olefin II in the Parent Company and by the increased demand for fertilizers in connection with price increases forecasted by the market for this product. The high demand for polyvinyl chloride in Q3 2006 was caused by the continuous boom on the market of investment goods, especially in the building sector. In addition, the repair shutdown of one of the biggest producers on the PVC market – Borsodchem – enforced an increase of prices in this product area. The record volume sales of soda lye results from the relatively high demand for sodium hydroxide together with limited supply. Favourable trends in sales of the above products contributed to the improvement of results of Anwil S.A. In Q3 2006 the operating profit of the company rose by PLN 42 million in comparison with the Q3 2005. On the other hand, Spolana a.s. – a company of the Czech group Unipetrol – recorded an operating loss of PLN 4 million in Q3 2006.

Due to the above factors, the segment's result was PLN 56,708 thousand, whereas in Q3 2005 it reached PLN 51,806 thousand. In comparison with Q3 2005, Q3 2006 saw a decrease of outlays for fixed and intangible assets by PLN 45,616 thousand.

The implementation of the OPTIMA Program yielded PLN 21,590 thousand in savings for the segment in Q3 2006, which constitutes 42% of the potential assumed for the year 2006.



## Financial Results of PKN ORLEN Group for Q3 2006 according to IFRS

### Other Activities

Other Activities	9 months ended 30 Sep. 2006		3 months ended 30 Sep. 2006		9 months ended 30 Sep. 2005		3 months ended 30 Sep. 2005		% change 9 months		% change 3 months	
	PLN '000	USD '000	PLN '000	USD '000	PLN '000	USD '000	PLN '000	USD '000	PLN '000	USD '000	PLN '000	USD '000
<b>Revenue, including:</b>	<b>1 482 928</b>	<b>477 917</b>	<b>478 749</b>	<b>154 291</b>	<b>1 164 853</b>	<b>353 425</b>	<b>447 120</b>	<b>135 659</b>	<b>27.3%</b>	<b>35.2%</b>	<b>7.1%</b>	<b>13.7%</b>
Third-party sales	720 477	232 195	241 508	77 833	518 412	157 290	210 720	63 934	39.0%	47.6%	14.6%	21.7%
Intra-company sales	762 451	245 722	237 241	76 458	646 441	196 135	236 400	71 725	17.9%	25.3%	0.4%	6.6%
<b>Segment's costs</b>	<b>-1 430 360</b>	<b>-460 975</b>	<b>-485 552</b>	<b>-156 483</b>	<b>-1 146 998</b>	<b>-348 008</b>	<b>-451 332</b>	<b>-136 937</b>	<b>24.7%</b>	<b>32.5%</b>	<b>7.6%</b>	<b>14.3%</b>
Other operating income	21 871	7 049	7 197	2 319	28 016	8 500	4 132	1 254	-21.9%	-17.1%	74.2%	84.9%
Other operating expenses	-32 860	-10 590	-15 231	-4 909	-32 167	-9 760	-16 314	-4 950	2.2%	8.5%	-6.6%	-0.8%
Excess of net fair value of acquired assets over the acquisition price	-	-	-	-	259 296	78 672	-	-	-	-	-	-
<b>Segment's result*</b>	<b>41 579</b>	<b>13 400</b>	<b>-14 837</b>	<b>-4 782</b>	<b>273 000</b>	<b>82 830</b>	<b>-16 394</b>	<b>-4 974</b>	<b>-84.8%</b>	<b>-83.8%</b>	<b>-9.5%</b>	<b>-3.9%</b>
Sales to third parties ('000 tons)	71		24		145		41		-51.0%		-41.5%	

\*) The segment's operating result, net of 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 in PKN ORLEN S.A., the "Other Activities" segment includes a number of entities which were separated mainly within the Group restructuring process.

In Q3 2006, the "Other Activities" segment recorded a loss of PLN 14,837 thousand. For comparison, the operating loss in Q3 2005 was PLN 16,394 thousand. The negative result of these activities was affected mainly by the part of activities of Unipetrol a.s. capital group, which brought a loss of PLN 15,654.5 thousand in Q3 2006.

The implementation of the OPTIMA Program yielded PLN 13,834 thousand in savings for the segment in Q3 2006, which constitutes 22% of the potential assumed for the year 2006. In comparison with Q3 2005, Q3 2006 saw an increase of outlays for fixed and intangible assets by PLN 13,100 thousand.



## Financial Review

### *Profit and Loss Account*

Total sales revenues for Q3 2006 rose by PLN 1,804,648 thousand (i.e. 13.8%) in comparison with the analogous quarter of 2005 as a result of the increase in the Group's external sales in all segments: Refinery (Production + Wholesale), which rose by PLN 204,979 thousand (i.e. 2.9%), in Refinery (Retail), where external sales was higher by PLN 137,640 thousand (i.e. 3.4%), in Petrochemicals where external sales rose by PLN 1,241,782 thousand (i.e. 97.6%), in Chemicals, which rose by PLN 179,096 thousand (i.e. 37.1%) and in Other Activities, which rose by PLN 30,788 thousand (i.e. 14.6%). The rise in the value of external sales was accompanied by an increase in volume sales in Refinery (Retail), Petrochemicals and Chemicals by 13.2%, 71.4% and 21.4%, respectively, and by a decrease in Refinery (Production & Wholesale) and Other Activities by 4.2% and 41.5%, respectively. The rise in the value of sales revenues is also caused by continuously high prices of products on global stock exchanges.

In Q3 2006 operating costs increased by PLN 1,671,560 thousand (i.e. by 14.0%). The higher dynamics of operating cost is a result of the substantial increase of the level of business activity conducted by the Capital Group PKN ORLEN S.A. It is necessary to point out the decreasing share of fixed costs (depreciation, third party services, remuneration, taxes and other costs) in the total amount of operating costs. The 3<sup>rd</sup> quarter of 2006 saw an increase in the cost of manufacturing of products sold by PLN 1,148,958 thousand (by 14.8%), mainly as a result of higher costs of processed crude oil. In Q3 2006 the gross profit on sales totalled 2,130,653 thousand, exceeding the profit from the analogous quarter of 2005 by PLN 208,452 thousand, i.e. by 10.8%.

In Q3 2006, costs of sale rose by PLN 72,598 thousand (i.e. 13.4%) relative to Q3 2005, and totalled PLN 615,408 thousand, whereas general administrative expenses remained on a comparable level. The increase of costs of sale was affected mainly by the improvement of values of this item in Unipetrol a.s. and Basell Orlen Polyolefins Sp. z o.o., where costs of sale in Q3 2006 rose by the total amount of PLN 127 million in comparison with the analogous quarter of 2005.

The 3<sup>rd</sup> quarter of 2006 saw an increase of other operating revenues and costs by PLN 37,671 thousand and by PLN 83,058 thousand, respectively. The higher level of other operating costs in Q3 2006 was caused by the establishment of provisions for economic risk in the Parent Company in the amount of PLN 61 million. As a result of the above factors, the operating profit (EBIT) in Q3 2006 totalled PLN 1,178,943 thousand and exceeded the profit for Q3 2005 by PLN 88,166 thousand.

Financial income in Q3 2006 totalled PLN 198,284 thousand, having dropped by PLN 10,584 thousand in comparison with the Q3 2005 figure. The Group also reported a decrease in financial expenses by PLN 52,810 thousand towards the Q3 2005 figure. Consequently, the profit in this segment totalled PLN 102,946 thousand in Q3 2006, whereas in the analogous period of 2005 it was higher by PLN 42,226 thousand.

The share of entities evaluated with the equity method in the financial result amounted to PLN 65,821 thousand in Q3 2006, in comparison with PLN 69,730 thousand in Q3 2005.

The amount of income tax in Q3 2006 was PLN 310,371 thousand, which means an increase by PLN 83,563 thousand year on year.

## Financial Results of PKN ORLEN Group for Q3 2006 according to IFRS

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The net profit for Q3 2006 exceeds the result for the analogous period of 2005 by PLN 42,920 thousand (by 4.3%).

### ***Balance-Sheet***

As at the end of the 3<sup>rd</sup> quarter of 2006, total assets amounted to PLN 36,558,672 thousand, which is a 9.4% increase towards 31 December 2005. The value of fixed assets rose by PLN 315,427 thousand (1.5%) in relation to their value as at 31 December 2005, and totalled PLN 20,570,105 thousand, mainly due to the decrease of shares and equity interests in entities consolidated with equity method by PLN 293,066 thousand in relation to their value as at 31 December 2005. As at the end of Q3 2006, the value of current assets grew from PLN 12,518,779 thousand (as at 31 December 2005) to PLN 15,988,567 thousand, mainly due to an increase in stocks, trade debtors and other receivables as well as cash and short-term securities by PLN 475,389 thousand, PLN 1,766,084 thousand and PLN 1,353,999 thousand, respectively. In comparison with the end of 2005, the working capital (current assets less short-term liabilities) increased from PLN 3,981,310 thousand to PLN 6,737,401 thousand.

At the end of Q3 2006, total shareholders' equity stood at PLN 22,030,335 thousand, which means an increase by PLN 2,717,346 thousand (i.e. 14.1%) in relation to the end of 2005, mainly due to an increase in retained profits by PLN 2,205,713 thousand and exchange differences from the recalculation of subordinated entities by PLN 225,768 thousand. Long-term liabilities amounted to PLN 5,277,171 thousand and dropped by PLN 276,682 thousand in relation to the end of 2005, mainly due to a decrease in the value of loans and borrowings by 264,664 thousand. The decrease of this item was caused mainly by a drop in short-term loans and borrowings by PLN 199 million in Unipetrol a.s. On the other hand, there was an increase in short-term liabilities from PLN 8,537,469 thousand as at 31 December 2005 to PLN 9,251,166 thousand as at 30 September 2006. With regard to short-term liabilities, there was a significant increase of trade creditors, other liabilities and accrued expense (by PLN 676,670 thousand) and an increase of corporate income tax payable (by PLN 112,848 thousand). The Group's total debt (loans, borrowings and securities) reached PLN 4,151,581 thousand as at 30 September 2006, which means a decrease by PLN 365,216 thousand as compared with the end of 2005.

### ***Cash Flow***

The Q3 2006 net operating cash flow stood at PLN 1,533,074 thousand, having risen by PLN 432,853 thousand towards the analogous quarter of 2005. This increase is attributable mainly to favourable trends with respect to liabilities and accrued expense (increase by PLN 309,105 thousand in Q3 2006, against a PLN 394,843 thousand decrease in Q3 2005) and stocks (decrease by PLN 201,807 thousand in Q3 2006, against a PLN 72,005 thousand increase in Q3 2005). At the same time, operating cash flow was affected unfavourably by trends with regard to receivables (in Q3 2006 the increase of receivables resulted in a decrease of cash by PLN 644,692 thousand, as compared to the increase by PLN 62,032 thousand in Q3 2005).

In Q3 2006, the net cash flow from investments totalled PLN (-) 778,575 thousand, whereas in the analogous period of 2005 the amount of cash for this activity totalled PLN (-) 405,817 thousand. The increase of investment expenses is a consequence of the fact that in Q3 2006 the Parent Company acquired short-term

## Financial Results of PKN ORLEN Group for Q3 2006 according to IFRS

securities for the amount of PLN 793 million. In Q3 2005, the outflow of funds due to the acquisition of short-term securities totalled PLN 43,296 thousand.

In Q3 2006, the amount of net financing cash flow reached PLN (-) 301,222 thousand, whereas in the analogous period of 2005 it totalled PLN (-) 821,832 thousand. The negative result for this item in 2006 results from the repayment of long-term and short-term loans and borrowings in the amount of PLN 442,452 (as compared to PLN 1,043,271 thousand in the analogous period of 2005), whereas the gain on incurred loans reached PLN 188,850 thousand at the end of Q3 2006 (as compared to PLN 727,680 thousand in the analogous period of 2005).

As a result of the above cash flows, the amount of cash as at 30 September 2006 totalled PLN 1,645,903 thousand, which means an increase by PLN 389,051 thousand as compared to the end of September 2005.

Financial Results of PKN ORLEN Group for Q3 2006 according to IFRS

**APPENDIX I**

**PKN ORLEN S.A.**  
**SUMMARY CONSOLIDATED PROFIT AND LOSS ACCOUNTS**  
**for the period of 9 and 3 months**  
**ended 30 September 2006 and 30 September 2005**  
**(PLN'000)**

ITEM	9 months ended 30 Sep. 2006 (unaudited data)	3 months ended 30 Sep. 2006 (unaudited data)	9 months ended 30 Sep. 2005 (unaudited data)	3 months ended 30 Sep. 2005 (unaudited data)	% change 9 months	% change 3 months
Sales of products	38 183 635	14 147 684	29 217 208	13 139 196	30.7%	7.7%
Excise tax and other charges	-9 326 448	-3 478 767	-8 414 895	-3 375 821	10.8%	3.0%
<b>Net revenue on sales of products</b>	<b>28 857 187</b>	<b>10 668 917</b>	<b>20 802 313</b>	<b>9 763 375</b>	<b>38.7%</b>	<b>9.3%</b>
Sales of goods and materials	11 487 344	4 416 539	9 227 546	3 423 196	24.5%	29.0%
Excise tax and other charges	-590 268	-206 380	-194 475	-112 143	203.5%	84.0%
<b>Net revenue of sales of goods and materials</b>	<b>10 897 076</b>	<b>4 210 159</b>	<b>9 033 071</b>	<b>3 311 053</b>	<b>20.6%</b>	<b>27.2%</b>
<b>Total sales revenues</b>	<b>39 754 263</b>	<b>14 879 076</b>	<b>29 835 384</b>	<b>13 074 428</b>	<b>33.2%</b>	<b>13.8%</b>
Cost of manufacturing of products sold	-24 369 060	-8 914 409	-16 076 836	-7 765 451	51.6%	14.8%
Value of goods and materials sold	-9 880 335	-3 834 014	-8 491 905	-3 386 776	16.4%	13.2%
<b>Costs of goods and materials sold</b>	<b>-34 249 395</b>	<b>-12 748 423</b>	<b>-24 568 741</b>	<b>-11 152 227</b>	<b>39.4%</b>	<b>14.3%</b>
<b>Gross profit on sales</b>	<b>5 504 868</b>	<b>2 130 653</b>	<b>5 266 643</b>	<b>1 922 201</b>	<b>4.5%</b>	<b>10.8%</b>
Costs of sale	-1 889 822	-615 408	-1 579 197	-542 810	19.7%	13.4%
General administrative expenses	-800 126	-261 643	-681 682	-258 877	17.4%	1.1%
Other operating income *	374 446	128 522	2 156 052	90 851	-82.6%	41.5%
Other operating expenses	-373 019	-203 646	-687 404	-120 588	-45.7%	68.9%
Profit on disposal of all or part of equity interests of subordinated entities	1 745	465	29 395	0	-94.1%	-
<b>Operating profit</b>	<b>2 818 092</b>	<b>1 178 943</b>	<b>4 503 807</b>	<b>1 090 777</b>	<b>-37.4%</b>	<b>8.1%</b>
Financial income **	423 045	198 284	499 528	208 868	-15.3%	-5.1%
Financial expenses	-422 084	-95 338	-328 172	-148 148	28.6%	-35.6%
<b>Net financial income and expenses</b>	<b>961</b>	<b>102 946</b>	<b>171 356</b>	<b>60 720</b>	<b>-99.4%</b>	<b>69.5%</b>
Share in financial result of entities evaluated with equity method	165 006	65 821	180 794	69 730	-8.7%	-5.6%
<b>Profit before tax</b>	<b>2 984 059</b>	<b>1 347 710</b>	<b>4 855 957</b>	<b>1 221 227</b>	<b>-38.5%</b>	<b>10.4%</b>
Corporate income tax	-598 592	-310 371	-617 536	-226 808	-3.1%	36.8%
<b>Net profit</b>	<b>2 385 467</b>	<b>1 037 339</b>	<b>4 238 421</b>	<b>994 419</b>	<b>-43.7%</b>	<b>4.3%</b>
including:						
Profit attributable to minority interest	166 502	11 696	25 444	9 181	554.4%	27.4%
<b>Profit attributable to parent company shareholders</b>	<b>2 218 965</b>	<b>1 025 643</b>	<b>4 212 977</b>	<b>985 238</b>	<b>-47.3%</b>	<b>4.1%</b>

\* including the excess of fair value over the price of acquisition of Unipetrol a.s. shares in the amount of PLN 1,893,688 thousand in 2005.

\*\* including the amount of PLN 47,500 thousand in Q3 2006, representing the evaluation of financial instruments securing future payments for shares of Mažeikiu Nafta – hedging accounting was not applied towards these transactions due to the non-standard nature of instruments.

## APPENDIX II

### PKN ORLEN S.A. SUMMARY CONSOLIDATED BALANCE SHEETS as at 30 September 2006 and 31 December 2005 (PLN '000)

ITEM	30 Sep. 2006 (unaudited data)	31 Dec. 2005	% change
<b>ASSETS</b>			
<b>Fixed assets</b>			
Property, plant and equipment (tangible fixed assets)	18 405 000	18 510 754	-0.6%
Intangible assets	503 335	513 167	-1.9%
Goodwill	130 255	115 447	12.8%
Financial assets	574 420	550 984	4.3%
Shares and equity interests in entities consolidated with equity method	732 011	1 025 077	-28.6%
Loans granted	5 005	7 145	-30.0%
Deferred tax assets	67 659	62 131	8.9%
Property investments	38 970	11 557	237.2%
Perpetual usufruct right	82 109	76 172	7.8%
Other fixed assets	31 341	13 098	139.3%
<b>Total fixed assets</b>	<b>20 570 105</b>	<b>20 885 532</b>	<b>-1.5%</b>
<b>Current assets</b>			
Stocks	6 588 626	6 113 237	7.8%
Trade debtors and other receivables	6 543 722	4 777 638	37.0%
Income tax receivable	18 125	49 567	-63.4%
Short-term securities	939 824	104 925	795.7%
Loans granted	81	13	523.1%
Prepayments	155 587	145 853	6.7%
Cash and cash equivalents	1 645 903	1 126 803	46.1%
Other financial assets	82 870	111 899	-25.9%
<b>Assets classified as appropriated for sale</b>	<b>13 829</b>	<b>88 844</b>	<b>-84.4%</b>
<b>Total current assets</b>	<b>15 988 567</b>	<b>12 518 779</b>	<b>27.7%</b>
<b>Total assets</b>	<b>36 558 672</b>	<b>33 404 311</b>	<b>9.4%</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	21 673	57 334	-62.2%
Currency-translation differences on subsidiary entities	69 754	-156 014	-
Retained profits, including:	16 716 016	14 510 303	15.2%
net profit of parent company shareholders	2 218 965	4 585 132	-51.6%
<b>Shareholders' equity (attributable to shareholders of parent company)</b>	<b>19 092 331</b>	<b>16 696 511</b>	<b>14.3%</b>
Minority interests	2 938 004	2 616 478	12.3%
<b>Total shareholders' equity</b>	<b>22 030 335</b>	<b>19 312 989</b>	<b>14.1%</b>
<b>Long-term liabilities</b>			
Loans and borrowings	3 141 314	3 405 978	-7.8%
Provisions	995 679	956 991	4.0%
Deferred income tax provisions	972 904	1 020 159	-4.6%
Other long-term liabilities	167 274	170 725	-2.0%
<b>Total long-term liabilities</b>	<b>5 277 171</b>	<b>5 553 853</b>	<b>-5.0%</b>

## Financial Results of PKN ORLEN Group for Q3 2006 according to IFRS

<b>Short-term liabilities</b>			
Trade liabilities, other liabilities and accrued expenses	7 360 720	6 684 050	10.1%
Provisions	675 738	683 273	-1.1%
Corporate income tax payable	148 559	35 711	316.0%
Loans and borrowings	1 010 267	1 110 819	-9.1%
Deferred income	32 302	19 265	67.7%
Other financial liabilities	23 580	4 351	441.9%
<b>Total short-term liabilities</b>	<b>9 251 166</b>	<b>8 537 469</b>	<b>8.4%</b>
<b>Total shareholders' equity and liabilities</b>	<b>36 558 672</b>	<b>33 404 311</b>	<b>9.4%</b>

\* initial capital was revaluated according to IAS 29

## APPENDIX III

### PKN ORLEN S.A. SUMMARY CONSOLIDATED CASH FLOW STATEMENTS for the period of 9 and 3 months ended 30 September 2006 and 30 September 2005 (PLN '000)

ITEM	9 months ended 30 Sep. 2006 (unaudited data)	3 months ended 30 Sep. 2006 (unaudited data)	9 months ended 30 Sep. 2005 (unaudited data)	3 months ended 30 Sep. 2005 (unaudited data)	Change 9 months	Change 3 months
<b>Operating cash flow</b>						
Net profit	2 385 467	1 037 339	4 238 421	994 419	-1 852 954	42 920
Total adjustments:						
Share in financial profit of entities evaluated with equity method	-165 006	-65 821	-180 794	-69 730	15 788	3 909
Depreciation and amortisation	1 490 137	501 919	1 160 850	531 698	329 287	-29 779
Net dividends and interest	121 589	38 559	65 079	44 501	56 510	-5 942
Corporate income tax on profit before tax	598 592	310 371	617 536	226 808	-18 944	83 563
Profit (loss) on investment activities	-30 137	22 604	68 821	4 153	-98 958	18 451
Decrease / (increase) in receivables	-1 768 255	-644 692	-274 289	62 032	-1 493 966	-706 724
Decrease / (increase) in stocks	-398 545	201 807	-1 371 291	-72 005	972 746	273 812
Decrease / increase in liabilities and accrued expenses	902 370	309 105	798 939	-394 843	103 431	703 948
Decrease / increase in provisions	31 936	93 066	422 596	1 786	-390 660	91 280
Other adjustments*	41 226	-35 493	-2 232 596	-5 692	2 273 822	-29 801
Corporate income tax paid	-549 203	-235 690	-567 193	-222 906	17 990	-12 784
<b>Net operating cash flow</b>	<b>2 660 171</b>	<b>1 533 074</b>	<b>2 746 079</b>	<b>1 100 221</b>	<b>-85 908</b>	<b>432 853</b>
<b>Investment cash flow</b>						
Acquisition of property, plant and equipment and intangible assets	-1 323 457	-531 534	-1 496 341	-607 147	172 884	75 613
Gain on disposal of property, plant and equipment	132 770	49 164	46 689	27 130	86 081	22 034
Gain on disposal of shares	141 410	60 982	76 818	513	64 592	60 469
Acquisition of shares and interests	-58 874	-24 947	-1 341 410	-2 426	1 282 536	-22 521
Acquisition of short-term securities	-919 333	-823 615	-125 114	-43 296	-794 219	-780 319
Gain on disposal of short-term securities	86 132	30 094	1 155 033	191 486	-1 068 901	-161 392
Dividends and interest received	484 652	471 736	138 112	13 977	346 540	457 759
Loans (granted)/repaid	4 339	594	2 935	2 377	1 404	-1 783
Other adjustments**	-15 858	-11 049	-167 814	11 569	151 956	-22 618
<b>Net investment cash flow</b>	<b>-1 468 219</b>	<b>-778 575</b>	<b>-1 711 092</b>	<b>-405 817</b>	<b>242 873</b>	<b>-372 758</b>
<b>Financing cash flow</b>						
Gain on long- and short-term loans and borrowings ***	4 277 034	188 850	1 657 556	727 680	2 619 478	-538 830
Repayment of long- and short-term loans and borrowings ***	-4 802 470	-442 452	-1 583 753	-1 043 271	-3 218 717	600 819
Interest paid	-122 602	-34 166	-99 740	-40 479	-22 862	6 313
Dividends paid	0	0	-457 649	-457 649	457 649	457 649
Other adjustments	-26 192	-13 454	-24 222	-8 113	-1 970	-5 341
<b>Net financing cash inflow/(outflow)</b>	<b>-674 230</b>	<b>-301 222</b>	<b>-507 808</b>	<b>-821 832</b>	<b>-166 422</b>	<b>520 610</b>
<b>Change in net cash</b>	<b>517 722</b>	<b>453 277</b>	<b>527 179</b>	<b>-127 428</b>	<b>-9 457</b>	<b>580 705</b>
Foreign exchange gains/losses	1 378	2 035	170	451	1 208	1 584
<b>Cash at beginning of period</b>	<b>1 126 803</b>	<b>1 190 591</b>	<b>729 503</b>	<b>1 383 829</b>	<b>397 300</b>	<b>-193 238</b>
<b>Cash at end of period, including:</b>	<b>1 645 903</b>	<b>1 645 903</b>	<b>1 256 852</b>	<b>1 256 852</b>	<b>389 051</b>	<b>389 051</b>
Restricted cash	96 638	96 638	97 346	97 346	-708	-708

\* incl. excess of fair value over the price of acquisition of Unipetrol a.s. shares in the amount of PLN 1,893,688 thousand in 2005

\*\* incl. PLN (171 648) thousand in 2005, concerning gains/expenses due to the acquisition of receivables of the Unipetrol Group

\*\*\* incl. change of long-term financing in the amount of PLN 1,359,091 thousand in connection with the obtaining of more favourable conditions of loans and borrowings



# APPENDIX IV

## **PKN ORLEN S.A.** **KEY CONSOLIDATED FINANCIAL DATA** **BY BUSINESS SEGMENT** **for the period of 9 and 3 months** **ended 30 September 2006 and 30 September 2005** **(PLN '000)**

ITEM	9 months ended 30 Sep. 2006 (unaudited data)	3 months ended 30 Sep. 2006 (unaudited data)	9 months ended 30 Sep. 2005 (unaudited data)	3 months ended 30 Sep. 2005 (unaudited data)	% change 9 months	% change 3 months
<b>REVENUE ON SALES TO THIRD PARTIES<sup>1</sup></b>						
Refinery (production + wholesale)	19 225 588	7 288 800	14 957 051	7 083 821	28.5%	2.9%
Refinery (retail)	11 033 469	4 136 200	9 959 748	3 998 560	10.8%	3.4%
Petrochemicals	6 806 410	2 514 508	3 091 798	1 272 726	120.1%	97.6%
Chemicals	1 875 681	661 649	1 232 996	482 553	52.1%	37.1%
Other activities	720 477	241 508	518 412	210 720	39.0%	14.6%
<b>TOTAL</b>	<b>39 661 625</b>	<b>14 842 665</b>	<b>29 760 005</b>	<b>13 048 380</b>	<b>33.3%</b>	<b>13.8%</b>
<b>FINANCIAL RESULT<sup>2</sup></b>						
Refinery (production + wholesale)	1 970 146	916 756	3 133 896	1 108 697	-37.1%	-17.3%
Refinery (retail)	269 352	186 787	264 600	50 310	1.8%	271.3%
Petrochemicals	749 334	211 127	1 492 041	141 231	-49.8%	49.5%
Chemicals	142 633	56 708	161 463	-51 806	-11.7%	-
Other activities	41 579	-14 837	273 000	-16 394	-84.8%	-9.5%
Exclusions	-3 388	179	-248 307	642	-98.6%	-72.1%
Total of non-attributed items	-351 564	-177 777	-572 886	-141 903	-38.6%	25.3%
<b>TOTAL</b>	<b>2 818 092</b>	<b>1 178 943</b>	<b>4 503 807</b>	<b>1 090 777</b>	<b>-37.4%</b>	<b>8.1%</b>
<b>EXPENDITURE ON FIXED ASSETS</b>						
Refinery (production + wholesale)	350 679	123 850	373 020	169 194	-6.0%	-26.8%
Refinery (retail)	261 517	124 607	240 879	106 089	8.6%	17.5%
Petrochemicals	162 795	45 942	478 651	161 455	-66.0%	-71.5%
Chemicals	152 497	68 174	233 840	113 790	-34.8%	-40.1%
Other activities	124 710	50 438	91 247	37 338	36.7%	35.1%
Total of non-attributed items	32 410	18 886	30 374	5 736	6.7%	229.3%
<b>TOTAL</b>	<b>1 084 608</b>	<b>431 897</b>	<b>1 448 011</b>	<b>593 602</b>	<b>-25.1%</b>	<b>-27.2%</b>
<b>DEPRECIATION AND AMORTISATION</b>						
Refinery (production + wholesale)	419 297	146 132	438 221	192 121	-4.3%	-23.9%
Refinery (retail)	201 318	63 713	215 513	100 859	-6.6%	-36.8%
Petrochemicals	467 404	99 948	198 828	103 470	135.1%	-3.4%
Chemicals	224 083	131 328	146 268	99 957	53.2%	31.4%
Other activities	157 205	51 265	137 706	27 425	14.2%	86.9%
Total of non-attributed items	20 830	9 533	24 314	7 866	-14.3%	21.2%
<b>TOTAL</b>	<b>1 490 137</b>	<b>501 919</b>	<b>1 160 850</b>	<b>531 698</b>	<b>28.4%</b>	<b>-5.6%</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.

## APPENDIX V

**PKN ORLEN S.A.**  
**KEY CONSOLIDATED OPERATING DATA**  
**for the period of 9 and 3 months**  
**ended 30 September 2006 and 30 September 2005**  
**(in tons)**

ITEM	9 months ended 30 Sep. 2006 (unaudited data)	3 months ended 30 Sep. 2006 (unaudited data)	9 months ended 30 Sep. 2005 (unaudited data)	3 months ended 30 Sep. 2005 (unaudited data)	% change 9 months	% change 3 months
<b>CRUDE OIL THROUGHPUT</b> (*000 tons)	<b>13 389</b>	<b>4 750</b>	<b>10 865</b>	<b>4 317</b>	<b>23.2%</b>	<b>10.0%</b>
<b>REFINERY OUTPUT</b>						
Petrols	2 606 389	941 361	2 490 664	996 321	4.6%	-5.5%
Diesel oils	4 210 926	1 550 619	3 185 878	1 331 767	32.2%	16.4%
Heating oil III	584 581	82 620	485 299	112 472	20.5%	-26.5%
Ekoterm	957 684	281 592	1 136 265	360 833	-15.7%	-22.0%
Jet A-1	368 939	144 811	313 177	116 321	17.8%	24.5%
LPG	211 931	55 456	190 453	62 080	11.3%	-10.7%
Other refining products	1 650 093	740 489	1 338 582	576 646	23.3%	28.4%
<b>TOTAL</b>	<b>10 590 543</b>	<b>3 796 948</b>	<b>9 140 318</b>	<b>3 556 440</b>	<b>15.9%</b>	<b>6.8%</b>
<b>SALES OF REFINING PRODUCTS</b>						
Petrols	3 396 235	1 170 855	3 122 349	1 158 347	8.8%	1.1%
Diesel oils	5 171 850	1 780 726	3 726 869	1 640 835	38.8%	8.5%
Heating oil III	513 121	84 226	375 121	122 128	36.8%	-31.0%
Ekoterm	1 164 976	365 147	1 324 475	460 451	-12.0%	-20.7%
Jet A-1	385 244	160 449	353 749	140 098	8.9%	14.5%
LPG	331 806	117 467	266 957	107 161	24.3%	9.6%
Other refining products	1 573 119	619 998	1 454 028	696 482	8.2%	-11.0%
<b>TOTAL</b>	<b>12 536 351</b>	<b>4 298 868</b>	<b>10 623 548</b>	<b>4 325 502</b>	<b>18.0%</b>	<b>-0.6%</b>
<b>CHEMICALS OUTPUT</b>						
Polyethylene	360 570	117 201	140 708	89 040	156.3%	31.6%
Polypropylene	273 641	93 631	114 559	60 914	138.9%	53.7%
Ethylene	277 208	77 049	175 980	111 457	57.5%	-30.9%
Propylene	227 858	68 027	163 476	81 654	39.4%	-16.7%
Glycols	82 310	27 999	58 535	17 639	40.6%	58.7%
Ammonium nitrate	439 824	164 254	424 614	120 441	3.6%	36.4%
CANWIL	296 489	100 833	263 637	97 370	12.5%	3.6%
Polyvinyl chloride (PVC)	272 347	100 092	162 446	75 504	67.7%	32.6%
Other petrochemical products	1 696 599	511 033	935 094	559 324	81.4%	-8.6%
<b>TOTAL</b>	<b>3 926 846</b>	<b>1 260 119</b>	<b>2 439 049</b>	<b>1 213 343</b>	<b>61.0%</b>	<b>3.9%</b>
<b>SALES OF CHEMICAL PRODUCTS</b>						
Polyethylene	355 362	120 339	168 103	86 389	111.4%	39.3%
Polypropylene	275 202	90 799	127 432	66 043	116.0%	37.5%
Ethylene	185 563	64 012	72 229	34 561	156.9%	85.2%
Propylene	186 725	75 026	108 213	42 762	72.6%	75.5%
Glycols	84 095	27 959	61 583	17 079	36.6%	63.7%
Ammonium nitrate	410 266	144 076	409 755	147 628	0.1%	-2.4%
CANWIL	305 065	113 915	267 958	99 994	13.8%	13.9%
Polyvinyl chloride	267 100	88 784	182 656	76 677	46.2%	15.8%
Other petrochemical products	1 619 177	589 559	652 858	287 841	148.0%	104.8%
<b>TOTAL</b>	<b>3 688 555</b>	<b>1 314 469</b>	<b>2 050 787</b>	<b>858 974</b>	<b>79.9%</b>	<b>53.0%</b>

## APPENDIX VI

**PKN ORLEN S.A.**  
**SALES OF KEY PRODUCTS**  
**for the period of 9 and 3 months**  
**ended 30 September 2006 and 30 September 2005**  
**(in tons)**

Sale of light products in PKN ORLEN S.A. Group (by volume)	9 months ended 30 Sep. 2006 (unaudited data)	3 months ended 30 Sep. 2006 (unaudited data)	9 months ended 30 Sep. 2005 (unaudited data)	3 months ended 30 Sep. 2005 (unaudited data)	% change 9 months	% change 3 months
<b>Wholesale of key light products, including:</b>	<b>7 434 278</b>	<b>2 507 309</b>	<b>6 217 534</b>	<b>2 548 646</b>	<b>19.6%</b>	<b>-1.6%</b>
- Petrol	1 845 401	620 231	1 681 227	639 615	9.8%	-3.0%
- Diesel oil	3 861 793	1 301 126	2 709 461	1 250 649	42.5%	4.0%
- Jet A-1 (aviation fuel)	385 244	160 449	353 749	140 098	8.9%	14.5%
- Ekoterm	1 164 974	365 147	1 324 326	460 428	-12.0%	-20.7%
- LPG	176 866	60 356	148 771	57 856	18.9%	4.3%
<b>Retail sales of engine fuels, including:</b>	<b>3 015 833</b>	<b>1 087 335</b>	<b>2 576 865</b>	<b>958 246</b>	<b>17.0%</b>	<b>13.5%</b>
- Petrol	1 550 834	550 624	1 441 122	518 732	7.6%	6.1%
- Diesel oil	1 310 057	479 600	1 017 408	390 186	28.8%	22.9%
- Ekoterm	2	0	149	23	-98.7%	-100.0%
- LPG	154 940	57 111	118 186	49 305	31.1%	15.8%
<b>Total sales of fuels, including:</b>	<b>10 450 111</b>	<b>3 594 644</b>	<b>8 794 399</b>	<b>3 506 892</b>	<b>18.8%</b>	<b>2.5%</b>
- Engine fuels	9 285 135	3 229 497	7 469 924	3 046 441	24.3%	6.0%

## Financial Results of PKN ORLEN for Q3 2006 according to IFRS

### APPENDIX VII

The Management Board of Polski Koncern Naftowy ORLEN S.A. can now outline the impact of the LIFO method of valuation of stocks on the unconsolidated financial results of PKN ORLEN, and also the consolidated financial results of the PKN ORLEN Capital Group for the 3<sup>rd</sup> quarter of 2006 and 3 quarters of 2006.

The Company's estimates of gross and net income (after deferred taxation), assuming LIFO valuation of stocks (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):

Results acc. to IFRS	9 months ended 30 Sep. 2006		3 months ended 30 Sep. 2006		9 months ended 30 Sep. 2005		3 months ended 30 Sep. 2005	
	Method of stock evaluation acc. to weighted average manufacturing cost or acquisition price	LIFO valuation of stocks	Method of stock evaluation acc. to weighted average manufacturing cost or acquisition price	LIFO valuation of stocks	Method of stock evaluation acc. to weighted average manufacturing cost or acquisition price	LIFO valuation of stocks	Method of stock evaluation acc. to weighted average manufacturing cost or acquisition price	LIFO valuation of stocks
Unconsolidated gross profit	2 430 132	1 944 411	840 843	857 397	2 597 393	1 463 585	966 319	514 106
Unconsolidated net profit	2 068 008	1 674 574	667 172	680 581	2 081 544	1 163 160	788 299	422 006
Consolidated gross profit	2 984 059	2 468 888	1 347 710	1 378 189	4 855 957	3 729 277	1 221 227	770 011
Consolidated net profit	2 385 467	1 969 418	1 037 339	1 061 214	4 238 421	3 325 810	994 419	628 934

PKN ORLEN and the PKN ORLEN Capital Group apply a method of stock 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 stock 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. Thanks to the decrease of crude oil prices in Q3 2006, the dynamics of growth of crude oil prices was clearly lower than for 3 quarters of 2005. Therefore, the negative adjustment of the result due to LIFO valuation in 2006 is clearly smaller.

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.

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 (Dz.U. from 2005, No. 184, item 1539)*