

POLSKI KONCERN NAFTOWY ORLEN S.A.

**CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE PERIOD OF 9 AND 3 MONTHS ENDED
30 SEPTEMBER 2006
PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL
REPORTING STANDARDS**

SECURITIES AND EXCHANGE COMMISSION

Consolidated Quarterly Report QSr III quarter/ 2006

quarter / (current year)

(in accordance with § 86 section 2 and § 87 section 1 of the Minister of Finance Decree of 19 October 2005, Official Journal No. 209, item 1744)

(for issuers of securities whose business activity embraces manufacture, construction, trade and services)

for the third quarter of the reporting year 2006, that is for the period from 1 January 2006 to 30 September 2006 which includes condensed consolidated financial statements prepared in accordance with International Financial Reporting Standards with amounts stated in the Polish functional currency (PLN) and abbreviated financial statements prepared in accordance with International Financial Reporting Standards with amounts stated in the Polish functional currency (PLN).

On 9 November 2006
(submission date)

POLSKI KONCERN NAFTOWY ORLEN SPÓŁKA AKCYJNA

(full name of the issuer)

PKN ORLEN

(abbreviated name of the issuer)

CHEMICAL (che)

(industrial sector in line with classification of Warsaw Stock Exchange)

09-411

(zip code)

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(location)

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KPMG AUDYT SP. Z O.O.

(entity authorized to conduct audit)

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POLSKI KONCERN NAFTOWY ORLEN S.A.
SELECTED FINANCIAL DATA

SELECTED FINANCIAL DATA	thousand PLN		thousand EUR	
	III quarter (cumulative data) period from 1.01.2006 to 30.09.2006	III quarter (cumulative data) period from 1.01.2005 to 30.09.2005	III quarter (cumulative data) period from 1.01.2006 to 30.09.2006	III quarter (cumulative data) period from 1.01.2005 to 30.09.2005
data in respect of consolidated financial statement				
I. Total sales revenues	39 754 263	29 835 384	10 148 902	7 616 702
II. Profit / (Loss) from operations **	2 818 092	4 503 807	719 433	1 149 781
III. Profit before tax **	2 984 059	4 855 957	761 803	1 239 682
IV. Net profit attributable to equity holders of the parent **	2 218 965	4 212 977	566 482	1 075 535
V. Net cash provided by operating activities	2 660 171	2 746 079	679 117	701 049
VI. Net cash used in investing activities	(1 468 219)	(1 711 092)	(374 823)	(436 826)
VII. Net cash provided by / (used in) financing activities	(674 230)	(507 808)	(172 124)	(129 639)
VIII. Net change in cash and cash equivalents	517 722	527 179	132 170	134 584
	as of 30 September 2006	as of 31 December 2005	as of 30 September 2006	as of 31 December 2005
IX. Non-current assets	20 570 105	20 885 532	5 163 827	5 243 010
X. Current assets	15 988 567	12 518 779	4 013 698	3 142 658
XI. Total Assets	36 558 672	33 404 311	9 177 525	8 385 669
XII. Long-term liabilities	5 277 171	5 553 853	1 324 757	1 394 214
XIII. Short-term liabilities	9 251 166	8 537 469	2 322 371	2 143 208
XIV. Equity	22 030 335	19 312 989	5 530 397	4 848 246
XV. Share capital*	1 057 635	1 057 635	265 504	265 504
XVI. Equity (attributed to equity holders of the parent company)	19 092 331	16 696 511	4 792 853	4 191 417
XVII. Number of issued ordinary shares	427 709 061	427 709 061	427 709 061	427 709 061
XVIII. Book value and diluted book value per share (in PLN/EUR)	51,51	45,15	12,93	11,34
SELECTED FINANCIAL DATA	thousand PLN		thousand EUR	
	III quarter (cumulative data) period from 1.01.2006 to 30.09.2006	III quarter (cumulative data) period from 1.01.2005 to 30.09.2005	III quarter (cumulative data) period from 1.01.2006 to 30.09.2006	III quarter (cumulative data) period from 1.01.2005 to 30.09.2005
data in respect of condensed financial statement				
I. Total sales revenues	25 118 496	16 069 948	6 412 524	4 102 512
II. Profit / (Loss) from operations	1 806 433	2 223 743	461 166	567 701
III. Profit before tax	2 430 132	2 597 393	620 391	663 091
IV. Net profit	2 068 008	2 081 544	527 944	531 399
V. Net cash provided by operating activities	826 707	1 329 397	211 051	339 383
VI. Net cash used in investing activities	(891 661)	(991 172)	(227 633)	(253 037)
VII. Net cash provided by / (used in) financing activities	13 656	(294 268)	3 486	(75 124)
VIII. Net change in cash and cash equivalents	(51 298)	43 957	(13 096)	11 222
IX. Earnings and diluted earnings per ordinary share (in PLN/EUR)	4,84	4,87	1,23	1,24
	as of 30 September 2006	as of 31 December 2005	as of 30 September 2006	as of 31 December 2005
X. Non-current assets	11 881 098	11 921 862	2 982 578	2 992 811
XI. Current assets	10 062 190	7 288 258	2 525 967	1 829 612
XII. Total assets	21 943 288	19 210 120	5 508 545	4 822 422
XIII. Long-term liabilities	2 282 202	2 302 788	572 914	578 082
XIV. Short-term liabilities	4 767 393	4 042 629	1 196 785	1 014 843
XV. Equity	14 893 693	12 864 703	3 738 846	3 229 497
XVI. Share capital*	1 057 635	1 057 635	265 504	265 504
XVII. Number of issued ordinary shares	427 709 061	427 709 061	427 709 061	427 709 061
XVIII. Book value and diluted book value per share (in PLN/EUR)	34,82	30,08	8,74	7,55

* share capital after revaluation in accordance with IAS 29.

** including in 2005 the excess of fair value over the acquisition cost of shares of Unipetrol Group in the amount of PLN 1,893,688 thousand

The above data for III quarter 2006 and 2005 were translated into EUR by the following exchange rates:

- specific positions of assets, equity and liabilities - by the average exchange rate published as of 30 September 2006 – 3,9835 PLN/EUR,
- specific items in income statement and cash flows - by the arithmetic average of average exchange rates published by the National Bank of Poland as of every last day of month during the period (1 January - 30 September 2006) – 3,9171 PLN / EUR.

POLSKI KONCERN NAFTOWY ORLEN S.A.
CONSOLIDATED BALANCE SHEET
(all amounts in PLN thousand)

(Translation of a document originally issued in Polish)

	30 September 2006	31 December 2005
	(unaudited)	
	(in PLN thousand)	
ASSETS		
Non-current assets		
Property, plant and equipment	18 405 000	18 510 754
Intangible assets	503 335	513 167
Goodwill	130 255	115 447
Long-term financial investments	574 420	550 984
Investments in associates	732 011	1 025 077
Loans (granted)	5 005	7 145
Deferred tax assets	67 659	62 131
Investment property	38 970	11 557
Perpetual usufruct of land	82 109	76 172
Other non-current assets	31 341	13 098
Total non-current assets	20 570 105	20 885 532
Current assets		
Inventory	6 588 626	6 113 237
Trade and other receivables	6 543 722	4 777 638
Income tax receivable	18 125	49 567
Short-term investments	939 824	104 925
Loans (granted)	81	13
Short-term prepayments	155 587	145 853
Cash and cash equivalents	1 645 903	1 126 803
Other financial assets	82 870	111 899
Non-current assets classified as held for sale	13 829	88 844
Total current assets	15 988 567	12 518 779
Total assets	36 558 672	33 404 311
LIABILITIES AND SHAREHOLDER'S EQUITY		
Equity		
Nominal share capital	534 636	534 636
Share capital revaluation adjustment	522 999	522 999
Share capital*	1 057 635	1 057 635
Nominal share premium	1 058 450	1 058 450
Share premium revaluation adjustment	168 803	168 803
Share premium	1 227 253	1 227 253
Hedging reserve	21 673	57 334
Foreign exchange differences on subsidiaries from consolidation	69 754	(156 014)
Retained earnings	16 716 016	14 510 303
incl. net profit attributable to equity holders of the parent	2 218 965	4 585 132
Total equity (attributed to equity holders of the parent company)	19 092 331	16 696 511
Minority interest	2 938 004	2 616 478
Total equity	22 030 335	19 312 989
Long-term liabilities		
Interest-bearing loans and borrowings	3 141 314	3 405 978
Provisions	995 679	956 991
Deferred tax liabilities	972 904	1 020 159
Other long-term liabilities	167 274	170 725
Total long-term liabilities	5 277 171	5 553 853
Short-term liabilities		
Trade and other liabilities and accrued expenses	7 360 720	6 684 050
Provisions	675 738	683 273
Income tax liability	148 559	35 711
Interest-bearing loans and borrowings	1 010 267	1 110 819
Deferred income	32 302	19 265
Other short-term financial liabilities	23 580	4 351
Total short-term liabilities	9 251 166	8 537 469
Total liabilities and shareholders' equity	36 558 672	33 404 311

*share capital after revaluation in accordance with IAS 29

The accompanying notes are an integral part of these condensed consolidated financial statements

POLSKI KONCERN NAFTOWY ORLEN S.A.
CONSOLIDATED INCOME STATEMENT
(all amounts in PLN thousand)

(Translation of a document originally issued in Polish)

	for 9 months ended 30 September 2006	for 9 months ended 30 September 2005
	(unaudited)	(unaudited)
	(in PLN thousand)	
Operating activities		
Net sale revenues		
Sales of finished goods	38 183 635	29 217 208
Excise tax and other charges	(9 326 448)	(8 414 895)
Revenues from sale of finished goods, net	28 857 187	20 802 313
Sales of merchandise and raw materials	11 487 344	9 227 546
Excise tax and other charges	(590 268)	(194 475)
Revenues from sale of merchandise and raw materials, net	10 897 076	9 033 071
Total sales revenues	39 754 263	29 835 384
Cost of finished goods sold	(24 369 060)	(16 076 836)
Cost of merchandise and raw materials sold	(9 880 335)	(8 491 905)
Cost of finished goods, merchandise and raw materials sold	(34 249 395)	(24 568 741)
Gross profit on sales	5 504 868	5 266 643
Distribution expenses	(1 889 822)	(1 579 197)
General and administrative expenses	(800 126)	(681 682)
Other operating revenues*	374 446	2 156 052
Other operating expenses	(373 019)	(687 404)
Profit on the sale of all or part of shares of related parties	1 745	29 395
Profit from operations	2 818 092	4 503 807
Financial revenues**	423 045	499 528
Financial expenses	(422 084)	(328 172)
Net financial revenues and expenses	961	171 356
Share in profit from investments accounted for under equity method	165 006	180 794
Profit before tax	2 984 059	4 855 957
Income tax expense	(598 592)	(617 536)
Net profit	2 385 467	4 238 421
incl.		
Minority interest	166 502	25 444
Net profit attributable to equity holders of the parent	2 218 965	4 212 977

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

** including in the 3rd quarter 2006 the amount of PLN 47,500 thousand concerning valuation of financial instruments hedging future payments for Mažeikiu Nafta; due to unique characteristics of the instruments hedge accounting was not applied in relation to these transactions

POLSKI KONCERN NAFTOWY ORLEN S.A.
CONSOLIDATED INCOME STATEMENT
(all amounts in PLN thousand)
(Translation of a document originally issued in Polish)

	for 3 months ended 30 September 2006	for 3 months ended 30 September 2005
	(unaudited)	(unaudited)
	(in PLN thousand)	
Operating activities		
Net sale revenues		
Sales of finished goods	14 147 684	13 139 196
Excise tax and other charges	(3 478 767)	(3 375 821)
Revenues from sale of finished goods, net	10 668 917	9 763 375
Sales of merchandise and raw materials	4 416 539	3 423 196
Excise tax and other charges	(206 380)	(112 143)
Revenues from sale of merchandise and raw materials, net	4 210 159	3 311 053
Total sales revenues	14 879 076	13 074 428
Cost of finished goods sold	(8 914 409)	(7 765 451)
Cost of merchandise and raw materials sold	(3 834 014)	(3 386 776)
Cost of finished goods, merchandise and raw materials sold	(12 748 423)	(11 152 227)
Gross profit on sales	2 130 653	1 922 201
Distribution expenses	(615 408)	(542 810)
General and administrative expenses	(261 643)	(258 877)
Other operating revenues	128 522	90 851
Other operating expenses	(203 646)	(120 588)
Profit on the sale of all or part of shares of related parties	465	-
Profit from operations	1 178 943	1 090 777
Financial revenues*	198 284	208 868
Financial expenses	(95 338)	(148 148)
Net financial revenues and expenses	102 946	60 720
Share in profit from investments accounted for under equity method	65 821	69 730
Profit before tax	1 347 710	1 221 227
Income tax expense	(310 371)	(226 808)
Net profit	1 037 339	994 419
incl.		
Minority interest	11 696	9 181
Net profit attributable to equity holders of the parent	1 025 643	985 238

* including in the 3rd quarter 2006 the amount of PLN 47,500 thousand concerning valuation of financial instruments hedging future payments for Mažeikių Nafta; due to unique characteristics of the instruments hedge accounting was not applied in relation to these transactions

POLSKI KONCERN NAFTOWY ORLEN S.A.
CONSOLIDATED STATEMENT OF CASH FLOWS
(all amounts in PLN thousand)

(Translation of a document originally issued in Polish)

	for 9 months ended 30 September 2006	for 9 months ended 30 September 2005
	(unaudited)	(unaudited)
	(in PLN thousand)	
Cash flows - operating activities		
Net profit	2 385 467	4 238 421
Adjustments for:		
Share in profit from investments accounted for under equity method	(165 006)	(180 794)
Depreciation	1 490 137	1 160 850
Interest and dividend, net	121 589	65 079
Income tax expense	598 592	617 536
(Profit) / Loss on investing activities	(30 137)	68 821
(Increase) in receivables	(1 768 255)	(274 289)
(Increase) in inventories	(398 545)	(1 371 291)
Increase in liabilities and accruals	902 370	798 939
(Decrease) / Increase in provisions	31 936	422 596
Other*	41 226	(2 232 596)
Income tax paid	(549 203)	(567 193)
Net cash provided by operating activities	2 660 171	2 746 079
Cash flows - investing activities		
Acquisition of property, plant and equipment and intangible assets	(1 323 457)	(1 496 341)
Proceeds from the sale of property, plant and equipment and intangible assets	132 770	46 689
Proceeds from the sale of other shares	141 410	76 818
Acquisition of shares	(58 874)	(1 341 410)
Acquisition of short-term securities	(919 333)	(125 114)
Proceeds from the sale of short-term securities	86 132	1 155 033
Interest and dividends received	484 652	138 112
Loans repaid/(granted)	4 339	2 935
Other**	(15 858)	(167 814)
Net cash used in investing activities	(1 468 219)	(1 711 092)
Cash flow - financing activities		
Proceeds from long and short-term borrowings and loans***	4 277 034	1 657 556
Repayment of long and short-term borrowings and loans***	(4 802 470)	(1 583 753)
Interest paid	(122 602)	(99 740)
Dividends paid	-	(457 649)
Other	(26 192)	(24 222)
Net cash provided by / (used in) financing activities	(674 230)	(507 808)
Net change in cash and cash equivalents	517 722	527 179
Effect of exchange rate changes	1 378	170
Cash and cash equivalents, beginning of the period	1 126 803	729 503
Cash and cash equivalents, end of the period	1 645 903	1 256 852
incl. cash and cash equivalents not available for use	96 638	97 346

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

** including in 2005 the amount of PLN (171,648) thousand related to proceeds/outflows from the acquisition of receivables due from Unipetrol Group

*** including refinancing of long term debt in the amount of PLN 1,359,091 thousand due to more favorable terms of financing

POLSKI KONCERN NAFTOWY ORLEN S.A.
STATEMENT OF CHANGES IN CONSOLIDATED EQUITY
(all amounts in PLN thousand)
(Translation of a document originally issued in Polish)

	Nominal share capital	Share capital revaluation adjustment	Nominal share premium	Share premium revaluation adjustment	Hedging reserve	Foreign exchange differences on subsidiaries from consolidation	Retained earnings	Minority interest	Total equity
1 January 2006	534 636	522 999	1 058 450	168 803	57 334	(156 014)	14 510 303	2 616 478	19 312 989
Foreign exchange differences on consolidation	-	-	-	-	-	225 768	-	126 319	352 087
Net profit attributable to equity holders of the parent	-	-	-	-	-	-	2 218 965	-	2 218 965
Hedge accounting - cash flow hedges	-	-	-	-	(43 939)	-	-	-	(43 939)
Deferred tax on hedge accounting	-	-	-	-	8 278	-	-	-	8 278
Minority interest	-	-	-	-	-	-	-	166 502	166 502
Change in shareholders structure	-	-	-	-	-	-	-	(10 976)	(10 976)
Other	-	-	-	-	-	-	(13 252)	39 681	26 429
30 September 2006 (unaudited)	534 636	522 999	1 058 450	168 803	21 673	69 754	16 716 016	2 938 004	22 030 335

	Nominal share capital	Share capital revaluation adjustment	Nominal share premium	Share premium revaluation adjustment	Hedging reserve	Foreign exchange differences on subsidiaries from consolidation	Retained earnings	Minority interest	Total equity
1 January 2005	534 636	522 999	1 058 450	168 803	87 648	(9 444)	10 828 516	439 706	13 631 314
Dividend	-	-	-	-	-	-	(911 020)	-	(911 020)
Foreign exchange differences on consolidation	-	-	-	-	-	(102 348)	-	-	(102 348)
Net profit attributable to equity holders of the parent	-	-	-	-	-	-	4 212 977	-	4 212 977
Hedge accounting - cash flow hedges	-	-	-	-	(25 750)	-	-	-	(25 750)
Deferred tax on hedge accounting	-	-	-	-	5 046	-	-	-	5 046
Minority interest	-	-	-	-	-	-	-	25 444	25 444
Change in shareholders structure	-	-	-	-	-	-	-	2 146 839	2 146 839
Other	-	-	-	-	-	-	4 524	-	4 524
30 September 2005 (unaudited)	534 636	522 999	1 058 450	168 803	66 944	(111 792)	14 134 997	2 611 989	18 987 026

The accompanying notes are an integral part of these condensed consolidated financial statements

POLSKI KONCERN NAFTOWY ORLEN S.A.
STATEMENT OF CHANGES IN CONSOLIDATED EQUITY
(all amounts in PLN thousand)
(Translation of a document originally issued in Polish)

The statement of changes in consolidated equity regarding profits and losses of 9 months ended 30 September 2006 and 30 September 2005

	for 9 months ended 30 September 2006	for 9 months ended 30 September 2005
	(unaudited)	(unaudited)
Hedge accounting - cash flow hedges	(35 661)	(20 704)
Foreign exchange differences on consolidation	225 768	(102 348)
Other	(13 252)	4 524
	-----	-----
Net profits / (Losses) attributable to equity holders of the parent recognized directly in equity	176 855	(118 528)
Net profit attributable to equity holders of the parent for the period	2 218 965	4 212 977
	-----	-----
Profit and loss recognized in the current period and directly in equity, total	2 395 820	4 094 449
	=====	=====

POLSKI KONCERN NAFTOWY ORLEN S.A.
UNCONSOLIDATED CONDENSED BALANCE SHEET
(all amounts in PLN thousand)

(Translation of a document originally issued in Polish)

	30 September 2006	31 December 2005
	(unaudited)	
	(in PLN thousand)	
ASSETS		
Non-current assets		
Property, plant and equipment	7 723 430	7 808 558
Intangible assets	37 820	29 100
Long-term financial investments	41 269	40 144
Investments in associates	3 952 688	3 915 547
Loans (granted)	6 662	1 744
Perpetual usufruct of land	68 699	61 057
Other non-current assets	50 530	65 712
Total non-current assets	11 881 098	11 921 862
Current assets		
Inventory	4 720 485	4 021 063
Trade and other receivables	4 154 709	2 726 092
Income tax receivable	4 816	22 128
Short-term investments	794 964	-
Loans (granted)	2 525	675
Short-term prepayments	63 907	58 702
Cash and cash equivalents	232 253	283 509
Other financial assets	82 381	103 620
Non-current assets classified as held for sale	6 150	72 469
Total current assets	10 062 190	7 288 258
Total assets	21 943 288	19 210 120
LIABILITIES AND SHAREHOLDER'S EQUITY		
Equity		
Nominal share capital	534 636	534 636
Share capital revaluation adjustment	522 999	522 999
Share capital*	1 057 635	1 057 635
Nominal share premium	1 058 450	1 058 450
Share premium revaluation adjustment	168 803	168 803
Share premium	1 227 253	1 227 253
Hedging reserve	39 422	78 440
Retained earnings	12 569 383	10 501 375
incl. net profit**	2 068 008	2 527 214
accumulated profit from previous years	2 527 214	858 231
Total equity	14 893 693	12 864 703
Long-term liabilities		
Interest-bearing loans and borrowings	1 404 807	1 374 165
Provisions	633 982	605 100
Deferred tax liabilities	243 413	323 523
Total long-term liabilities	2 282 202	2 302 788
Short-term liabilities		
Trade and other liabilities and accrued expenses	4 068 441	3 436 942
Provisions	578 116	574 472
Interest-bearing loans and borrowings	97 172	30 007
Deferred income	1 105	1 168
Other short-term financial liabilities	22 559	40
Total short-term liabilities	4 767 393	4 042 629
Total liabilities and shareholders' equity	21 943 288	19 210 120

* share capital after revaluation in accordance with IAS 29

** net profit for 12 months 2005

POLSKI KONCERN NAFTOWY ORLEN S.A.
UNCONSOLIDATED CONDENSED INCOME STATEMENT
(all amounts in PLN thousand)

(Translation of a document originally issued in Polish)

	for 9 months ended 30 September 2006	for 9 months ended 30 September 2005
	(unaudited)	(unaudited)
	(in PLN thousand)	
Operating activities		
Net sale revenues		
Sales of finished goods	25 762 460	22 102 805
Excise tax and other charges	(7 137 953)	(7 563 664)
Revenues from sale of finished goods, net	18 624 507	14 539 141
Sales of merchandise and raw materials	6 955 095	1 594 200
Excise tax and other charges	(461 106)	(63 393)
Revenues from sale of merchandise and raw materials, net	6 493 989	1 530 807
Total sales revenues	25 118 496	16 069 948
Cost of finished goods sold	(15 694 072)	(10 847 409)
Cost of merchandise and raw materials sold	(6 117 293)	(1 173 011)
Cost of finished goods, merchandise and raw materials sold	(21 811 365)	(12 020 420)
Gross profit on sales	3 307 131	4 049 528
Distribution expenses	(1 028 366)	(1 050 778)
General and administrative expenses	(369 299)	(362 760)
Other operating revenues	106 815	85 779
Other operating expenses	(209 848)	(498 026)
Profit from operations	1 806 433	2 223 743
Financial revenues**	735 436	521 502
Financial expenses	(111 737)	(147 852)
Net financial revenues and expenses	623 699	373 650
Profit before tax	2 430 132	2 597 393
Income tax expense***	(362 124)	(515 849)
Net profit	2 068 008	2 081 544
Basic and diluted earnings per share (per share in Polish Zloty)*	4,84	4,87

* in the period of 9 months ended 30 September 2006 and 30 September 2005 there was no additional shares issue.

** including:

- dividend from Polkomtel S.A. in the amount of PLN 461,270 thousand in the period of 9 months ended 30 September 2006 and PLN 83,290 thousand in the period of 9 months ended 30 September 2005
- including in the 3rd quarter 2006 the amount of PLN 47,500 thousand concerning valuation of financial instruments hedging future payments for Mažeikiu Nafta; due to unique characteristics of the instruments hedge accounting was not applied in relation to these transactions

*** dividends (received and due) are excluded from the tax base what significantly reduces the effective tax rate

POLSKI KONCERN NAFTOWY ORLEN S.A.
UNCONSOLIDATED CONDENSED INCOME STATEMENT
(all amounts in PLN thousand)
(Translation of a document originally issued in Polish)

	for 3 months ended 30 September 2006	for 3 months ended 30 September 2005
	(unaudited)	(unaudited)
	(in PLN thousand)	
Operating activities		
Net sale revenues		
Sales of finished goods	9 720 856	8 215 826
Excise tax and other charges	(2 657 532)	(2 612 467)
	-----	-----
Revenues from sale of finished goods, net	7 063 324	5 603 359
Sales of merchandise and raw materials	3 067 984	764 871
Excise tax and other charges	(171 750)	(47 079)
	-----	-----
Revenues from sale of merchandise and raw materials, net	2 896 234	717 792
	-----	-----
Total sales revenues	9 959 558	6 321 151
Cost of finished goods sold	(5 970 736)	(4 379 624)
Cost of merchandise and raw materials sold	(2 771 815)	(552 850)
	-----	-----
Cost of finished goods, merchandise and raw materials sold	(8 742 551)	(4 932 474)
	-----	-----
Gross profit on sales	1 217 007	1 388 677
	-----	-----
Distribution expenses	(301 651)	(348 162)
General and administrative expenses	(120 982)	(117 493)
Other operating revenues	44 040	16 519
Other operating expenses	(112 765)	(43 534)
	-----	-----
Profit from operations	725 649	896 007
	-----	-----
Financial revenues*	143 993	105 915
Financial expenses	(28 799)	(35 603)
	-----	-----
Net financial revenues and expenses	115 194	70 312
	-----	-----
Profit before tax	840 843	966 319
	-----	-----
Income tax expense	(173 671)	(178 020)
	-----	-----
Net profit	667 172	788 299
	=====	=====

* including in the 3rd quarter 2006 the amount of PLN 47,500 thousand concerning valuation of financial instruments hedging future payments for Mažeikiu Nafta; due to unique characteristics of the instruments hedge accounting was not applied in relation to these transactions

POLSKI KONCERN NAFTOWY ORLEN S.A.
UNCONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS
(all amounts in PLN thousand)
(Translation of a document originally issued in Polish)

	for 9 months ended 30 September 2006	for 9 months ended 30 September 2005
	(unaudited)	(unaudited)
	(in PLN thousand)	
Cash flows - operating activities		
Net profit	2 068 008	2 081 544
Adjustments for:		
Depreciation	663 664	639 790
Interest and dividend, net*	(510 957)	(120 047)
Income tax expense	362 124	515 849
Loss/(Profit) on investing activities	(7 437)	(29 101)
(Increase) in receivables	(1 478 146)	(662 066)
(Increase) in inventories	(699 422)	(1 469 584)
Increase in liabilities and accruals	801 184	672 530
(Decrease) / Increase in provisions	41 679	360 297
Other	10 933	(201 566)
Income tax paid	(424 923)	(458 249)
Net cash provided by operating activities	826 707	1 329 397
Cash flows - investing activities		
Acquisition of property, plant and equipment and intangible assets	(831 264)	(752 945)
Proceeds from the sale of property, plant and equipment	16 174	8 238
Proceeds from the sale of shares in Naftoport Sp. z o.o.	-	67 692
Proceeds from the sale of subsidiaries	20 608	8 141
Proceeds from the sale of shares in AWSA Holland	73 007	-
Acquisition of shares**	(57 587)	(1 567 004)
Proceeds from the sale of short-term securities	-	1 010 986
Acquisition of short-term securities	(793 040)	-
Interest and dividends received	558 948	166 396
Loans granted to related parties	(7 232)	(1 913)
Proceeds from repayment of loans granted to related parties	506	240 248
Proceeds / (Payments) related to acquisition of receivables due from Unipetrol a.s Group	124 574	(171 648)
Other	3 645	637
Net cash used in investing activities	(891 661)	(991 172)
Cash flow - financing activities		
Proceeds from long and short-term borrowings and loans***	1 524 240	395 492
Repayment of long and short-term borrowings and loans***	(1 466 567)	(194 248)
Interest paid	(44 017)	(37 863)
Dividends paid	-	(457 649)
Net cash provided by / (used in) financing activities	13 656	(294 268)
Net change in cash and cash equivalents	(51 298)	43 957
Effect of exchange rate changes	42	115
Cash and cash equivalents, beginning of the period	283 509	285 952
Cash and cash equivalents, end of the period	232 253	330 024

* including dividend from Polkomtel S.A. in the amount of PLN 461,270 thousand in the period of 9 months ended 30 September 2006 and PLN 83,290 thousand in the period of 9 months ended 30 September 2005

** including in 2005 the amount of PLN 1,562,335 thousand relating to acquisition of Unipetrol Group

*** including refinancing of long term debt in the amount of PLN 1,359,091 thousand due to more favorable terms of financing

POLSKI KONCERN NAFTOWY ORLEN S.A.
STATEMENT OF CHANGES IN UNCONSOLIDATED EQUITY
(all amounts in PLN thousand)
(Translation of a document originally issued in Polish)

	Nominal share capital	Share capital revaluation adjustment	Nominal share premium	Share premium revaluation adjustment	Hedging reserve	Retained earnings	Total equity
1 January 2006	534 636	522 999	1 058 450	168 803	78 440	10 501 375	12 864 703
Net profit	-	-	-	-	-	2 068 008	2 068 008
Hedge accounting - cash flow hedges	-	-	-	-	(48 170)	-	(48 170)
Deferred tax on hedge accounting	-	-	-	-	9 152	-	9 152
30 September 2006 (unaudited)	534 636	522 999	1 058 450	168 803	39 422	12 569 383	14 893 693

	Nominal share capital	Share capital revaluation adjustment	Nominal share premium	Share premium revaluation adjustment	Hedging reserve	Retained earnings	Total equity
1 January 2005	534 636	522 999	1 058 450	168 803	104 396	8 885 384	11 274 668
Dividend	-	-	-	-	-	(911 020)	(911 020)
Net profit	-	-	-	-	-	2 081 544	2 081 544
Impairment of non-current assets	-	-	-	-	-	(190)	(190)
Hedge accounting - cash flow hedges	-	-	-	-	(14 440)	-	(14 440)
Deferred tax on hedge accounting	-	-	-	-	2 744	-	2 744
30 September 2005 (unaudited)	534 636	522 999	1 058 450	168 803	92 700	10 055 718	12 433 306

The accompanying notes are an integral part of these condensed consolidated financial statements

POLSKI KONCERN NAFTOWY ORLEN S.A.
STATEMENT OF CHANGES IN UNCONSOLIDATED EQUITY
(all amounts in PLN thousand)
(Translation of a document originally issued in Polish)

The statement of changes in unconsolidated equity regarding profits and losses of 9 months ended 30 September 2006 and 30 September 2005

	for 9 months ended 30 September 2006	for 9 months ended 30 September 2005
	(unaudited)	(unaudited)
Hedge accounting - cash flow hedges	(39 018)	(11 696)
Other	-	(190)
	-----	-----
Net (losses) recognized directly in equity	(39 018)	(11 886)
Net profit for the period	2 068 008	2 081 544
	-----	-----
Profit and loss recognized in the current period and directly in equity, total	2 029 990	2 069 658
	=====	=====

POLSKI KONCERN NAFTOWY ORLEN S.A.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(all amounts in PLN thousand)

(Translation of a document originally issued in Polish)

I. PRINCIPLE ACTIVITY OF THE GROUP

The Parent Company of the Polski Koncern Naftowy ORLEN Capital Group ("Capital Group", "Group") is Polski Koncern Naftowy ORLEN S.A. ("Company", "PKN ORLEN", "Parent"), seated in Płock, 7 Chemikow Street.

The Company was formed through transformation of a state-owned enterprise into a joint stock company, on the basis of the Public Notary Act of 29 June 1993. The Parent was registered as Mazowieckie Zakłady Rafineryjne i Petrochemiczne "Petrochemia Płock" S.A. in the District Court in Płock. Effective 20 May 1999, the Company changed its business name to Polski Koncern Naftowy Spółka Akcyjna.

On 7 September 1999, Centrala Produktów Naftowych "CPN" Spółka Akcyjna was incorporated, thus CPN was removed from the commercial register. Effective 12 April 2000, the Company changed its business name to Polski Koncern Naftowy ORLEN Spółka Akcyjna.

The operations of the Group comprise of refining of crude oil and manufacturing of wide range of petroleum products, petrochemical and chemical products, delivery as well as wholesale and retail sale of these products.

Until the second public offering, completed in July 2000, the Group was primarily controlled, directly and indirectly, by the Polish State Treasury with minority shareholding of employees and others. The State Treasury supervised the Group through its control of the Group's majority shareholder, Nafta Polska S.A. As at 20 October 2006 Nafta Polska S.A. owned directly or indirectly 17.32% of the Company's shares, the Polish State Treasury – 10.20% shares, Bank of New York (as a depositary) held 6.03% shares and other shareholders owned 66.45% of the Company's shares.

II. INFORMATION ON PRINCIPLES ADOPTED FOR PREPARATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR III QUARTER 2006

As of 1 January 2005, the amended Polish Accounting Act imposed a requirement on the Group to prepare its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRSs") adopted by the European Union. The information disclosed in these condensed consolidated financial statements is compliant with IAS 34 "Interim financial reporting".

As of 1 January 2005 the Group has prepared its consolidated financial statements for the first time in compliance with IFRS 1 as it complied with conditions defined in that standard.

The condensed consolidated financial statements have been prepared based on historic cost, except for: derivatives, financial instruments at fair value through profit and loss, financial assets available for sale, and investments properties stated at fair value.

1. Statement of compliance

The condensed consolidated financial statements and condensed unconsolidated financial statements presented in this consolidated report have been prepared in accordance with IAS 34 "Interim financial reporting" and in the scope required under the Minister of Finance Decree of 19 October 2005 on current and periodical information provided by issuers of securities (Official Journal No. 209, item 1744), and they cover the period from 1 January to 30 September 2006 and the comparative period from 1 January to 30 September 2005.

The presented condensed consolidated financial statements are compliant with all requirements of IAS 34 "Interim financial reporting" and present a true and fair view of the Group's financial position as at 30 September 2006 and 31 December 2005, results of its operations for the 3 and 9 months periods ended 30 September 2006 and 30 September 2005 as well as its cash flows for the 9 months periods ended 30 September 2006 and 30 September 2005.

The condensed consolidated financial statement had been prepared assuming that the Group will continue to operate as a going concern in the foreseeable future. As at the date of approval of these financial statements there is no evidence indicating that the Capital Group will not be able to continue its operations as a going concern.

2. Format and general principles for preparation of condensed consolidated and condensed unconsolidated balance sheet, condensed consolidated and condensed unconsolidated income statement, condensed statement of changes in consolidated and unconsolidated equity and condensed consolidated and condensed unconsolidated cash flow statement

The condensed consolidated and condensed unconsolidated quarterly financial statements included in this consolidated quarterly report were prepared in accordance with the IAS 34 "Interim financial reporting" and in the scope required under the Decree of the Minister of Finance of 19 October 2005 on current and periodical information presented by issuers of securities published in Official Journal no. 209, item 1744 ("The Decree"). The statements

POLSKI KONCERN NAFTOWY ORLEN S.A.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(all amounts in PLN thousand)

(Translation of a document originally issued in Polish)

comprise the period from 1 January to 30 September 2006 and the comparative period from 1 January to 30 September 2005.

According to the paragraph § 87.1 of the Decree, the issuer, who is a parent company is not obliged to prepare a separate quarterly report, providing that the condensed unconsolidated quarterly financial statements, comprising balance sheet, income statement, statements of changes in equity and cash flow statements, are included in the consolidated quarterly report.

3. Accounting principles

In the current period the Group did not introduce substantial changes in the accounting principles compared to the ones applied in 2005. Accounting principles applied by the Parent and the PKN ORLEN Capital Group in the period covered by these financial statements were presented in published unconsolidated and consolidated semi-annual report ended as at 30 June 2006.

4. Functional currency and presentation currency of financial statements and methods applied to translation of data denominated in foreign currencies

a) functional currency and presentation currency

Functional currency of the Parent Company and presentation currency of the foregoing condensed consolidated financial statements is polish zloty.

Financial statements of foreign entities, for consolidation purposes, are translated into polish zloty using the following procedures:

- assets and liabilities of each presented balance sheet are translated at the closing rate at the given balance sheet date;
- respective items in the income statement are translated at exchange rates at the dates of the transactions. All resulting exchange differences are recognized as a separate component of equity.

b) Methods applied to translation of data denominated in foreign currencies

The financial data denominated in EUR were converted in line with the following methods:

- particular assets and liabilities – at the closing rate for 30 September 2006 – PLN 3.9835 / EUR, for 31 December 2005 – PLN 3.8598 / EUR,
- particular income and expense items and positions of the statement of cash flows – at the arithmetic average of exchange rates of the period from 1 January 2006 to 30 September 2006 – PLN 3.9171 / EUR; for the period from 1 January 2005 to 30 September 2005 the rate was PLN 4.0583 / EUR.

The financial data denominated in CZK were converted in line with the following methods:

- particular assets and liabilities – at the closing rate for 30 September 2006 – PLN 0.1407 / CZK, for 31 December 2005 – PLN 0.1329 / CZK;
- particular income statement items and positions of the statement of cash flows – at the arithmetic average of exchange rates of the period from 1 January 2006 to 30 September 2006 – PLN 0.1380 / CZK, for the period from 1 January 2005 to 30 September 2005 the rate was PLN 0.1347 / CZK.

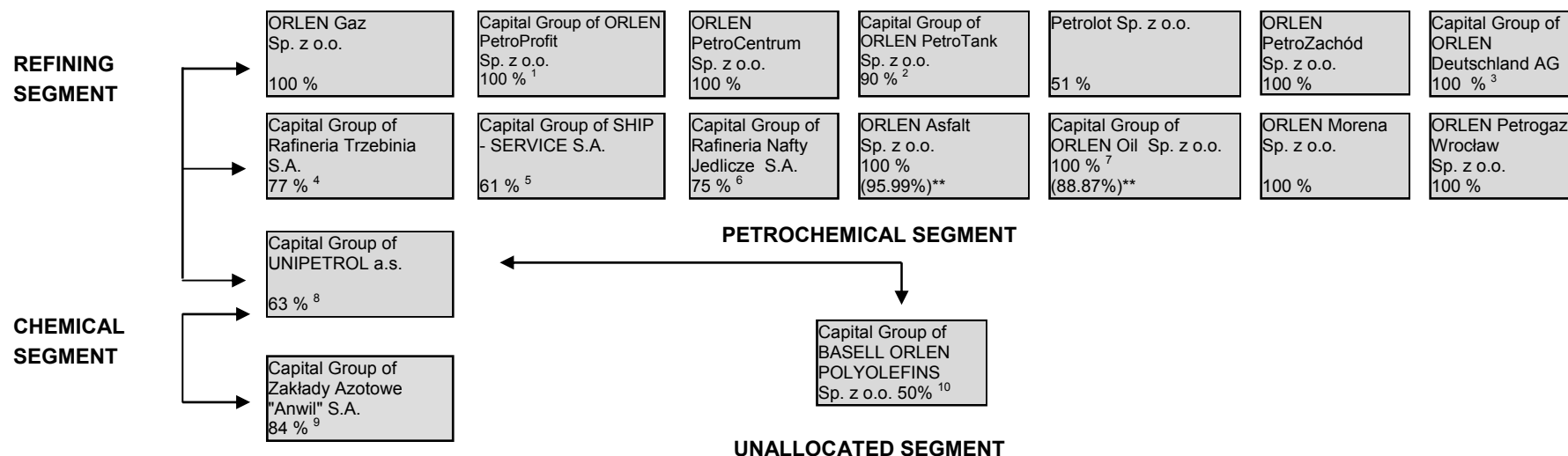
5. Companies included in the consolidated financial statements

These condensed consolidated financial statements comprise PKN ORLEN S.A. as a Parent Company and the following entities belonging to the Group, located mainly in Poland, Czech Republic and Germany as at 30 September 2006:

POLSKI KONCERN NAFTOWY ORLEN S.A.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(all amounts in PLN thousand)

(Translation of a document originally issued in Polish)

THE GROUP DIVISION BY BUSINESS SEGMENTS *



Motell Sp. z o.o. 35 %	ORLEN Transport Kraków Sp. z o.o. 98 %	ORLEN Transport Nowa Sól Sp. z o.o. 97 %	IKS SOLINO S.A. 71 %	Petrotel Sp. z o.o. 75 %	WISŁA Płock Sportowa S.A. 100 %	Petromor Sp. z o.o. 51 %	Grupa kapitałowa ORLEN Medica Sp. z o.o. 100 % ¹¹	ORLEN Administracja Sp. z o.o. 100 %
POILEN Sp. z o.o. 25%	ORLEN Projekt S.A. 51 %	ORLEN Ochrona Sp. z o.o. 100 %	ORLEN Laboratorium Sp. z o.o. 95 %	ORLEN Automatyka Sp. z o.o. 52 %	ORLEN KolTrans Sp. z o.o. 100 %	ORLEN Transport Płock Sp. z o.o. 98 %	Półkomtel S.A. 19.61%	ORLEN Transport Kędzierzyn - Koźle Sp. z o.o. 94 %
ORLEN Powiernik Sp. z o.o. 100%	ORLEN Wir Sp. z o.o. 51 %	ORLEN Budonaft Sp. z o.o. 100 %	ORLEN EKO Sp. z o.o. 100 %	ORLEN Centrum Serwisowe Sp. z o.o. 97 %	ORLEN Transport Słupsk Sp. z o.o. 97 %	B.H.T. Dromech S.A. w upadłości 81 %	Niezależny Operator Międzystrefowy Sp. z o.o. 35 %	ORLEN Transport Szczecin Sp. z o.o. 100 %
ORLEN Transport Olsztyn Sp. z o.o. 95%	Chemiepetrol GmbH 20 %	ORLEN Księgowość Sp. z o.o. 100 %	ORLEN Prewencja Sp. z o.o. 100 %	ORLEN Upstream Sp. z o.o. 100%	Capital Group of Płocki Park Przemysłowo Technologiczny S.A. 50% ¹²			

* The scheme does not include the Parent Company, whose activities were allocated to all business segments

** (%) the share in consolidated financial data

Entities consolidated as at 30 September 2006

The accompanying notes are an integral part of these condensed consolidated financial statements

POLSKI KONCERN NAFTOWY ORLEN S.A.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(all amounts in PLN thousand)
(Translation of a document originally issued in Polish)

THE LIST OF COMPANIES BELONGING TO THE CAPITAL GROUPS ON LOWER LEVELS PRESENTED ON THE CAPITAL GROUP SCHEME

Name of capital group	Share in total voting rights ¹ (in full %)
1. Capital Group of ORLEN PetroProfit Sp. z o.o. including:	100%
Petro-Ukraina LTD	80%
Petro-Oil Lubelskie Centrum Sprzedaży Sp. z o.o.	76%
Petrooktan Sp. z o.o. in liquidation	51%
Petro-Ukraina in liquidation	31%
2. Capital Group of ORLEN PetroTank Sp. z o.o. including:	90%
Petro-Mawi Sp. z o.o. in liquidation	60%
Petro-Ukraina in liquidation	31%
3. Capital Group of ORLEN Deutschland AG including:	100%
Wecotect Trading & Consulting GmbH	100%
Hermann Eggert Mineraloelvertriebs GmbH	100%
4. Capital Group of Rafineria Trzebinia S.A. including:	77%
Energomedia Sp. z o.o.	100%
Euronafit Trzebinia Sp. z o.o.	100%
Fabryka Parafin NaftoWax Sp. z o.o.	100%
Zakładowa Straż Pożarna Sp. z o.o.	100%
AQUA PLANET Sp. z o.o.	100%
EkoNaft Sp. z o.o.	99%
5. Capital Group of Ship Service S.A. including:	56%
Ship-Service Agro Sp. z o.o.	100%
6. Capital Group of Rafineria Nafty Jedlicze S.A. including:	75%
Raf-Energia Sp. z o.o.	100%
Raf-Koltrans Sp. z o.o.	100%
Raf-Służba Ratownicza Sp. z o.o.	100%
Raf-Bit Sp. z o.o.	100%
Raf-Remat Sp. z o.o.	96%
Raf-Ekologia Sp. z o.o.	93%
Konsorcjum Olejów Przetworzonych – Organizacja Odzysku S.A.	81%
Ran Petromex Sp. Z o.o.	51%
Ran-Watt Sp. z o.o. in liquidation	51%

POLSKI KONCERN NAFTOWY ORLEN S.A.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(all amounts in PLN thousand)
(Translation of a document originally issued in Polish)

Name of capital group	Share in total voting rights ¹ (in full %)
7. Capital Group of ORLEN Oil Sp. z o.o.	100%
including:	
ORLEN Oil Cesko s.r.o.	100%
Platinum Oil Mazowsze Sp. z o.o.	100%
Petro-Oil CZ s.r.o. in liquidation	49%
Petro-Oil Łódzkie Centrum Sprzedaży Sp. z o.o.	25%
Petro-Oil Seewax Sp. z o.o.	25%
Petro-Oil Lubelskie Centrum Sprzedaży Sp. z o.o.	24%
Petro-Oil Dolnośląskie Centrum Sprzedaży Sp. z o.o.	24%
Petro-Oil Małopolskie Centrum Sprzedaży Sp. z o.o.	24%
Petro-Oil Podlaskie Centrum Sprzedaży Sp. z o.o.	24%
Petro-Oil Pomorskie Centrum Sprzedaży Sp. z o.o.	24%
Petro-Oil Śląskie Centrum Sprzedaży Sp. z o.o.	24%
Petro-Oil Zachodniopomorskie Centrum Sprzedaży Sp. z o.o.	24%
Petro-Oil Wielkopolskie Centrum Sprzedaży Sp. z o.o.	22%
8. Capital Group of Unipetrol a.s.	63%
including:	
Capital Group of CHEMOPETROL a.s.	100%
including:	
UNIPETROL DOPRAVA, a.s.	100%
CHEMICKÁ SERVISNÍ a.s.	100%
POLYMER INSTITUTE BRNO spol. s.r.o.	100%
HC CHEMOPETROL a.s.	71%
Capital Group of UNIPETROL TRADE a.s.	100%
including:	
UNIPETROL CHEMICALS IBERICA S.A.	100%
CHEMAPOL (SCHWEIZ) AG	100%
UNIPETROL AUSTRIA HmbH	100%
UNIPETROL (UK) LIMITED	100%
ALIACHEM USA Inc.	100%
UNIPETROL POLSKA Sp. z o.o. in liquidation	100%
MOGUL d.o.o.	100%
DP MOGUL UKRAJINA	100%
ALIACHEM VERWALTUNGS GmbH	100%
including:	
ALIAPHARM GmbH FRANKFURT	100%
UNIPETROL DEUTSCHLAND GmbH	100%
UNIPETROL FRANCE S.A.	97%
UNIPETROL ITALIA S.r.l.	90%
Výzkumný ústav anorganické chemie a.s.	100%
Capital Group of BENZINA a.s.	100%
including:	
Paramo Trysk a.s.	100%
PETROTRANS a.s.	100%
BENZINA Trade a.s in liquidation	100%

POLSKI KONCERN NAFTOWY ORLEN S.A.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(all amounts in PLN thousand)

(Translation of a document originally issued in Polish)

Name of capital group	Share in total voting rights ¹ (in full %)
Capital Group of UNIPETROL RAFINÉRIE a.s.	100%
including:	
UNIRAF SLOVENSKO s.r.o.	100%
Capital Group of KAUČUK a.s.	100%
including:	
K-PROTOS a.s.	100%
Capital Group of SPOLANA a.s.	82%
including:	
NeraPharm spol. s.r.o.	100%
Capital Group of PARAMO a.s.	74%
including:	
MOGUL SLOVAKIA s.r.o.	100%
ČESKÁ RAFINÉRSKÁ a.s.	51%
9. Capital Group of Zakłady Azotowe "Anwil" S.A.	84%
including:	
Przedsiębiorstwo Inwestycyjno-Remontowe Remwil Sp. z o.o.	100%
Przedsiębiorstwo Produkcyjno-Handlowo-Usługowe Pro-Lab Sp. z o.o.	99%
Przedsiębiorstwo Usług Specjalistycznych i Projektowych Chemeko Sp. z o.o.	56%
Zakład Usługowo Produkcyjny EKO-Dróg Sp. z o.o.	49%
Przedsiębiorstwo Usług Technicznych Wircom Sp. z o.o.	49%
Apex-Elzar Sp. z o.o.	47%
Specjalistyczna Przychodnia Przemysłowa Prof-Med Sp. z o.o.	46%
Przedsiębiorstwo Produkcyjno-Handlowo-Usługowe Arbud Sp. z o.o.	45%
10. Capital Group of Basell ORLEN Polyolefins Sp. z o.o.	50%
including:	
Basell ORLEN Polyolefins Sprzedaż Sp. z o.o.	100%
11. Capital Group of ORLEN Medica Sp. z o.o.	100%
including:	
Sanatorium Uzdrowskowie "KRYSTYNKA" Sp. z o.o.	99%
12. Capital Group of Płocki Park Przemysłowo-Technologiczny S.A.	50%
including:	
Centrum Komercjalizacji Technologii Sp. z o.o.	100%
Centrum Edukacji Sp. z o.o.	69%

¹⁾ Share in total voting rights is compatible with the shares in share capital, except for the Capital Group of Ship Service S.A., where the share in capital is 61%.

POLSKI KONCERN NAFTOWY ORLEN S.A.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(all amounts in PLN thousand)
(Translation of a document originally issued in Polish)

III. SELECTED EXPLANATORY NOTES

3.1 Impairment of assets

3.1.1 Impairment of property, plant and equipment

Data for 3rd quarter	2006	2005
	(unaudited)	(unaudited)
Impairment allowances as at 1 July	841 782	859 757
Additions during the period 1 July - 30 September	21 695	3 111
Disposals during the period 1 July - 30 September	(15 262)	(10 348)
Impairment allowances as at 30 September	848 215	852 520

Cumulative data for 3 quarters	2006	2005
	(unaudited)	(unaudited)
Impairment allowances as at 1 January	806 644	206 502
Additions during the period 1 January - 30 September	84 336	696 413
Disposals during the period 1 January - 30 September	(42 765)	(50 395)
Impairment allowances as at 30 September	848 215	852 520

3.1.2 Impairment of construction in progress

Data for 3rd quarter	2006	2005
	(unaudited)	(unaudited)
Impairment allowances as at 1 July	51 011	54 019
Additions during the period 1 July - 30 September	-	1 407
Disposals during the period 1 July - 30 September	(232)	(3 364)
Impairment allowances as at 30 September	50 779	52 062

Cumulative data for 3 quarters	2006	2005
	(unaudited)	(unaudited)
Impairment allowances as at 1 January	51 064	46 526
Additions during the period 1 January - 30 September	706	13 075
Disposals during the period 1 January - 30 September	(991)	(7 539)
Impairment allowances as at 30 September	50 779	52 062

3.1.3 Impairment of intangible assets

Data for 3rd quarter	2006	2005
	(unaudited)	(unaudited)
Impairment allowances as at 1 July	64 687	7 692
Additions during the period 1 July - 30 September	-	-
Disposals during the period 1 July - 30 September	(825)	(67)
Impairment allowances as at 30 September	63 862	7 625

Cumulative data for 3 quarters	2006	2005
	(unaudited)	(unaudited)
Impairment allowances as at 1 January	61 055	7 919
Additions during the period 1 January - 30 September	4 014	611
Disposals during the period 1 January - 30 September	(1 207)	(905)
Impairment allowances as at 30 September	63 862	7 625

POLSKI KONCERN NAFTOWY ORLEN S.A.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(all amounts in PLN thousand)

(Translation of a document originally issued in Polish)

3.1.4 Impairment of long term financial investments (shares)

Data for 3rd quarter	2006	2005
	(unaudited)	(unaudited)
Impairment allowances as at 1 July	163 652	79 510
Additions during the period 1 July - 30 September	267	4 934
Disposals during the period 1 July - 30 September	(12 046)	(1 665)
Impairment allowances as at 30 September	151 873	82 779

Cumulative data for 3 quarters	2006	2005
	(unaudited)	(unaudited)
Impairment allowances as at 1 January	144 701	78 370
Additions during the period 1 January - 30 September	22 567	11 775
Disposals during the period 1 January - 30 September	(15 395)	(7 366)
Impairment allowances as at 30 September	151 873	82 779

3.1.5 Receivables allowances

Data for 3rd quarter	2006	2005
	(unaudited)	(unaudited)
Impairment allowances as at 1 July	607 529	717 194
Additions during the period 1 July - 30 September	21 494	53 133
Disposals during the period 1 July - 30 September	(21 439)	(47 097)
Impairment allowances as at 30 September	607 584	723 230

Cumulative data for 3 quarters	2006	2005
	(unaudited)	(unaudited)
Impairment allowances as at 1 January	600 134	474 235
Additions during the period 1 January - 30 September	107 277	348 963
Disposals during the period 1 January - 30 September	(99 827)	(99 968)
Impairment allowances as at 30 September	607 584	723 230

3.1.6 Inventory allowances

Data for 3rd quarter	2006	2005
	(unaudited)	(unaudited)
Impairment allowances as at 1 July	58 125	36 793
Additions during the period 1 July - 30 September	320	11 267
Disposals during the period 1 July - 30 September	(1 494)	(968)
Impairment allowances as at 30 September	56 951	47 092

Cumulative data for 3 quarters	2006	2005
	(unaudited)	(unaudited)
Impairment allowances as at 1 January	66 006	11 657
Additions during the period 1 January - 30 September	18 512	43 359
Disposals during the period 1 January - 30 September	(27 567)	(7 924)
Impairment allowances as at 30 September	56 951	47 092

POLSKI KONCERN NAFTOWY ORLEN S.A.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(all amounts in PLN thousand)
(Translation of a document originally issued in Polish)

3.2 Provisions for liabilities

3.2.1 Deferred tax liabilities

Data for 3rd quarter	2006	2005
	(unaudited)	(unaudited)
Deferred tax liabilities as at 1 July	982 103	1 083 723
Additions during the period 1 July - 30 September	15 512	27 919
Disposals during the period 1 July - 30 September	(24 711)	(38 227)
Deferred tax liabilities as at 30 September	972 904	1 073 415

Cumulative data for 3 quarters	2006	2005
	(unaudited)	(unaudited)
Deferred tax liabilities as at 1 January	1 020 159	458 512
Additions during the period 1 January - 30 September	171 251	815 055
Disposals during the period 1 January - 30 September	(218 506)	(200 152)
Deferred tax liabilities as at 30 September	972 904	1 073 415

3.2.2 Provisions

Short-term and long-term provisions

Data for 3rd quarter 2006 (unaudited)	Land reclamation provision	Retirement benefits and jubilee bonuses	Shield programmes provision	Business risk provision	Other provisions	Total provisions
Provisions as at 1 July 2006	559 991	219 832	145 887	518 416	141 568	1 585 694
Additions during the period 1 July - 30 September 2006	6 086	8 916	-	58 511 **	47 112 *	120 625 **
Disposals during the period 1 July - 30 September 2006	(6 814)	(5 166)	(2 205)	(6 583)**	(14 134)	(34 902) **
Provisions as at 30 September 2006	559 263	223 582	143 682	570 344	174 546	1 671 417

* including provision relating to change in customer loyalty program VITAY of PLN 42,601 thousand.

** including exchange rate differences on translation of foreign entities data and foreign currency provisions

Cumulative data for 3 quarters 2006 (unaudited)	Land reclamation provision	Retirement benefits and jubilee bonuses	Shield programmes provision	Business risk provision	Other provisions	Total provisions
Provisions as at 1 January 2006	558 307	216 405	199 218	526 106	140 228	1 640 264
Additions during the period 1 January - 30 September 2006	13 468	19 916	-	73 160 **	59 654 *	166 198 **
Disposals during the period 1 January - 30 September 2006	(12 512)	(12 739)	(55 536)	(28 922)**	(25 336)	(135 045) **
Provisions as at 30 September 2006	559 263	223 582	143 682	570 344	174 546	1 671 417
including:						
Long-term provisions as at 30 September 2006	496 397	204 597	99 427	122 240	73 018	995 679
Short-term provisions as at 30 September 2006	62 866	18 985	44 255	448 104	101 528	675 738

* including provision relating to change in customer loyalty program VITAY of PLN 42,601 thousand.

** including exchange rate differences on translation of foreign entities data and foreign currency provisions

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Short-term and long-term provisions

Data for 3rd quarter 2005 (unaudited)	Land reclamation provision	Retirement benefits and jubilee bonuses	Shield programmes provision	Business risk provision	Other provisions	Total provisions
Provisions as at 1 July 2005	550 521	206 412	124 187	464 404 *	133 065	1 478 589
Additions during the period 1 July - 30 September 2005	-	5 235	-	22 239	13 975	41 449
Disposals during the period 1 July - 30 September 2005	(4 152)	(8 628)	(21 763)	(8 270)	(8 015)	(50 828)
Provisions as at 30 September 2005	546 369	203 019	102 424	478 373	139 025	1 469 210

* including provision for the potential negative financial impact of execution of the agreements concerning the disposal of portion of assets and liabilities of Unipetrol Group

Cumulative data for 3 quarters 2005 (unaudited)	Land reclamation provision	Retirement benefits and jubilee bonuses	Shield programmes provision	Business risk provision	Other provisions	Total provisions
Provisions as at 1 January 2005	501 702	197 446	70 000	87 982	68 604	925 734
Additions during the period 1 January - 30 September 2005	62 601	23 681	54 187	401 147 *	111 071	652 687
Disposals during the period 1 January - 30 September 2005	(17 934)	(18 108)	(21 763)	(10 756)	(40 650)	(109 211)
Provisions as at 30 September 2005	546 369	203 019	102 424	478 373	139 025	1 469 210
including:						
Long-term provisions as at 30 September 2005	431 372	183 232	73 169	50 824	63 446	802 043
Short-term provisions as at 30 September 2005	114 997	19 787	29 255	427 549	75 579	667 167

* including provision for the potential negative financial impact of execution of the agreements concerning the disposal of portion of assets and liabilities of Unipetrol Group

3.3 Goodwill

	30 September 2006 (unaudited)	31 December 2005
BOP	51 146	51 146
Goodwill of companies from Unipetrol Holding	41 668	35 617
Orlen Deutschland	9 905	10 413
Orlen PetroTank Sp. z o.o.	11 298	11 298
ShipService S.A.	3 145	3 145
PetroProfit Sp. z o.o.	1 175	1 175
Orlen Petrozachód Sp. z o.o.	9 886	-
Other	2 032	2 653
Total	130 255	115 447
	=====	=====

The changes of goodwill in the period of 9 months ended 30 September 2006 and 30 September 2005 were as follows:

	9 months ended 30 September 2006 (unaudited)	9 months ended 30 September 2005 (unaudited)
Goodwill, beginning of the period	115 447	72 168
Orlen Petrozachód Sp. z o.o.	9 886	-
Goodwill of companies from Unipetrol Holding	3 885	35 510
Orlen Deutschland	(828)	8 024
Exchange differences	2 486	-
Impairment	(621)	(4 929)
Goodwill, end of the period	130 255	110 773
	=====	=====

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3.4 Interest-bearing loans and borrowings

	30 September 2006	31 December 2005
	(unaudited)	
Bank loans	3 549 772	3 956 721
Borrowings	7 988	13 065
Debt securities	593 821	547 011
	-----	-----
Total	4 151 581	4 516 797
including:	=====	=====
short-term	1 010 267	1 110 819
	=====	=====
long-term	3 141 314	3 405 978
	=====	=====

The value of interest-bearing loans and borrowings drawn by the Group decreased during 9 months ended 30 September 2006 by PLN 365,216 thousand net.

The change in indebtedness level resulted primarily from:

- drawing of foreign loans translated to PLN:

USD 218,269 thousand (PLN 695,993 thousand) of a consortium multi currency loan (BTM acting as Agent)
– in 2006 there was a translation of portion of USD 215,910 thousand to EUR 181,061 thousand
EUR 171,596 thousand (PLN 663 098 thousand) of a consortium multi currency loan (BTM acting as Agent)
EUR 21,546 thousand (PLN 85,917 thousand) in consortium of banks (Societe Generale acting as Agent)
EUR 2,548 thousand (PLN 8,009 thousand) in Bank Pekao S.A.

- drawing of loans in PLN:

PLN 71,899 thousand in BH w Warszawie S.A.
PLN 99,039 thousand in PKO BP S.A.
PLN 14,344 thousand in Bank Ochrony Środowiska S.A.
PLN 9,275 thousand in Bank Pekao S.A.
PLN 1,772 thousand in Fortis Bank S.A.
PLN 1,735 thousand in BGŻ S.A.
PLN 1,640 thousand in BPH S.A.
PLN 228 thousand in MILLENNIUM Bank S.A.
PLN 115 thousand in Wojewódzki Fundusz Ochrony Środowiska
PLN 40,133 thousand resulting from foreign exchange differences at PKN ORLEN S.A.
PLN 82,836 thousand resulting from foreign exchange differences at Unipetrol Group
PLN 26,026 thousand resulting from foreign exchange differences at BOP Sp. z o.o.
PLN 10,273 thousand resulting from foreign exchange differences at ORLEN DEUTSCHLAND A.G.

- drawing of loans by Unipetrol Group in the amount of CZK 19,193,902 thousand (PLN 2,700,582 thousand)

- increase of indebtedness in Unipetrol Group due to valuation of debenture bonds in the amount of CZK 104,516 thousand (PLN 14,423 thousand)

- repayment of foreign currency loans translated to PLN:

USD 218,269 thousand (PLN 695,993 thousand) of a consortium double currency loan (ING acting as Agent)
EUR 171,596 thousand (PLN 663,098 thousand) of a consortium double currency loan (ING acting as Agent)
USD 2,358 thousand (PLN 7,476 thousand) of a consortium multi currency loan (BTM acting as Agent)
USD 2,003 thousand (PLN 6,330 thousand) in BRE Bank S.A.
EUR 1,878 thousand (PLN 7,480 thousand) in consortium of banks (Societe Generale acting as Agent)
CHF 1,669 thousand (PLN 4,193 thousand) in BPH S.A.

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- repayment of loans and borrowings in PLN:

PLN 119,967 thousand in PKO BP S.A.

PLN 38,065 thousand in Bank Pekao S.A.

PLN 23,020 thousand in BH w Warszawie S.A.

PLN 10,895 thousand in BPH S.A.

PLN 12,228 thousand in Bank Ochrony Środowiska S.A.

PLN 5,192 thousand in Narodowy Fundusz Ochrony Środowiska

PLN 3,768 thousand in BRE BANK S.A.

PLN 1,142 thousand in BGŻ S.A.

PLN 368 thousand in MILLENNIUM Bank S.A.

- repayment of loans by Unipetrol Group in the amount of CZK 21,603,412 thousand (PLN 3,039,600 thousand)

- repayment of loans by ORLEN DEUTSCHLAND A.G. in the amount of EUR 63,697 thousand (PLN 253,738 thousand)

3.5 Cost by kind

	9 months ended 30 September 2006 (unaudited)	3 months ended 30 September 2006 (unaudited)	9 months ended 30 September 2005 (unaudited)	3 months ended 30 September 2005 (unaudited)
Materials and energy	21 892 781	7 972 031	14 338 205	6 541 619
Cost of merchandise and materials sold	9 880 335	3 834 014	8 491 905	3 386 776
External services	2 196 504	751 662	1 539 115	632 617
Payroll, social security and other employee benefits	1 108 952	359 845	889 095	342 917
Depreciation	1 490 137	501 919	1 160 850	531 698
Taxes and charges	238 495	75 075	223 099	62 398
Other *	573 657	273 651	900 842	188 962
	37 380 861	13 768 197	27 543 111	11 686 987
Change in inventory	21 477	88 592	(372 992)	(29 754)
Cost of products and services for own use	(89 976)	(27 669)	346 905	417 269
Operating expenses	37 312 362	13 829 120	27 517 024	12 074 502
Distribution expenses	(1 889 822)	(615 408)	(1 579 197)	(542 810)
General and administrative expenses	(800 126)	(261 643)	(681 682)	(258 877)
Other operating expenses	(373 019)	(203 646)	(687 404)	(120 588)
Cost of merchandise and raw materials sold	34 249 395	12 748 423	24 568 741	11 152 227

* including other operating expenses

3.6 Net financial revenues and expenses

	9 months ended 30 September 2006 (unaudited)	3 months ended 30 September 2006 (unaudited)	9 months ended 30 September 2005 (unaudited)	3 months ended 30 September 2005 (unaudited)
Interest paid	(177 299)	(55 244)	(121 847)	(53 830)
Negative foreign exchange surplus	(153 675)	(20 352)	(139 127)	-
Interest received	57 830	23 641	83 593	21 162
Positive foreign exchange surplus	246 389	103 678	107 760	87 978
Gains on trade in shares and other securities	9 514	4 980	34 916	2 449
Dividends received	9 327	671	8 571	989
Valuation of financial instruments	3 208	41 068	9 227	7 202
Other	5 667	4 504	188 263	(5 230)
Total	961	102 946	171 356	60 720

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3.7 Income tax expense

	9 months ended 30 September 2006 (unaudited)	3 months ended 30 September 2006 (unaudited)	9 months ended 30 September 2005 (unaudited)	3 months ended 30 September 2005 (unaudited)
Current tax	(680 713)	(299 889)	(594 654)	(210 578)
Deferred tax	82 121	(10 482)	(22 882)	(16 230)
Total	(598 592)	(310 371)	(617 536)	(226 808)

The PKN ORLEN Group does not form a tax group under Polish regulations. The Group contains Basell ORLEN Polyolefins Sp. z o.o capital group which is a tax capital group comprising Basell ORLEN Polyolefins Sp. z o.o. and Basell ORLEN Polyolefins Sprzedaż Sp. z o.o.

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III. GROUP'S ACHIEVEMENTS IN THE THIRD QUARTER 2006 ACCOMPANIED BY CIRCUMSTANCES AND EVENTS WHICH HAVE SIGNIFICANT IMPACT ON THE FINANCIAL RESULT

KEY FACTORS INFLUENCING THE RESULTS OF THE THIRD QUARTER 2006 – COMPANY'S COMMENTARY

Selected consolidated financial data

	'000 PLN	
	2006	2005
Total sales revenues for the 3 rd quarter	14 879 076	13 074 428
Operating expenses and other operating revenues for the 3 rd quarter	13 700 133	11 983 651
Profit from operations for the 3 rd quarter	1 178 943	1 090 777
EBITDA for the 3 rd quarter	1 680 862	1 622 475
Net profit attributable to the equity holders of the Parent for the 3 rd quarter	1 025 643	985 238

1. MAIN MACROECONOMIC FACTORS

- fall in differential by 14.7% from 4.30 USD/bbl in the 3rd quarter 2005 to 3.67 USD/bbl in the 3rd quarter 2006 decreased EBIT of the Capital Group in the 3rd quarter 2006 by PLN 68 million,
- low level of crack margins on refining products unfavorably influenced EBIT of the Parent Company in the amount of PLN (-) 76 million,
- improvement of market conditions on petrochemical products market in the 3rd quarter 2006 resulting in significantly higher margins on petrochemicals increased EBIT in the Parent Company by PLN 69 million (after considering price rebates applied in the Parent Company),
- favorable sales dynamics of chemical products (above 15%) in connection with high margins increased the results of Anwil S.A. to the level of PLN 59 million.

2. INTERNAL FACTORS

- increase in sales volume of petrochemical products, especially olefins by 80% as well as polyethylene and polypropylene by 39%, favorably influenced the results of the companies from petrochemical segment (Unipetrol a.s. – PLN 89 million and Basell ORLEN Polyolefins Sp. z o.o. – PLN 41 million),
- increase in retail sales volume of engine fuels in the Parent Company (CODO petrol stations) of over 15% resulted in an increase in EBIT by PLN 34 million,
- high retail margins on gasoline and diesel oil contributed to an increase in profit from operations of the Parent Company by PLN 34 million,
- considerable cost cutting results of OPTIMA program directed at savings in operating expenses in the amount of PLN 117 million – the highest savings noted in retail segment – PLN 52 million,
- fixed costs of the Parent Company in the 3rd quarter 2006 on the level lower than in the prior year despite the increase in scale of operations (after elimination of strategic projects costs and depreciation).

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In the 3rd quarter 2006 the Organizational Rules and Regulations of PKN ORLEN S.A, which was adopted by Management Board on 22 December 2005, was in force. On 1 July the restructuring process of financial and prevention services was carried out. As a result Financial Services Center and Prevention Center were established. There was also the restructuring of logistics services which related to transfer of Dispatch Department to ORLEN KolTrans Sp. z o.o. Moreover, on 1 July 2006 there were considerable changes in Non-Fuel Trade and Management by Categories Department, in which new structure was implemented enabling management of particular categories of goods and services.

Besides, in the 3rd quarter 2006 works were started directed at launching of the restructuring process of a wholesale department starting from 1 November 2006.

The most important activities connected with reorganization of the PKN ORLEN S.A. Capital Group in the 3rd quarter 2006 included the following:

- on 25 July 2006 173,830 ordinary shares in Zakład Budowy Aparatury S.A. (ZBA) seated in Płock, with a par value of PLN 100 each, representing 96.57% of the share capital of ZBA S.A. and 96.57% of votes at the general shareholders' meeting of ZBA S.A., for the total amount of PLN 15,888 thousand were sold.
- on 9 August 2006 ORLEN Prewencja Sp. z o.o. seated in Płock was registered by the District Court. PKN ORLEN S.A. established 3,000 shares in ORLEN Prewencja Sp. z o.o., with a par value of PLN 500 each, representing 100% of the share capital of ORLEN Prewencja Sp. z o.o. and 100% of votes at the general shareholders' meeting of ORLEN Prewencja Sp. z o.o. The established shares were covered by PKN ORLEN S.A. in the form of a cash contribution of PLN 1,500 thousand.
- on 22 August 2006 ORLEN Księgowość Sp. z o.o. seated in Płock was registered. PKN ORLEN S.A. established 5,000 shares in ORLEN Księgowość Sp. z o.o., with a par value of PLN 500 each, representing 100% of the share capital and 100% of votes at the general shareholders' meeting. The established shares were covered by PKN ORLEN S.A. in the form of a cash contribution of PLN 2,500 thousand.
- on 31 August 2006 the increase in the share capital of Płocki Park Przemysłowo – Technologiczny S.A. (PPPT) was registered. The share capital of PPPT was increased from PLN 25,461 thousand to PLN 50,461 thousand by placing of 2,500 thousand registered shares having a preference of 2 votes per one share, with a par value of PLN 10 each, owned only by PPPT's founding shareholders: PKN ORLEN and the City of Płock in the equal parts of 1,250 thousand shares for each shareholder. All newly issued shares were covered in the form of a cash contribution. After PPPT's share capital increase, its shareholder structure comprises of:
 - the City of Płock – founding shareholder – PLN 25,230 thousand – 50%
 - PKN ORLEN – founding shareholder – PLN 25,230 thousand – 50%
- on 13 September 2006 ORLEN GAZ Sp. z o.o. purchased 15,000 shares in ORLEN PetroGaz Wrocław Sp. z o.o., with a par value of PLN 100 each, representing 48.39% of the share capital of ORLEN PetroGaz Wrocław Sp. z o.o. and 48.39% of votes at the general shareholders' meeting of ORLEN PetroGaz Wrocław Sp. z o.o. The purchased shares were covered by ORLEN GAZ Sp. z o.o. in the form of a cash contribution of PLN 930 thousand.

As at the end of the 3rd quarter 2006, PKN ORLEN S.A. held shares, directly and indirectly, in the following entities, which it controls, jointly controls or has significant influence:

- 97 subsidiaries;
- 6 jointly controlled companies;
- 39 associated companies.

In comparison to the end of the 3rd quarter 2005 the number of subsidiaries, jointly controlled companies and associated companies belonging to the Capital Group decreased from 155 to 142.

The most significant factors influencing the Group's operating results for the 3rd quarter 2006, as compared to results for the 3rd quarter 2005 comprised the following:

- decrease in margins (cracks) for gasoline from 177.25 to 165.26 USD/t (by 6.8%), diesel oil from 135.72 to 127.33 USD/t (by 6.2%) and Ekoterm from 111.04 to 99.86 USD/t (by 10.1%),
- increase in margins for Jet A-1 aviation fuel from 167.49 to 170.62 USD/t (by 1.9%), ethylene from 330.57 to 623.16 USD/t (by 88.5%) and for propylene from 343.05 to 537.61 USD/t (by 56.7%),
- increase in the average commodity price for Brent crude oil from 61.67 to 69.61 USD/bbl (by 12.9%),
- increase in the volume of gasoline and diesel oil sold by 1.1% and 8.5%, respectively,
- increase in the volume of LPG sold by 9.6%,
- increase in the crude oil processing in the Capital Group by 10.0%,

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- decrease in Ural/Brent differential from /-4.30/ USD/bbl to /-3.67/ USD/bbl (by 14.7%),
- decrease in average exchange rate of USD against PLN from PLN 3.30/USD to PLN 3.10/USD (by 6.1%),
- decrease in average exchange rate of EUR against PLN from PLN 4.02/EUR to PLN 3.96/EUR (by 1.5%).

In the 3rd quarter 2006, the volume of wholesale and retail sale of engine fuels (gasoline, diesel oil, LPG, Jet A-1) and light fuel oil (Ekoterm) in the Capital Group amounted to 3,594,644 tonnes and was higher than sale in the 3rd quarter 2005 by 87,752 tonnes (by 2.5%). During three quarters 2006 sale of these products amounted to 10,450,111 tonnes and increased by 1,655,712 tonnes (by 18.8%) as compared to the prior year. In the 3rd quarter 2006 total sale of finished goods (refining, chemical and other) amounted to 5,637,377 tonnes and was higher than in the 3rd quarter of the prior year by 411,897 tonnes (by 7.9%). Total sale of finished goods for three quarters 2006 amounted to 16,295,452 tonnes and increased by 3,476,880 tonnes (by 27.1%) as compared to the prior year. During the 3rd quarter 2006, retail sale of engine fuels (gasoline, diesel fuel, LPG) and light fuel oil amounted to 1,087,335 tonnes and was higher than sale in the comparable period of the prior year by 129,089 tonnes (by 13.5%). Retail sale for three quarters 2006 increased by 17.0% to the level of 3,015,833 tonnes.

Sales tendencies in respect of main products are presented in the below table:

Sales of light products in the PKN ORLEN S.A. Capital Group (by volume)	3 rd quarter 2005		3 rd quarter 2006		Dynamics (%)
					3 rd quarter 2006/ 3 rd quarter 2005
Wholesale of light products, including:	2 548 646		2 507 309		98.4
- gasoline (tonnes)	639 615		620 231		97.0
- diesel oil (tonnes)	1 250 649		1 301 126		104.0
- Jet A-1 (tonnes)	140 098		160 449		114.5
- Ekoterm (tonnes)	460 428		365 147		79.3
- LPG (tonnes)	57 856		60 356		104.3
Retail sale of light products, including:	1 236 579	958 246	1 398 498	1 087 335	113.5
- gasoline ('000 litres) / (tonnes)	687 062	518 732	729 303	550 624	106.1
- diesel oil ('000 litres) / (tonnes)	461 759	390 186	567 574	479 600	122.9
- Ekoterm ('000 litres) / (tonnes)	27	23	0	0	0.0
- LPG ('000 litres) / (tonnes)	87 731	49 305	101 621	57 111	115.8
Total sale of fuels (tonnes)	3 506 892		3 594 644		102.5
- including engine fuels (tonnes)	3 046 441		3 229 497		106.0

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Sales of light products in the PKN ORLEN S.A. Capital Group (by volume)	3 quarters 2005		3 quarters 2006		Dynamics (%)
					3 quarters 2006/ 3 quarters 2005
Wholesale of light products, including:	6 217 534		7 434 278		119.6
- gasoline (tonnes)	1 681 227		1 845 401		109.8
- diesel oil (tonnes)	2 709 461		3 861 793		142.5
- Jet A-1 (tonnes)	353 749		385 244		108.9
- Ekoterm (tonnes)	1 324 326		1 164 974		88.0
- LPG (tonnes)	148 771		176 866		118.9
Retail sale of light products, including:	3 323 275	2 576 865	3 880 144	3 015 833	117.0
- gasoline ('000 litres) / (tonnes)	1 908 771	1 441 122	2 054 085	1 550 834	107.6
- diesel oil ('000 litres) / (tonnes)	1 204 033	1 017 408	1 550 363	1 310 057	128.8
- Ekoterm ('000 litres) / (tonnes)	176	149	2	2	1.3
- LPG ('000 litres) / (tonnes)	210 295	118 186	275 694	154 940	131.1
Total sale of fuels (tonnes)	8 794 399		10 450 111		118.8
- including engine fuels (tonnes)	7 469 924		9 285 135		124.3

High level of crude oil prices and a decrease of margins (cracks) on refining products as well as unfavorable Brent/Ural differential contributed to a decrease in operating results of the Parent Company in the 3rd quarter 2006 as compared to the parallel period of the prior year.

The results of the Parent Company in comparison to the Group were as follows:

'000 PLN

Item	3 rd quarter 2005		Share of PKN in the Group	3 rd quarter 2006		Share of PKN in the Group
	Group	PKN		Group	PKN	
Crude oil processed ('000 tonnes)	4 317	3 149	72.9	4 750	3 524	74.2
Net sales revenues	13 074 428	6 321 151	48.3	14 879 076	9 959 558	66.9
Gross profit on sales	1 922 201	1 388 677	72.2	2 130 653	1 217 007	57.1
Profit from operations	1 090 777	896 007	82.1	1 178 943	725 649	61.6
Profit before tax	1 221 227	966 319	79.1	1 347 710	840 843	62.4
Net profit	994 419	788 299	79.3	1 037 339	667 172	64.3

'000 PLN

Item	3 quarters 2005		Share of PKN in the Group	3 quarters 2006		Share of PKN in the Group
	Group	PKN		Group	PKN	
Crude oil processed ('000 tonnes)	10 865	9 197	84.6	13 389	10 127	75.6
Net sales revenues	29 835 384	16 069 948	53.9	39 754 263	25 118 496	63.2
Gross profit on sales	5 266 643	4 049 528	76.9	5 504 868	3 307 131	60.1
Profit from operations	4 503 807	2 223 743	49.4	2 818 092	1 806 433	64.1
Profit before tax	4 855 957	2 597 393	53.5	2 984 059	2 430 132	81.4
Net profit	4 238 421	2 081 544	49.1	2 385 467	2 068 008	86.7

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In the 3rd quarter 2006, refinery throughput of PKN ORLEN S.A. Capital Group amounted to 4,750 thousand tonnes of crude oil and in three quarters 2006 to 13,389 thousand tonnes. The achieved level of throughput in the 3rd quarter 2006 is by 10.0% higher than in the analogous period of the prior year and for three quarters 2006 by 23.2% higher. Such a high dynamics was caused by the increase in refinery throughput in the 3rd quarter 2006 in the Parent Company by 11.9% and in Unipetrol a.s by 5.2%.

In the 3rd quarter 2006 the Group's profit from operations amounted to PLN 1,179 million, compared to PLN 1,091 million in the parallel period of 2005. The higher profit from operations in the 3rd quarter 2006 was realized despite very unfavorable macroeconomic factors connected with margins on refining products and differential. Estimated influence of lower margins on refining products on EBIT of the Parent Company amounted to PLN (-) 76 million, whereas the change in differential contributed to a decrease in EBIT by PLN (-) 68 million. Profit from operations was however significantly influenced by positive results of the companies belonging to the Capital Group. Special attention should be paid to the increase in profit from operations of Unipetrol a.s. by PLN 58 million, Anwil S.A. by PLN 42 million, ORLEN Asphalt Sp. z o.o. by PLN 25 million and ORLEN Deutschland by PLN 8 million. The increase of profit from operations of all the companies belonging to the Capital Group accounted for PLN 164 million.

Due to one-off events such as a recognition in other operating revenues of the excess of the fair value of acquired net assets of Unipetrol a.s. Group over cost of PLN 1,894 million profit from operations for three quarters 2006 was lower by 37.4% as compared to the parallel period of the prior year. Should this transaction be eliminated, profit from operations for three quarters 2006 would be higher than profit from operations for three quarters 2005 by 8.0%.

In the 3rd quarter 2006 net profit of the Capital Group amounted to PLN 1,037 million and was by 4.3% higher than profit generated in the 3rd quarter 2005. In three quarters 2006 net profit amounted to PLN 2,385 million and was by 43.7% lower than in the comparable period of the prior year.

Consolidated financial data of the Capital Group by business segment are as follows:

Item	3 rd quarter 2006					
	Refining Segment	Petrochemical Segment	Chemical Segment	Other operations	Adjust.	Total
Segment result	1 103 543	211 127	56 708	-14 837	179	1 356 720
Unallocated revenues of the Group						13 424
Unallocated costs of the Group						-191 201
Profit from operations						1 178 943

Item	3 rd quarter 2005					
	Refining Segment	Petrochemical Segment	Chemical Segment	Other operations	Adjust.	Total
Segment result	1 159 007	141 231	-51 806	-16 394	642	1 232 680
Unallocated revenues of the Group						2 773
Unallocated costs of the Group						-144 676
Profit from operations						1 090 777

Total profit from operations for the 3rd quarter 2006 increased by 8.1% as compared to the analogous period of the prior year. This trend was caused by the increase in the result of the petrochemical segment by 49.5% as compared to the 3rd quarter 2005. The favorable dynamics in this segment resulted from high margins on majority of petrochemical products as well as considerable increase in sales volume (of ethylene by 85% and propylene by 76%). The result of the Czech Unipetrol a.s. companies belonging to this segment amounted to PLN 89 million as compared to PLN 98 million in the 3rd quarter 2005.

The decrease of the result of the refining segment in the 3rd quarter 2006 by 4.8% resulted from downwards trends in margins on refining products. Unipetrol a.s. generated in this segment very good result of PLN 137 million as compared to PLN 75 million in the prior year.

The result of the chemical segment for the 3rd quarter 2006 increased by PLN 109 million as compared to the 3rd quarter 2005. Higher segment results reflected favorable dynamics of profits in Anwil S.A. (PLN 59 million in the 3rd

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quarter 2006 as compared to PLN 17 million in the 3rd quarter 2005). Unipetrol a.s incurred a loss of PLN 4 million in this segment as compared to a loss of PLN 10 million incurred in the prior year.

'000 PLN

Item	3 quarters 2006					
	Refining Segment	Petrochemical Segment	Chemical Segment	Other operations	Adjust.	Total
Segment result	2 239 498	749 334	142 633	41 579	-3 388	3 169 656
Unallocated revenues of the Group						34 643
Unallocated costs of the Group						-386 207
Profit from operations						2 818 092

Item	3 quarters 2005					
	Refining Segment	Petrochemical Segment	Chemical Segment	Other operations	Adjust.	Total
Segment result	3 398 496	1 492 041	161 463	273 000	-248 307	5 076 693
Unallocated revenues of the Group						124 927
Unallocated costs of the Group						-697 813
Profit from operations						4 503 807

Profit from operations for three quarters 2006 would increase by 8.0% as compared to analogous period of the prior year, should one-off event such as recognition of the excess of the fair value of acquired net assets of Unipetrol a.s. Group over cost be eliminated. Without this adjustment, profit from operations decreased by 37.4%. Profit from operations in the refining segment would decrease by 14.5% as compared to three quarters 2005, should one-off event in the amount of PLN 778 million be eliminated. Without this adjustment EBIT of the segment decreased by 34.1%. It resulted from unfavorable level of differential decreasing EBIT by PLN 90 million as well as lower margins on diesel oil as compared to the prior year. The Unipetrol a.s. companies realized in this segment profit from operations of PLN 163 million as compared to 127 million in the prior year.

Petrochemical segment's profit from operations for three quarters 2006 would increase by 25.1% as compared to analogous period of the year 2005, should the excess of the fair value of acquired net assets of Unipetrol a.s. Group over cost of PLN 892 million be eliminated. Such an increase was due to very good segment results of Unipetrol a.s. (PLN 356 million as compared to PLN 115 million in 2005) as well as favorable margins on ethylene and propylene. Profit from operations of the chemical segment decreased by 49.8%. Should the excess of the fair value of acquired net assets of Unipetrol a.s. Group over cost be eliminated, profit from operations of chemical segment for three quarters 2006 would increase by 280.1% as compared to analogous period of 2005. Higher segment results reflected favorable dynamics of profits in Anwil S.A. (PLN 147 million in three quarters 2006 as compared to PLN 91 million in 2005). Unipetrol a.s incurred in this segment a loss of PLN 7 million as compared to a loss of PLN 13 million incurred in the prior year.

OPTIMA program (directed at savings in operating expenses and capital expenditures in the period 2006-2009), implemented with an effect from 1 January 2006, brought considerable cost cutting results in the 3rd quarter 2006 in the amount of PLN 117 million. For three quarters the effects of OPTIMA program reached the level of PLN 215 million.

In the 3rd quarter 2006, the Parent Company did not issue any securities under the Bond Issuance Program.

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IV. CIRCUMSTANCES AND EVENTS IN PARTICULAR OF A NON-STANDARD NATURE, WHICH HAVE SIGNIFICANT IMPACT ON FINANCIAL RESULT

During the nine-month period ended 30 September 2006 the following significant events influencing the information presented in these condensed consolidated financial statements occurred:

1. CO₂ Emission rights

In the financial statements, the Group recognized the CO₂ emission rights that were granted free of charge based on binding legal regulations resulting from the Kyoto Protocol dated 11 December 1997 to the United Nations Framework Convention On Climate Change, adopted by the European Union. Emission rights granted free of charge are recognized in the balance sheet as intangible assets. The Group has recognized emission rights granted for the period of 3 years, as a difference between deferred income related to receipt of free of charge emission rights and its fair value at the date rights were granted.

Sale of emission rights is recognized as profit or loss in other operating revenues / expenses in the reporting period when the rights were sold. Profit / loss on sales of emission rights is determined as a difference between the net sales revenues and its carrying amount.

Information on granted emission rights and its balance sheet presentation	Quantity (Mg)	Value (in PLN thousand)
Emission rights acquired by the Group in 2005 for the 3-year accounting period	35 333 094	2 941 016
Actual use of emission rights in 2005	10 307 443	857 783
Emissions planned in 2006, including:	11 947 337	992 070
Estimated emissions in I quarter 2006	3 067 289	254 933
Estimated emissions in II quarter 2006	2 849 818	236 456
Estimated emissions in III quarter 2006	2 879 191	238 792
Emissions planned in 2007	12 043 283	999 972

The net value of granted emission rights as at 30 September 2006 in the consolidated balance sheet of the Group, being the difference between granted emission rights and deferred income related to receipt of rights free of charge, amounted to nil.

As at the date of preparation of these condensed consolidated financial statements the decisions relating settlement of CO₂ emission rights usage in 2005 were made.

In the period covered by these financial statements unused emission rights were sold:

Period, in which the CO₂ emission rights were sold	Quantity (Mg)	Value (in PLN thousand)	Income from sold rights
I quarter 2006	275 000	23 479	26 401
II quarter 2006	165 000	14 087	17 897
III quarter 2006	10 000	818	634

In the period ended 30 September 2006, the income from sales of CO₂ emission rights of PLN 44,932 thousand was recognized.

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VI. SEGMENT DATA

	Refining Segment				Petrochemical Segment				Chemical Segment				Other operations				Adjustments				Total			
	9 months	3 months	9 months	3 months	9 months	3 months	9 months	3 months	9 months	3 months	9 months	3 months	9 months	3 months	9 months	3 months	9 months	3 months	9 months	3 months	9 months	3 months	9 months	3 months
	ended 30 September 2006		ended 30 September 2005		ended 30 September 2006		ended 30 September 2005		ended 30 September 2006		ended 30 September 2005		ended 30 September 2006		ended 30 September 2005		ended 30 September 2006		ended 30 September 2005		ended 30 September 2006		ended 30 September 2005	
Revenues																								
Sales to external customers	30 259 057	11 425 000	24 916 799	11 082 381	6 806 410	2 514 508	3 091 798	1 272 726	1 875 681	661 649	1 232 996	482 553	720 477	241 508	518 412	210 720					39 661 625	14 842 665	29 760 005	13 048 380
Transactions with other segments	9 651 600	3 832 165	4 808 441	2 466 119	3 218 305	1 380 884	1 509 799	568 955	5 083	1 949	73 143	72 635	762 451	237 241	646 441	236 400	(13 637 439)	(5 452 239)	(7 037 824)	(3 344 109)	-	-	-	-
Settlement of hedging transactions					92 638	36 411	75 379	26 048													92 638	36 411	75 379	26 048
Total sales revenues	39 910 657	15 257 165	29 725 240	13 548 500	10 117 353	3 931 803	4 676 976	1 867 729	1 880 764	663 598	1 306 139	555 188	1 482 928	478 749	1 164 853	447 120	(13 637 439)	(5 452 239)	(7 037 824)	(3 344 109)	39 754 263	14 879 076	29 835 384	13 074 428
Total operating expenses	(37 758 126)	(14 180 521)	(27 022 750)	(12 363 838)	(9 326 513)	(3 677 809)	(4 060 641)	(1 723 906)	(1 751 973)	(608 398)	(1 279 876)	(615 343)	(1 430 360)	(485 552)	(1 146 998)	(451 332)	13 634 051	5 452 418	7 038 377	3 344 751	(36 632 921)	(13 499 862)	(26 471 888)	(11 809 668)
Other operating revenues	220 710	72 923	165 575	39 164	78 567	32 931	48 105	36 079	20 400	2 512	13 363	8 703	21 871	7 197	28 016	4 132					341 548	115 563	255 059	88 078
Other operating expenses	(133 743)	(46 024)	(247 737)	(64 819)	(120 073)	(75 798)	(65 320)	(38 671)	(6 558)	(1 004)	(2 099)	(354)	(32 860)	(15 231)	(32 167)	(16 314)					(293 234)	(138 057)	(347 323)	(120 158)
The excess of the fair value of acquired net assets over the acquisition price	-	-	778 168	-	-	-	892 921	-	-	-	123 936	-	-	-	259 296	-	-	-	(248 860)	-	-	-	1 805 461	-
Segment result	2 239 498	1 103 543	3 398 496	1 159 007	749 334	211 127	1 492 041	141 231	142 633	56 708	161 463	(51 806)	41 579	(14 837)	273 000	(16 394)	(3 388)	179	(248 307)	642	3 169 656	1 356 720	5 076 693	1 232 680
Unallocated revenues of the Group																					32 898	12 959	7 305	2 773
Unallocated excess of the fair value of acquired net assets over the acquisition cost																					-	-	88 227	-
Unallocated costs of the Group																					(386 207)	(191 201)	(697 813)	(144 676)
Profit (loss) on the sale of all or part of shares of related parties																					1 745	465	29 395	-
Profit from operations																					2 818 092	1 178 943	4 503 807	1 090 777
Financial revenues																					423 045	198 284	499 528	208 868
Financial expenses																					(422 084)	(95 338)	(328 172)	(148 148)
Share in profit from investments accounted for under equity method	(283)	292	19 278	11 649	-	-	-	-	1 215	816	(7 382)	(7 460)	164 074	64 713	168 898	65 541					165 006	65 821	180 794	69 730
Profit before tax																					2 984 059	1 347 710	4 855 957	1 221 227
Income tax expense																					(598 592)	(310 371)	(617 536)	(226 808)
Net profit, including:																					2 385 467	1 037 339	4 238 421	994 419
Minority interest																					166 502	11 696	25 444	9 181
Net profit attributable to equity holders of the parent																					2 218 965	1 025 643	4 212 977	985 238

The accompanying notes are an integral part of these condensed consolidated financial statements

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	Refining Segment				Petrochemical Segment				Chemical Segment				Other operations				Total			
	9 months	3 months	9 months	3 months	9 months	3 months	9 months	3 months	9 months	3 months	9 months	3 months	9 months	3 months	9 months	3 months	9 months	3 months	9 months	3 months
	ended 30 September 2006		ended 30 September 2005		ended 30 September 2006		ended 30 September 2005		ended 30 September 2006		ended 30 September 2005		ended 30 September 2006		ended 30 September 2005		ended 30 September 2006		ended 30 September 2005	
Cost incurred to acquire property, plant and equipment and intangible assets	612 196	248 457	613 899	275 283	162 795	45 942	478 651	161 455	152 497	68 174	233 840	113 790	124 710	50 438	91 247	37 338	1 052 198	413 011	1 417 637	587 866
Unallocated cost incurred to acquire property, plant and equipment and intangible assets																	32 410	18 886	30 374	5 736
Total cost incurred to acquire property, plant and equipment and intangible assets																	1 084 608	431 897	1 448 011	593 602
Segment depreciation	620 615	209 845	653 734	292 980	467 404	99 948	198 828	103 470	224 083	131 328	146 268	99 957	157 205	51 265	137 706	27 425	1 469 307	492 386	1 136 536	523 832
Depreciation of unallocated assets																	20 830	9 533	24 314	7 866
Total depreciation																	1 490 137	501 919	1 160 850	531 698
Non-cash expenses other than depreciation	116 732	45 724	143 993	20 222	69 366	51 685	32 727	30 580	7 360	5 688	484	345	31 315	13 863	82 521	7 979	224 773	116 960	259 725	59 126

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	Refining Segment				Petrochemical Segment				Chemical Segment				Other operations				Total			
	9 months	3 months	9 months	3 months	9 months	3 months	9 months	3 months	9 months	3 months	9 months	3 months	9 months	3 months	9 months	3 months	9 months	3 months	9 months	3 months
	ended 30 September 2006		ended 30 September 2005		ended 30 September 2006		ended 30 September 2005		ended 30 September 2006		ended 30 September 2005		ended 30 September 2006		ended 30 September 2005		ended 30 September 2006		ended 30 September 2005	
Additions of impairment allowances	(55 974)	(19 262)	(69 388)	(23 645)	(49 278)	(30 209)	(23 293)	(12 750)	(3 207)	(1 466)	(311)	(154)	(13 321)	(4 792)	(7 729)	(1 310)	(121 780)	(55 729)	(100 721)	(37 859)
Unallocated allowances																	(12 686)	(22)	(285)	(9)
Total additions of impairment allowances																	(134 466)	(55 751)	(101 006)	(37 868)
Reversal of impairment allowances	60 331	15 274	75 155	11 361	31 267	8 895	26 856	18 265	5 039	2 665	9 576	6 871	13 167	2 949	12 012	1 139	109 804	29 783	123 599	37 636
Unallocated reversal of impairment allowances																	7 331	131	2 758	13
Total reversal of impairment allowances																	117 135	29 914	126 357	37 649

Impairment allowances by business segments include items recognized in the profit and loss, i.e.:

- receivables allowances;
- inventories allowances;
- property, plant and equipment impairment allowances.

Allowances and reversals were performed in conjunction with occurrence or extinction of indications in respect of overdue receivables, uncollectible receivables or receivables in court as well as potential impairment of property, plant and equipment.

Allowances made in the Refining Segment concerned primarily impairment of petrol stations and warehouse bases. Allowances for idle assets and obsolete raw materials were recognized in other operations segment.

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Geographical segments

The below table presents the Group's sales revenues by geographical segments for the nine-month and three-month periods ended 30 September 2006 and 30 September 2005.

	Revenues from sale by geographical area			
	9 months	3 months	9 months	3 months
	ended 30 September 2006		ended 30 September 2005	
Poland	20 368 445	8 004 803	16 312 042	6 090 248
Germany	8 731 109	3 283 033	7 327 894	2 870 596
Czech Republic	5 554 721	1 663 034	3 963 924	2 811 769
Other countries	5 099 988	1 928 206	2 231 524	1 301 815
Total revenues from sale by geographical area	39 754 263	14 879 076	29 835 384	13 074 428

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VII. CONTINGENT ASSETS AND LIABILITIES

Contingent liabilities of PKN ORLEN Group as at 30 September 2006 and 31 December 2005

	31 December 2005	Increases/ Decreases	30 September 2006	Expiration of guarantee / surety
Guarantees and sureties granted to other entities:				
performance bonds issued by PKN ORLEN Group for the benefit of legal persons	44 530	(904)	43 626	03.10.2009
customs guarantees issued by Unipetrol a.s. and Parent Company as collateral of settlements towards Customs Office	14 755	2 366	17 121	03.03.2008
collateral for factoring with recourse and for customers' liabilities related to the Paylink Card Agreement issued by Orlen Oil Sp. z o.o. and Orlen PetroTank Sp. z o.o.	14 607	(11 164)	3 443	31.12.2006
bid guarantees issued by PKN ORLEN Group for the benefit of legal persons	2 011	(1 231)	780	14.12.2006
guarantee issued by Anwil S.A for the benefit of UHDE GmbH related to the change in chlorine production technology investment	3 926	(3 926)	-	09.08.2006
other*	2 211	82	2 293	31.10.2010
	-----	-----	-----	
Total guarantees and sureties:	82 040	(14 777)	67 263	
	=====	=====	=====	
Other contingent liabilities:				
excise tax guarantees, including collaterals submitted on behalf of PKN ORLEN Group and third parties in respect of movements of harmonized excise goods under the excise tax suspension procedure and excise tax liability on goods kept in warehouses under the excise tax suspension procedure	966 379	(74 661)	891 718	
legal cases	39 692	(19 004)	20 688	
letters of credit	14 491	(12 318)	2 173	
	-----	-----	-----	
Total other contingent liabilities:	1 020 562	(105 983)	914 579	
	=====	=====	=====	
Total contingent liabilities	1 102 602	(120 760)	981 842	
	=====	=====	=====	

* including guarantee of the loan for construction of a sewage-treatment plant for the city of Inowrocław in the amount of PLN 700 thousand.

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VIII. SIGNIFICANT EVENTS DURING THE PERIOD FROM 1 JULY 2006 TO THE DATE OF THIS REPORT, PRESENTED IN THE REGULATORY ANNOUNCEMENTS

1. Receiving a copy of the third citation from the Arbitration Court regarding the contractual penalty, submitted by Agrofert Holding a.s.

The Management Board of Polski Koncern Naftowy ORLEN S.A. informed in its regulatory announcement no 46/2006 that on 5 July 2006 PKN ORLEN S.A. received from the Arbitration Court by the Czech Chamber of Commerce and Czech Chamber of Agriculture in Prague a copy of the third citation regarding the payment of the contractual penalty, submitted by Agrofert Holding a.s. seated in Prague. The value of the subject of the dispute amounts to CZK 409,102,494 with interests (i.e. approximately EUR 14,383,542 based on CZK/PLN and EUR/PLN average exchange rates as of 5 July 2006, stated by National Bank of Poland). Detailed information in the note XI 8 of these financial statements.

(see also: Regulatory announcements no 27/2006 of 10 May 2006, no. 12/2006 of 20 February 2006, no. 8/2006 of 25 January 2006, no. 41/2004 of 4 June 2004 and no. 85/2003 of 20 November 2003)

2. The Government of the Republic of Lithuania has waived its right of the first refusal with respect to 53.7022% shares in AB Mazeikiu Nafta

The Management Board of Polski Koncern Naftowy ORLEN S.A. ("PKN ORLEN S.A.") informed in its regulatory announcement no 47/2006 that on 12 July 2006 the Government of the Republic of Lithuania irrevocably elected not to exercise its right of first refusal with respect to 53.7022 shares in AB Mazeikiu Nafta, referred to in the share purchase agreement concluded on 26 May 2006 between Yukos International UK B.V. ("Yukos") and PKN ORLEN S.A. Detailed information in the note XVI 3 of these financial statements.

3. Sales of shares in Zakład Budowy Aparatury S.A.

PKN ORLEN S.A. informed in its regulatory announcement no 48/2006 that on 1 August 2006, on the basis of the agreement signed 25 July 2006, PKN ORLEN S.A. sold 173,830 shares of Zakład Budowy Aparatury S.A. seated in Płock, with a par value of PLN 100 each, representing 96.57% of the share capital of Zakład Budowy Aparatury S.A. and 96.57% of votes at the general shareholders' meeting of Zakład Budowy Aparatury S.A., for a total amount of PLN 15,888,062, i.e. PLN 91.40 for each share.

4. Consent of anti-trust bodies of Ukraine and the United States of America related to the purchase of shares in AB Mazeikiu Nafta by PKN ORLEN S.A.

PKN ORLEN S.A. informed in its regulatory announcement no. 49/2006 that based on the analyses of AB Mazeikiu Nafta ("Mazeikiu") export activities, conducted in the course of additional due diligence of Mazeikiu, it was determined that precedent to execution of share sale and purchase agreements with Yukos International B.V., related to 53.7022% stake in AB Mazeikiu Nafta, and with the Government of the Republic of Lithuania, related to 30.6615% stake in AB Mazeikiu Nafta, aside from European Commission's clearance, obtaining of relevant consent from the Ukrainian Anti-Trust Committee as well as consent of anti-trust bodies of United States of America is required. The same provisions of the agreements apply to the above consents as to the European Commission's consent. The Company does not expect either any delays to planned execution of the transaction or increase of risk related to its successful completion, connected with the necessity of obtaining relevant consents in Ukraine or United States of America.

Having become aware of the requirement to obtain the consents of the Anti-Trust Committee in Ukraine and the appropriate anti-trust authorities in the United States of America, PKN ORLEN S.A. supplemented Regulatory announcement no 33/2006 from 26 May 2006.

See also: Regulatory announcements no. 33/2006 of 26 May 2006, no. 37/2006 of 9 June 2006 and no. 47/2006 of 13 July 2006.

5. Purchase of shares in ORLEN Prewencja Sp. z o.o.

PKN ORLEN S.A. informed in its regulatory announcement no. 51/2006 that on 16 August 2006 it was made familiar with the fact that ORLEN Prewencja Sp. z o.o., a limited liability company seated in Płock, 7 Chemików Street, 09-411 Płock, was registered on 9 August 2006 by the District Court in Warsaw, XIV Commercial Department of Commercial Register, and received the number KRS 0000261788.

PKN ORLEN S.A. established 3,000 shares in ORLEN Prewencja Sp. z o.o., with a par value of PLN 500 each, representing 100% of the share capital of ORLEN Prewencja Sp. z o.o. and 100% votes at the general shareholders' meeting of ORLEN Prewencja Sp. z o.o. The established shares were covered by PKN ORLEN S.A. in the form of a cash contribution of PLN 1,500 thousand.

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Main business activities of ORLEN Prewencja Sp. z o.o. are connected with keeping the work safety, fire prevention, civil defence and natural environment protection.

6. Płocki Park Przemysłowo-Technologiczny share capital increase

PKN ORLEN S.A. informed in its regulatory announcement no. 52/2006 that based on the decision of the District Court in Warsaw, XIV Commercial Department of Commercial Register, dated 31 August 2006 the share capital of Płocki Park Przemysłowo-Technologiczny S.A. ("PPPT") was increased from PLN 25,460,860.00 to PLN 50,460,860.00 i.e. by PLN 25,000,000.00. This was covered by placing of 2,500,000 registered shares having a preference of 2 votes per one share, with par value of PLN 10 each, owned only by PPPT's founding shareholders: PKN ORLEN and the City of Płock in the equal parts of 1,250,000 shares for each shareholder.

Series no.: series "E"

Par value of one share: PLN 10.00

All newly issued shares were covered in form of a cash contribution. The value of shares covered by a cash contribution amounts to PLN 25,000,000.00

After PPT's initial capital increase, its capital structure comprises of:

- the City of Płock – founding shareholder – PLN 25,230,430 – 50%
- PKN ORLEN – founding shareholder – PLN 25,230,430 – 50%

See also: *Regulatory announcement no. 16/2006 of 28 February 2006 and no. 18/2006 of 20 March 2006.*

7. Purchase of shares in ORLEN Księgowość Sp. z o.o. by PKN ORLEN S.A.

PKN ORLEN S.A. informed in its regulatory announcement no. 53/2006 that on 1 September 2006 it was made familiar with the fact that ORLEN Księgowość Sp. z o.o., a limited liability company seated in Płock, 42 Zglenickiego Street, 09-411 Płock, was registered on 22 August 2006 by the District Court in Warsaw, XIV Commercial Department of Commercial Register, and received the number KRS 0000262301.

PKN ORLEN S.A. established 5,000 shares in ORLEN Księgowość Sp. z o.o., with a par value of PLN 500 each, representing 100% of the share capital of ORLEN Księgowość Sp. z o.o. and 100% votes at the general shareholders' meeting of ORLEN Księgowość Sp. z o.o. The established shares were covered by PKN ORLEN S.A. in the form of a cash contribution of PLN 2,500 thousand.

8. Changes in Supervisory Board of PKN ORLEN S.A.

PKN ORLEN S.A. informed in its regulatory announcement no. 54/2006 that on 11 September 2006 it was made familiar by the Minister of State Treasury with the appointment of Mr. Marek Drac-Taton to the position of Member of the Supervisory Board of PKN ORLEN S.A., on behalf of a shareholder, i.e. the State Treasury, on the basis of § 8.2.1 of Articles of Association of PKN ORLEN S.A.

9. Purchase of shares in PetroGaz Wrocław by ORLEN Gaz

PKN ORLEN S.A. informed in its regulatory announcement no. 55/2006 that on 19 September 2006 it was made familiar with the fact that the PKN ORLEN S.A. subsidiary - ORLEN GAZ Sp. z o.o. acquired shares in ORLEN PetroGaz Wrocław Sp. z o.o. On 13 September 2006 ORLEN GAZ purchased 15,000 shares in ORLEN PetroGaz Wrocław with a par value of PLN 100 each, representing 48.39% of the initial capital of ORLEN PetroGaz Wrocław and 48.39% of votes at the general shareholders meeting of ORLEN PetroGaz Wrocław. The purchased shares were covered by ORLEN GAZ in the form of a cash contribution of PLN 930,000.

The book value of the purchased shares in ORLEN GAZ books amounts to PLN 936,060 as at 13 September 2006.

Following the above transaction ORLEN GAZ holds 100% of shares in the share capital of ORLEN PetroGaz Wrocław. PKN ORLEN S.A. holds 100% of shares in the share capital of ORLEN GAZ.

10. Validation of the court sentence regarding the refusal of statement of the invalidity of the PKN ORLEN S.A. General Shareholders Meeting resolution on the appointment of Mr. Jacek Bartkiewicz to the position of Chairman of the Supervisory Board of PKN ORLEN S.A.

PKN ORLEN S.A. informed in its regulatory announcement no. 56/2006 that on 21 September 2006 the Supreme Court (files no. I CSK 120/06), having recognized the complaint raised by Bengodi Finance S.A. (currently SynerProjekt S.A.) against PKN ORLEN S.A., with the participation of the State Treasury as an outside intervener on the side of defendant company PKN ORLEN S.A., regarding the invalidity of resolution of the General Shareholders Meeting of PKN ORLEN S.A. no. 14 of 5 August 2004 on the appointment of Mr. Jacek Bartkiewicz to the position of Chairman of the Supervisory Board of PKN ORLEN S.A., allowed PKN ORLEN's and State Treasury's annulment. Besides having overruled the verdict of the second instance Appeal Court in Warsaw of 8 December 2005 (files no. I ACa 919/05), the Supreme Court dismissed the appeal of the plaintiff from the verdict of the first instance District Court in Warsaw of 1 June 2005 (files no. XV GC 460/04) dismissing the claim. In accordance with the above, the

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sentence of the District Court, regarding the refusal of statement of the invalidity of the resolution of the PKN ORLEN S.A. General Shareholders Meeting no. 14 of 5 August 2004 about the appointment of Mr. Jacek Bartkiewicz to the position of Chairman of the Supervisory Board, became final and valid.

See also: Regulatory announcements no. 74/2005 of 8 December 2005, no. 34/2005 of 2 June 2005 and no. 66/2004 of 12 August 2004.

11. Receiving the consent of anti-trust bodies of Ukraine and the United States of America in the process of Mazeikiu Nafta share purchase by PKN ORLEN S.A.

PKN ORLEN S.A. informed in its regulatory announcement no. 58/2006 about the fulfillment of certain material conditions of the share purchase agreement related to the acquisition by PKN ORLEN S.A. of 53.7022% shares in AB Mazeikiu Nafta from Yukos International UK B.V., referred to in the regulatory announcement no. 49/2006 of 4 August 2006.

PKN ORLEN S.A. was informed that the U.S. Federal Trade Commission has concluded its review of the planned take over by PKN ORLEN of a control over Mazeikiu. Early termination of the required waiting period for the possible objections of the U.S. anti-trust authorities means the receipt of the clearance under the Hart Scott-Rodino Antitrust Improvements Act of 1976 for the purchase by PKN ORLEN S.A. of the controlling stake in Mazeikiu in accordance with the agreements with Yukos International UK B.V. and the Government of the Republic of Lithuania.

The Management Board of PKN ORLEN S.A. also informs that the Anti-trust Committee in Ukraine consented to the take over by PKN ORLEN S.A. of a control over Mazeikiu.

The acquisition by PKN ORLEN S.A. of the majority stake in Mazeikiu is still subject to the consent of the European Commission.

See also: Regulatory announcement no. 33/2006 of 26 May 2006, Regulatory announcement no. 37/2006 of 9 June 2006, Regulatory announcement no. 47/2006 of 13 July 2006 and Regulatory announcement no. 49/2006 of 4 August 2006.

12. ORLEN EKO Sp. z o.o. share capital increase

PKN ORLEN S.A. informed in its regulatory announcement no. 59/2006 that on 27 September 2006 it was made familiar with the fact that the share capital increase of PKN ORLEN's subsidiary – ORLEN Eko Sp. z o.o. was registered on 19 September 2006 by the District Court in Warsaw, XIV Commercial Department of Commercial Register. The share capital of ORLEN Eko was increased by the placing of 40,000 new, equal and indivisible shares, with a par value of PLN 500 each and total value of PLN 20,000 thousand. The initial capital of ORLEN Eko Sp. z o.o. after registration of the share capital change amounts to PLN 22,000 thousand.

All newly issued shares, in the number of 40,000, were covered by PKN ORLEN S.A. in the form of a cash contribution amounting to PLN 20,000 thousand.

PKN ORLEN S.A. owns 100% of ORLEN Eko Sp. z o.o. shares (44,000 shares with a par value of PLN 500 each), which represents 100% of the total number of votes at the general shareholders meeting of ORLEN Eko Sp. z o.o.

13. Hydrocracking installation standstill in PKN ORLEN S.A.

PKN ORLEN S.A. informed in its regulatory announcement no. 61/2006 that on 13 October 2006 PKN ORLEN S.A. stopped its Hydrocracking installation in order to replace worn elements. The shut down of the unit has been scheduled for approximately 12 days until the replacements are complete and final tests carried out. It means that the facility's overhaul will be performed within a very fast pace, given that the standard period for such work is normally around 18 days.

Due to the necessary Hydrocracking installation standstill, PKN ORLEN has prepared a precise overhaul work-schedule together with different scenarios for the operations of other units.

PKN ORLEN S.A. ensures that the hydrotreatment plant shut down will not adversely affect product supplies from PKN ORLEN S.A. The Company has arranged for imports of additional fuel volumes, which will completely offset any drop in production as a result of the shut down. This means that both wholesale contracts and retail outlet supplies will be fulfilled without interruption.

PKN ORLEN S.A. assessed that the shut down of the Hydrocracking installation will reduce the PKN ORLEN unconsolidated profit from operations for the fourth quarter 2006 by PLN 56 million.

PKN ORLEN S.A. informed in its regulatory announcement no. 64/2006 that on 23 October 2006 PKN ORLEN S.A. resumed the operation of its Hydrocracking installation in Płock, after a 10 day shutdown. The shutdown of the unit started on 13 October 2006 and was completed in 10 days, two days earlier than previously planned.

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Due to the shortening of the period of the Hydrocracking installation standstill, PKN ORLEN S.A. has verified its previous estimates (that were published in regulatory announcement no 61/2006 of 16 October 2006) and states that the standstill of the Hydrocracking installation will reduce PKN ORLEN's unconsolidated profit from operations for the fourth quarter 2006 by PLN 49 million. The impact of the Hydrocracking installation shutdown will be 12.5% lower than that previously assessed.

14. Purchase of shares in ETYLOBENZEN Plock Sp. z o.o. by PKN ORLEN S.A.

PKN ORLEN S.A. informed in its regulatory announcement no. 62/2006 that on 16 October 2006 it signed a contract of partnership under the name ETYLOBENZEN Plock Sp. z o. o. with Firma Chemiczna DWORY, seated in Oświęcim.

The share capital of ETYLOBENZEN Plock Sp. z o.o. amounts to PLN 12,000 thousand and is divided into 1,200 equal and indivisible shares with a par value of PLN 10,000 each.

PKN ORLEN S.A. established 612 shares in ETYLOBENZEN Plock Sp. z o.o., representing 51% of the initial capital of ETYLOBENZEN Plock Sp. z o.o. and 51% of the total number of votes at the general shareholders meeting of ETYLOBENZEN Plock Sp. z o.o., for the total price of PLN 6,120 thousand. The established shares in ETYLOBENZEN Plock Sp. z o.o. will be covered by PKN ORLEN S.A. in the form of a cash contribution of PLN 5,850,000 and non-cash contribution by kind of PLN 270,000. The book value of the purchased shares in the PKN ORLEN S.A. books will be equal to the purchase price.

Shares purchased by PKN ORLEN will be paid by the issuer's own sources.

15. Changes in the Management Board of PKN ORLEN S.A.

PKN ORLEN S.A. informed in its regulatory announcement no. 63/2006 that on 17 October 2006 the Supervisory Board of PKN ORLEN S.A. appointed Mr. Piotr Kownacki to the position of Vice President of the PKN ORLEN Management Board beginning from 23 October 2006.

16. The Supervisory Board and the Management Board of Unipetrol a.s. have approved the terms and conditions of the Share Purchase Agreement for the sale of Spolana a.s. shares

The Management Board of Polski Koncern Naftowy ORLEN S.A. informed in its regulatory announcement no 65/2006 that on 26 October 2006 the Supervisory Board and the Management Board of Unipetrol a.s. approved the terms and conditions of the Share Purchase Agreement for the sale of 81.78 % of the shares of the Unipetrol a.s. subsidiary - SPOLANA a.s., seated in Neratovice, Czech Republic. The agreement is concluded between Unipetrol a.s., as seller, and Zakłady Azotowe ANWIL S.A., seated in Włocławek, as purchaser.

The terms and conditions of the Share Purchase Agreement were also approved by the relevant corporate bodies of Zakłady Azotowe ANWIL S.A.

The Share Purchase Agreement was planned to be signed by UNIPETROL a.s. and Zakłady Azotowe ANWIL S.A. on 27 October 2006.

PKN ORLEN S.A. owns 63% of the total number of votes at the general shareholders meeting of Unipetrol a.s. and 84% of the total number of votes at the general shareholders meeting of Zakłady Azotowe ANWIL S.A.

The regulatory announcement was prepared based on art. 56 section 1 point 1 of Act on Public Offering, Conditions, Governing the Introduction of Financial Instruments to Organized Trading and Public Companies of 29 July 2005 (Official Journal No. 184/2005, item 1539).

17. Unipetrol a.s. and Zakłady Azotowe ANWIL S.A. signed share purchase agreement on sale of Spolana a.s. shares

PKN ORLEN S.A. informed in its regulatory announcement no. 66/2006 that on 27 October 2006 UNIPETROL a.s., seated in Prague, Czech Republic ("Unipetrol"), as seller, and Zakłady Azotowe ANWIL S.A., seated in Włocławek, Poland ("Anwil"), as purchaser, signed the Share Purchase Agreement on sale of 1,500 ordinary series "A" shares and 6,090,941 ordinary series "B" shares of Spolana a.s. ("Purchased Shares"), seated in Neratovice, Czech Republic ("Spolana").

The Purchased Shares represent 81.78% of the share capital of Spolana with a par value of CZK 11,600 per each series "A" share (i.e. approximately PLN 1,588.04 based on CZK/PLN average exchanges rates as of 26 October 2006, stated by National Bank of Poland) and CZK 116 per each series "B" share (i.e. approximately PLN 15.88 based on CZK/PLN average exchanges rates as of 26 October 2006, stated by National Bank of Poland), and represent 81.78% of the total number of votes at the general shareholders meeting of Spolana. The book value of the

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Purchased Shares in the Unipetrol books amounted to CZK 986 million (i.e. approximately PLN 135 million based on CZK/PLN average exchanges rates as of 26 October 2006, stated by National Bank of Poland) as of 25 October 2006.

The total price for the Purchased Shares amounts to CZK 640,382,956 (i.e. approximately PLN 87,668,427 based on CZK/PLN average exchanges rates as of 26 October 2006, stated by National Bank of Poland) and will be paid for by Anwil in the form of a cash contribution from own financial sources.

Under the Share Purchase Agreement, Anwil is obligated to undertake financial restructuring of Spolana via satisfaction in full of the debt owed by Spolana to Unipetrol amounting to CZK 660 million as of 25 October 2006 (i.e. approximately PLN 90 million based on CZK/PLN average exchange rate as of 26 October 2006, stated by National Bank of Poland).

The purchase price may be subject to the price adjustment on the occurrence of any of the following conditions:

- environmental guarantee provided by the National Property Fund of the Czech Republic (now, the Czech Republic through the Ministry of Finance) for compensation of costs for the environmental damage remediation of the Old amalgam electrolysis project will not be sufficient for compensation of costs for remediation of the aforementioned environmental damage and all necessary steps will have been taken by Anwil and Spolana without success for obtaining additional funds for this purpose - Unipetrol will be obligated to financially indemnify Anwil up to 40 % of the Purchased Shares price, or
- there will be other potential obstacles in Spolana's future operation – Unipetrol will be obligated to financially indemnify Anwil up to 1-3 % of the Purchased Shares price.

Main business activities of Spolana include production and sales of:

- suspension polyvinyl chloride (S-PVC) and granulated polyvinyl chloride (G-PVC)
- caprolactam as raw material for production of polyamide fiber, construction materials and plastics
- soda lye.

Main business activities of ANWIL include production and sales of:

- suspension polyvinyl chloride (S-PVC)
- granulated products based on PVC as well as compositions and PVC plates
- soda lye and caustic soda
- chemical fertilizers including ammonium nitrate, nitro-chalks.

Main business activities of Unipetrol a.s include production and sales of refining, petrochemical and chemical products.

PKN ORLEN owns 63% of the total number of votes at the general shareholders meeting of Unipetrol a.s and 84.48% of the total number of votes at the general shareholders meeting of ANWIL.

Supervisory Board of Spolana a.s consists of six members, two of them are Anwil's employees, one of them is PKN ORLEN's employee. Anwil Supervisory Board consists of five members and four of them are PKN ORLEN's employees. Management Board of Spolana a.s consists of five members, two of them are Anwil's employees and one of them is Unipetrol's employee.

Supervisory Board of Unipetrol consists of ten members, seven of them are PKN ORLEN's employees.

As the Purchased Shares represent more than 20% of the Spolana a.s initial capital, they are significant assets in accordance with the § 2 section 1 point 52 and section 5 of the Minister of Finance Decree of 19 October 2005 on current and periodic information provided by issuers of securities.

18. Call of Extraordinary General Meeting of PKN ORLEN S.A. on 30 November 2006

PKN ORLEN S.A. has issued a correction to the Regulatory Announcement no 67/2006, dated 27 October 2006, concerning the convention of the Extraordinary General Meeting ("Meeting") on 30 November 2006. PKN ORLEN S.A. informed that the agenda of the Meeting has been extended by the insertion of point no 6 "Information on the process regarding the purchase of AB Mazeikiu Nafta's shares" after point no 5.

Due to this change, the numbering of all the following points has also been changed.

After the above-mentioned change, the Agenda of the Extraordinary General Meeting of Shareholders is as follows:

1. Opening
2. Election of the Chairman of the Meeting
3. Affirmation of the legality of the Meeting and ability to pass resolutions
4. Approval of the Agenda
5. Information regarding the restructuring processes that are being conducted in the Company
6. Information on the process regarding the purchase of AB Mazeikiu Nafta's shares
7. Election of the Vote Counting Commission
8. Voting on a resolution concerning changes to the composition of the Supervisory Board of PKN ORLEN
9. Closure of the Meeting

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Other information published in the regulatory announcement no 67/2006 dated 27 October 2006 remains unchanged.

19. PKN ORLEN S.A. obtained the European Commission's clearance for the acquisition of a controlling stake in AB Mazeikiu Nafta

PKN ORLEN S.A. informed in its regulatory announcement no 68/2006, that it obtained the European Commission's clearance for the acquisition of a controlling stake in AB Mazeikiu Nafta ("Mazeikiu"), on 7 November 2006. The receipt of the consent of the European Commission constitutes the satisfaction of one of the closing conditions related to the acquisition by PKN ORLEN of the shares in Mazeikiu pursuant to the Share Purchase and Sale Agreement dated 26 May 2006 (the "Sale Agreement") between PKN ORLEN S.A. and Yukos International UK B.V. ("Yukos International").

PKN ORLEN and Yukos International agreed that the purchase by PKN ORLEN S.A. of Yukos International's 53.7% stake in Mazeikiu will be completed no later than 28 February 2007, subject to the satisfaction or waiver of all conditions to closing set forth in the Sale Agreement. PKN ORLEN S.A. intends to close the transaction as soon as possible and Yukos International has agreed to cooperate with PKN ORLEN S.A. to close as of an earlier date, if requested.

See also: regulatory announcement no 58/2006 dated 26 September 2006, regulatory announcement no 49/2006 dated 4 August 2006, regulatory announcement no 47/2006 dated 13 July 2006, regulatory announcement no 37/2006 dated 9 June 2006, regulatory announcement no 33/2006 dated 26 May 2006.

IX. SHAREHOLDERS HOLDING DIRECTLY OR INDIRECTLY VIA RELATED PARTIES AT LEAST 5% OF THE TOTAL VOTES AT THE PARENT'S GENERAL MEETING AS AT THE DATE OF FILING THE REPORT

Shareholder	% of votes at the GSM presented in the prior quarter report*	Number of shares presented in the prior quarter report	Change of % in the period 21.07.2006 - 20.10.2006r.	% of votes at the GSM at the report filing date **	Number of shares at the report filing date **
Nafta Polska S.A.	17.32%	74 076 299	-	17.32%	74 076 299
Skarb Państwa	10.20%	43 633 897	-	10.20%	43 633 897
The Bank of New York (owners of GDR)	7.15%	30 568 454	(1.12)	6.03%	25 768 924
Others	65.33%	279 430 411	1.12	66.45%	284 229 941
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Total	100%	427 709 061	-	100%	427 709 061
	=====	=====	=====	=====	=====

* Data as at 21 July 2006

** Data as at 20 October 2006

The percentage interest of the above shareholders in the Company's share capital is compatible with the percentage of votes at the General Shareholders Meeting as at the report filing date.

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X. CHANGES IN THE NUMBER OF THE COMPANY'S SHARES HELD BY THE MANAGEMENT BOARD AND SUPERVISORY BOARD IN ACCORDANCE WITH THE COMPANY'S RECORDS

The number of shares held by the Management Board and Supervisory Board in the third quarter 2006

	Number of shares, options as at the date of the prior quarter report filing*	Acquisition	Disposal	Number of shares, options as at the date of the report filing**
Management Board	-	-	-	-
Supervisory Board	2 950	-	-	2 950
Raimondo Eggink	2 950	-	-	2 950

* Data as at 21 July 2006

** Data as at 20 October 2006

XI. INFORMATION CONCERNING SIGNIFICANT PROCEEDINGS IN FRONT OF COURT, BODY APPROPRIATE FOR ARBITRATION PROCEEDINGS OR IN FRONT OF PUBLIC ADMINISTRATION BODIES AND ON OTHER RISKS OF PARENT COMPANY AND ITS SUBSIDIARIES

1. Excise tax contingent liability of Rafineria Trzebinia S.A.

On 15 October 2004, the Head of the Customs Office in Kraków instituted tax proceedings in order to determine the excise tax liability at Rafineria Trzebinia S.A. for May, June, July and August 2004. As a result of the proceedings, on 5 April 2005 Rafineria Trzebinia S.A. received decisions from the Head of the Customs Office in Kraków, where the total excise tax liability was set for the period of May-August 2004 at about PLN 60 million. According to the Management Board of Rafineria Trzebinia S.A., the company possesses all necessary expert opinions confirming correctness of the applied classification of goods taxed with 0% rate. On 12 April 2005, the Management Board of Rafineria Trzebinia S.A. filed an appeal against the discussed decisions and a motion to suspend execution of the decision until the date of settling the matter by the second instance authority.

On 5 May 2005, in reply to its motion to suspend execution of a decision until the date of settling the matter, Rafineria Trzebinia S.A. received a decision from the Head of the Customs Office in Kraków suspending execution of the above decision.

On 9 June 2005 the Director of the Customs Chamber in Kraków, having examined the Company's appeal of 12 April 2005 against the decision of the Head of the Customs Office in Kraków of 31 March 2005, quashed the decision of the first instance authority and submitted it for further examination.

On 28 July 2005 the Head of the Customs Office, upon receipt of the Customs Chamber decision, without providing any further evidence in the case determined an excise tax liability for May-September 2004 at total amount of about PLN 100 million. The above decisions were issued without any references to claims presented in the appeal of 12 April 2005. The Management Board of Rafineria Trzebinia S.A. still claims that it possesses all necessary opinions confirming correctness of the applied classification of goods taxable with 0% rate, which according to the Management Board guarantees a positive outcome of the proceedings.

On 9 August 2005 the Management Board of Rafineria Trzebinia S.A. appealed against the above decisions and filed a motion to suspend execution of the decisions until the case is decided by the second instance authority. On 11 August 2005, the Head of the Customs Office in Kraków, having examined the appeal of Rafineria Trzebinia S.A. of 8 August 2005, suspended the decision in respect of setting the excise tax liability for the period of May-August 2004 at about PLN 100 million. On 14 November 2005 the Head of the Customs Office in Kraków had refused to accept evidence from the hearings of witnesses using argument that it does not constitute any significant circumstances in respect of the case. In addition, the Customs Office declined to accept corrections to excise tax declarations submitted by the company for the period May-September 2004, resulting from the change in excise tax rate for technological oils from 60 PLN/Mg to 0%. The Office declined acceptance based on the fact that there were proceedings in progress in respect of the case.

On 30 December 2005 the Head of the Customs Office in Kraków issued a decision keeping the first instance authority's decision in force. Rafineria Trzebinia S.A. prepared a complaint to the Voivodship Administrative Court against the decision of the Head of the Customs Office in Kraków together with a motion to suspend execution of the decision. The complaint and a motion to suspend execution of the decision were submitted to the Voivodship Administrative Court in Kraków on 3 February 2006.

On 14 February 2006 the Head of Customs Office in Kraków issued a decision on suspending execution of the decision until the case is decided by Voivodship Administrative Court.

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Until the present moment the case regarding company's excise tax liability is in progress in front of Voivodship Administrative Court and the outcome is unknown.

The Management Board, based on the opinions of recognized tax advisors, states that in connection with the excise tax for technological oils proceedings in progress, there is high probability of positive outcome, based on the evidence and arguments raised by the Company. As a result the Company did not create a provision related to the case in the financial statement for the period ended 30 September 2006.

Acting under the authorization from the General Tax Control Inspector of 18 January 2005, the Tax Control Office in Kraków is conducting control proceedings with respect to reliability of the stated tax bases and correctness of calculation and settlement of excise tax and value added tax for 2002 and 2003. The deadline for completion of control proceedings was prolonged to 30 November 2006.

On 12 May 2006 the Company received a decision of the Head of Tax Control Office in Kraków regarding institution of control proceedings with respect to reliability of the stated tax bases and correctness of calculation and settlement of value added tax and excise tax for the period 1 January 2004 – 30 April 2004. The deadline for completion of control proceedings was established to 29 December 2006.

As at the date of preparation of these financial statements, the final outcome of the above control proceedings or potential impact of control extended to other periods are not yet known.

2. The proceedings of the Energy Regulatory Office in Rafineria Trzebinia S.A.

On 24 March 2006 Rafineria Trzebinia S.A. received a notice from the Chairman of the Energy Regulatory Office regarding official institution of proceedings in respect of imposing a fine in connection with violating of concession obligations regarding production of liquid fuels. The essence of the proceedings regards potential direct application of the provisions of Directive 2003/30/EC of the European Parliament and of the Council of 8 May 2003 on the promotion of the use of biofuels or other renewable fuels for transport and Directive 2003/17/EC of the European Parliament and of the Council of 3 March 2003 amending Directive 98/70/EC relating to the quality of petrol and diesel fuels while on one hand effective 1 May 2004 Poland has become a member of the European Union whereas on the other hand no decrees of the Minister of Economy in respect of quality requirements for biofuels are available. On 8 September 2006 the Chairman of the Energy Regulatory Office issued a decision imposing a fine of PLN 1 million in connection with alleged violating of concession regarding production of liquid fuels by Rafineria Trzebinia S.A.. The Management Board of Rafineria Trzebinia S.A. appealed via the Chairman of the Energy Regulatory Office to the District Court against the decision of the Chairman of the Energy Regulatory Office on 26 September 2006. As at the date of preparation of these financial statements, the opinion of the Chairman of the Energy Regulatory Office is not yet known.

3. Claims and court proceedings – Tankpol Sp. z o.o.

In accordance with an agreement of 20 December 2002, Tankpol Sp. z o.o. ("Tankpol") transferred to PKN ORLEN ownership of 40% shares in ORLEN PetroTank Sp. z o.o. ("Petrotank") in exchange for receivables due from Tankpol. In a law suit dated 11 August 2003 Tankpol demanded obligation of PKN ORLEN to transfer ownership of 324 shares in Petrotank and compensation of PLN 198 thousand. The demand was modified several times. Finally, in a note dated 22 January 2004, Tankpol modified its suit demanding compensation of PLN 36,384 thousand with interest from the date of law suit until the payment date. In case of PKN ORLEN's refusal to compensate, Tankpol demanded that the court obliged PKN ORLEN to transfer ownership of 253 shares in Petrotank to Tankpol.

On 22 March 2005 the District Court in Warsaw dismissed Tankpol's suit and adjudged PKN ORLEN with a compensation of relevant costs. On 4 May 2005 Tankpol appealed against the verdict, on 27 June 2005 PKN ORLEN submitted its response to the appeal. The Court of Appeals in Warsaw declared that the Tankpol's appeal will be recognized on 21 March 2006. The Court of Appeals postponed pronouncing the judgment till 31 March 2006. On 31 March 2006 the Court of Appeals changed the verdict of the District Court in Warsaw (which dismissed Tankpol's suit as a whole). The Court of Appeals declared that PKN ORLEN is obliged to transfer ownership of 26 shares in PetroTank to Tankpol. According to verbal justification of the verdict, the Court of Appeals is convinced that PKN has appropriately executed the transfer of ownership agreement of 20 December 2002. The verdict of the Court of Appeals is legally binding and feasible, however both parties are entitled to submit an annulment to the Supreme Court. On 22 June 2006 Tankpol has submitted annulment from the verdict of the Court of Appeals. On 28 August 2006 PKN ORLEN responded to the annulment submitted by Tankpol. In its response PKN ORLEN disagreed with Tankpol's statement and claimed that it has appropriately executed the transfer of ownership agreement.

4. Disposal of shares in NOM Sp. z o.o.

On 20 May 2003, the Management Board of the Company submitted a put option execution declaration for all Niezależny Operator Miedzystrefowy Sp. z o.o. ("NOM") shares owned by PKN ORLEN S.A. to Polskie Sieci

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Energetyczne S.A. ("PSE"). The "put" price amounted to PLN 111,500 thousand and was calculated as a sum of nominal value of the shares sold and a cumulative investment premium calculated according to the Agreement dated 8 June 2000 regulating the cooperation between NOM shareholders.

On 20 October 2003, PSE filed a suit to the Court of Arbitration of the Polish Chamber of Commerce ("PCC") in Warsaw, regarding the determination of the invalidity of the sale of shares agreement.

On 26 April 2005 the Company received a verdict of the Court of Arbitration of the Polish Chamber of Commerce in Warsaw. The verdict of the arbitration court is unfavorable for PKN ORLEN. As a consequence the estimations of the Management Board in relation to the assessment of the risk of non-collection of the above receivable were changed. The Company provided an allowance for the receivable in the amount of PLN 111,500 thousand presented in the financial statements for the year 2004.

On 20 May 2005 the Company issued a complaint to the District Court in Warsaw regarding waiving of the above verdict of the Court of Arbitration together with a motion to suspend execution of the verdict. On 26 June 2005 the District Court issued a decision to dismiss the motion to suspend execution.

On 6 April 2006 the District Court in Warsaw, XX Commercial Department, issued a verdict in respect of PKN ORLEN S.A. complaint against the verdict of Court of Arbitration of the Polish Chamber of Commerce in Warsaw, dated 14 April 2005, in the case against PSE S.A. regarding sale of shares in NOM. The District Court dismissed PKN ORLEN's complaint and adjudged the return of proceeding's expenses of PLN 7 thousand for the benefit of PSE.

The attorney of PKN ORLEN in the described case has issued a motion in respect of preparation and submission of justification of the verdict. On 27 April 2006 PKN's attorney received the justification of a verdict from the District Court. Upon analysis of the justification, PKN decided not to appeal against the verdict. The verdict is legally binding.

On 29 July 2005, PKN ORLEN demanded that PSE would repay within a week the contractual penalty of PLN 111,500 thousand.

On 8 August 2005 PKN ORLEN received a letter from PSE where PSE stated it was not bound to settle the penalty.

On 15 September 2005 PKN ORLEN filed at the Court of Arbitration of PCC in Warsaw a suit for adjudication of the contractual penalty of PLN 33,453 thousand. On 7 August 2006 PKN ORLEN changed the suit by the letter submitted to the Court of Arbitration of PCC and now demands contractual penalty of PLN 111,511 thousand with interest.

According to the declaration of the Court of Arbitration of 7 December 2005, PKN ORLEN submitted a letter with motions of evidence and the statement regarding eventual suspension of the proceedings. PKN ORLEN's attorney received analogous letter from PSE. On the seating dated 31 August 2006 and 1 September 2006 the Court of Arbitration acquainted with testimony of both parties witnesses. As at the date of preparation of these financial statements the date of the next seating was not set.

As of 30 September 2006, shares in NOM were presented in the consolidated financial statements as investments in associates in the net amount of PLN 18 million, after recognition of an impairment of shares allowance based on independent expert's valuation.

5. Power transfer fee in settlements with Zakład Energetyczny Płock S.A.

According to the paragraph 36 of the Decree of Minister of Economy dated 14 December 2000 relating to detailed methods of determination and computation of tariffs and electricity settlement regulations (Official Journal No. 1 dated 15 January 2001), the method of settlement of system fee, constituting an element of a power transfer fee was changed. According to the paragraph 37 of the Decree a different method of system fee calculation has been allowed. Following the decision of the Chairman of the Energy Regulatory Office, the electricity sale agreement between Zakład Energetyczny Płock S.A. ("ZEP S.A.") and PKN ORLEN was signed. The agreement did not determine contentious issues concerning system fees for the period from 5 July 2001 to 30 June 2002, as it was regarded as a civil case to be settled by an appropriate court. ZEP S.A. called on PKN ORLEN to compromise agreement, while the District Court in Warsaw summoned PKN ORLEN as a co-defendant in a court case Polskie Sieci Energetyczne against ZEP S.A. The Company's Management Board estimated the claim and in 2002 set up an accrual in the amount of PLN 8,272 thousand for liability to ZEP S.A., and created a provision for that purpose in the amount of PLN 9,781 thousand.

As a consequence of the court decision PKN ORLEN was obliged to pay a liability connected with the system fee to ZEP S.A. in the amount of PLN 46,232 thousand. In relation to that in 2004 the provision for the business risk was increased by PLN 28,179 thousand to cover the whole claim.

The proceedings were suspended by the ruling of the District Court in Warsaw of 2 June 2005 until the case of PSE S.A. against ZEP S.A., where PKN ORLEN S.A. is an outside intervener, is decided. On 3 August 2005 a complaint was filed against the above decision of stay of proceedings. On 12 December 2005 the Court of Appeal in Warsaw, I Civil Department, dismissed the complaint regarding the decision of stay of proceedings.

The above described proceedings have not yet been ended.

According to the decision of the Polish Constitutional Tribunal issued on 25 October 2006, suspended proceedings may be again opened.

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6. Anti-trust proceedings

As at the date of the preparation of the report, the Company is a party in two anti-trust proceedings.

Upon to the decision of the Chairman of the Office of Competition and Consumer Protection ("OCCP") from 21 March 2005, an anti-trust proceedings were started in connection with an allegation that Polski Koncern Naftowy ORLEN S.A. in Płock concluded an agreement with the Grupa Lotos S.A. in Gdansk which limited competition on the domestic sale market of universal petrol U95 through an unanimous decision to give up production and distribution of U95 and thus eliminating competition on the domestic U95 sale market as well as excluding the risk of the market take-over by the competitor. Relating to the received letter PKN ORLEN S.A. released a statement on put charges and gave answers to questions set by the Chairman of OCCP.

The proceedings to take evidence are pending. They have been prolonged due to motions filed by PKN ORLEN S.A. in order to limit access rights to evidence and due to relative decisions that were issued in this respect by the Chairman of OCCP and which were sued at the Consumer and Competition Court by the Lotos Group S.A. On 22 February 2006 the proxy of PKN ORLEN S.A. filed complaint against the decision of Chairman of OCCP refusing taking into account one of the PKN ORLEN's motions concerning limitation of access rights to evidence by Lotos Group S.A. On 14 April 2006 OCCP informed the Company of the prolongation of the anti-trust proceedings until 31 May 2006, and subsequently until 31 August 2006. As at the date of preparation of these financial statements the proceedings were not finalized. The decision on prolongation of the proceedings was also not delivered.

By virtue of the actual course of the proceedings, limited to court verification of decisions issued by the Chairman of OCCP, it is difficult to assess the risk that PKN ORLEN S.A. may be fined. However, in the light of lack of evidence that would indicate concluding of prohibited agreement, the Company assesses risk of fine as low.

On 21 March 2005, the Company received a letter in which the Chairman of OCCP requested information on monoethylene glycol and radiator liquid market in the years 2000-2004. The letter concerns the proceedings in the area of setting prices for antifreeze "Petrygo" liquid to radiators and prices for monoethylene glycols. In these proceedings OCCP issued a decision of 19 July 2000 imposing a fine in the amount of PLN 40 million. The Company appealed to Anti-Trust Court against the negative decision of OCCP. On 13 August 2001 the Anti-Trust Court annulled fully the decision of OCCP, which accused PKN ORLEN S.A. of applying monopolistic practice, at the same time annulling the fine. Consequently, in 2001 due to this fact the provision was fully reversed in PKN ORLEN. On 4 October 2001 OCCP submitted an annulment to the verdict. On 10 July 2003 the Supreme Court annulled the verdict of the District Court dated 13 August 2001.

The case was conducted again by the District Court in Warsaw and the Consumer and Competition Court (former Anti-Trust Court), which at the hearing on 21 July 2004 pronounced the judgment again revoking the appealed decision of OCCP.

Due to the received letter, PKN ORLEN S.A. answered the questions of OCCP on 11 April 2005. Simultaneously OCCP approved prolongation of the period for responding to queries up to 6 May 2005 concerning determining the proper geographical market of monoethylene glycol. A response defining the adequate geographical market of monoethylene glycol was sent to OCCP on 6 May 2005. Upon the OCCP's request, additional information was provided on 18 May 2005, 7 December 2005 and 14 July 2006. On 14 March 2006 OCCP informed the Company of the prolongation of the anti-trust proceedings until 30 April 2006 due to necessary completion of evidence from proceedings. On 31 July 2006 the Company was informed of the prolongation of the anti-trust proceedings until 31 August 2006. On 5 October 2006 the Company submitted additional information concerning the method of calculation of base price of monoethylene glycol and explained the conditions concerning validity of price list for antifreeze liquid to radiators for packaging companies. On 19 October 2006 a notice from OCCP concerning conclusion of proceedings to take evidence was received. PKN ORLEN S.A. was given a fourteen-days period to get acquainted with gathered evidence. On 3 November 2006, after getting acquainted with all gathered evidence the Company submitted a motion to discontinue the proceeding or to issue a decision stating that there were no activities limiting competition described in art. 8 par. 1 and 2, point 5 and 6 of Anti-trust Act. As at the date of preparation of these financial statements the proceedings were not finalized.

After getting acquainted with all gathered evidence it might be assessed that the risk that PKN ORLEN S.A. may again be fined is low. It is more probable that the decision stating discontinuance of activities limiting competition based on art. 10 par. 2 of Anti-trust Act will be issued.

In both proceedings PKN ORLEN S.A. is represented by the legal office Kancelaria Adwokacka Prawa i Konkurencji based on the power of attorney granted by the Company's Management Board.

The financial statements do not include provisions related to the above proceedings as in the view of PKN ORLEN S.A. Management Board, supported by an independent legal opinion, a risk that the Company is charged with a fine is remote.

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7. Investment relief

In accordance with tax regulations, in force in previous years, Group companies reduced the taxable income for the purposes of corporate income tax by the following titles:

- investment expenditures incurred in a given tax year (investment relief)
- 50% of the previous year's investment relief (investment premium)

During the period 2001-2003 Group companies reduced the taxable income by investment relief and investment premium in the following amounts:

Year of deduction	Investment relief	Investment premium
2001	98 927	43 750
2002	14 234	49 222
2003	-	6 923
	-----	-----
Total	113 161	99 895
	=====	=====

Despite the fact that the investment relieves and investment premiums are of contingent nature, the Group companies do not identify a risk that its right to the deductions might be denied by the tax authorities. The Group companies do not also identify a risk of losing the right to relieves and premiums due to breach of conditions which in effect oblige to return the amounts deducted.

As at the date of preparation of these financial statements Unipetrol Group companies have utilized PLN 24,219 thousand of investment relieves.

8. Agreements for disposal of a portion of assets and liabilities related to purchase of Unipetrol shares

In 2003-2004, the former Management Board of PKN ORLEN concluded agreements with Agrofert Holding a.s. and ConocoPhillips Central and Eastern Europe Holdings B.V. concerning sale of part of assets and liabilities of the Unipetrol Group companies.

In 2005, the present Management Board, having analyzed all eventual consequences resulting from the above agreements and having consulted recognized independent experts, adopted and presented to the Supervisory Board a proceeding strategy related to execution of the agreements, taking into account the best interest of the Company and its shareholders.

Agrofert Holding a.s. agreed to disclose only portions of the agreements which it also presented at the press conference on 13 September 2005.

On 25 January 2006 PKN Orlen received a copy of a law suit issued by Agrofert Holding a.s. regarding the payment of contractual penalty of EUR 77,266,500 with interest. The court proceeding in front of Court of Arbitration by the Czech Chamber of Commerce and Czech Chamber of Agriculture in Prague is currently in progress.

On 20 February 2006 the Management Board of PKN Orlen has decided to withdraw (in the understanding of Czech commercial code) from the agreements concluded with Agrofert Holding a.s. The reason for such withdrawal was breaching by Agrofert Holding a.s. the terms of the Agreements by allowing DEZA a.s. to execute the share purchase option on AGROBOHEMIE, a.s and ALIACHEM, a.s. shares.

On 9 May 2006 Company's attorney received from the Court of Arbitration by the Czech Chamber of Commerce and Czech Chamber of Agriculture in Prague, a copy of a second law suit issued by Agrofert Holding a.s. regarding the payment of contractual penalty. The value of the dispute, similarly to the first one commenced by Agrofert Holding a.s., amounts to EUR 77,266,500 with interest. The arbitration proceedings initiated by the law suit are currently in progress.

On 5 July 2006 the Company received from the Court of Arbitration by the Czech Chamber of Commerce and Czech Chamber of Agriculture in Prague, a copy of a third law suit issued by Agrofert Holding a.s. regarding the payment of contractual penalty. The value of the dispute amounts to CZK 409,102,494 (approximately EUR 14 million) plus interest.

The amount claimed by Agrofert Holding a.s. in a third law suit is currently analyzed by the Company's legal advisors.

In respect of the agreement with ConocoPhillips Central and Eastern Europe Holdings B.V., as at the date of preparation of these financial statements the parties are conducting mediations aimed at amicable settlement of the

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dispute. The Management Board of the Company hopes that, as a consequence of series of meetings, the Company and ConocoPhillips will soon finalize the mediation process with positive outcome for both parties. The foregoing financial statements include the provision to cover the potential negative financial effects related to execution of the agreements.

9. Agreements with DEZA a.s.

In August and September 2005 UNIPETROL, a.s. received letters from DEZA a.s., requesting execution of the agreements regarding sale of shares in AGROBOHEMIE a.s. and ALIACHEM a.s. UNIPETROL a.s. and DEZA a.s. each own 50% shares in AGROBOHEMIE a.s. The shareholder structure in ALIACHEM a.s. is as follows: AGROBOHEMIE a.s. owns 55.01% shares, UNIPETROL a.s. – 38.79% and DEZA a.s. – 4.67%. The remainder of 1.53% is owned by minority shareholders of ALIACHEM a.s.

Letters received from DEZA regarded the agreements for future payable assignment of shares, concluded between UNIPETROL a.s. and DEZA a.s. in relation to shares in AGROBOHEMIE a.s. and ALIACHEM a.s. on 12 October 2000 and 15 August 2001, respectively. The Management Board of UNIPETROL a.s., having thoroughly analyzed concluded agreements and received letters, has determined that these documents contain vital legal faults as well as are incompliant with best market practice. In conjunction with this fact the Management Board of UNIPETROL a.s. has proposed that DEZA a.s. modified the transaction documents in order to ensure its compliance with binding Czech law as well as market standards and practices. In spite of endeavors of UNIPETROL a.s., DEZA a.s. has rejected proposals of the Management Board of UNIPETROL a.s. In such a situation the Management Board of UNIPETROL a.s. decided to submit the case to court. On 14 December 2005 UNIPETROL a.s. filed a law suit to the court in Ostrava regarding declaration of invalidity of agreements concerning shares of AGROBOHEMIE a.s. and ALIACHEM a.s. As a response Deza a.s. claimed for penalty in the amount of CZK 71,000 thousand for period 2 September 2005 – 11 November 2005 and CZK 18,000 thousand for period 6 October 2005 – 11 November 2005, calculated as at 11 November 2005. The amounts were calculated in line with above described agreements, which UNIPETROL a.s. considers as not valid.

On 24 March 2006 the Court in Ostrava rejected the motion of Unipetrol a.s. in respect of the declaration of invalidity. The rejection was substantiated by the fact that DEZA a.s. filed a separate claim against Unipetrol a.s. in respect of settlement of contractual penalties. According to the view of the Court in Ostrava, proceedings related to declaration of invalidity are not necessary; hence it will be decided in front of the Court in Prague, prior to verdict in respect of the suit submitted by Deza a.s.

On 5 April 2006 Unipetrol received a warrant for payment of the contractual penalty from the Court in Prague. Unipetrol submitted an annulment to the warrant as well as it sustained its opinion as to invalidity of the agreements. Consequently, Unipetrol claims that requests of DEZA a.s. concerning contractual penalties should be rejected.

Legal and financial effects of claims submitted by DEZA a.s. and interpretation of provisions of the concluded agreements regarding assignment of shares of AGROBOHEMIE a.s. and ALIACHEM a.s. may include necessity of assignment of shares (for a price that is not yet determined) and payment of penalties and compensations. By virtue of faults in agreements and substantial doubts regarding its validity, the financial impact on UNIPETROL a.s. is difficult to be quantified. The Management of UNIPETROL a.s. monitors the level of risk related to DEZA's claims on a current basis.

Simultaneously, in order to reduce potential risk, the Management Board of UNIPETROL has initiated further actions aimed at conclusion of a compromise that might result in elimination of legal faults in the agreements and renouncement of claims by DEZA a.s.

Due to loss of significant influence of Unipetrol Group on associated companies: Aliachem (currently Synthesia a.s.), Agrobchemie and Lovochemie as of 30 September 2005, these assets were accounted for using the equity method and included in the consolidated balance sheet of UNIPETROL a.s. as at 30 September 2006 as long-term financial investments of PLN 514,110 thousand. By virtue of uncertainties in relation to future outcome of court proceedings as well as due to difficulties in determination of the fair value of shares in AGROBOHEMIE a.s. and ALIACHEM a.s., neither impairment provision in respect of the value of shares was recognized nor was provision for contractual penalties created in the financial statements.

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XII. INFORMATION ABOUT CURRENT PROCEEDINGS CONCERNING LIABILITIES OR RECEIVABLES OF THE PARENT COMPANY AND SUBSIDIARIES OF THE TOTAL VALUE EXCEEDING 10% OF THE COMPANY'S EQUITY

As at 30 September 2006, the Parent Company was not a party in proceedings concerning liabilities or receivables of the Parent Company or subsidiaries, of the value exceeding 10% of the Company's equity.

XIII. RELATED PARTIES

1. Information about unusual related party transactions

During the period from 1 January to 30 September 2006, there were no unusual related party transactions concluded between related parties within the Group, where the transaction value would exceed EUR 500 thousand. Transactions concluded within the Group related to the deliveries and supplies connected with the normal activity of the Group companies.

2. Information about significant related party transactions

a) Transactions with members of the Management Board, Supervisory Board, their spouses, siblings, descendants and ascendants and their other relatives

During the 9 month periods ended 30 September 2006 and 30 September 2005 the Group companies did not grant any advances, loans, guarantees and commitments, or other agreements obliging Management Board, Supervisory Board and their relatives, to render services to the Company and related parties.

As at 30 September 2006 and 30 September 2005 the Group companies did not grant any loans to managing and supervising persons and their relatives.

During the 9 month periods ended 30 September 2006 and 30 September 2005 there were no significant transactions concluded with members of the Management Board, Supervisory Board, their spouses, siblings, descendants, ascendants or their other relatives.

b) Transactions with related parties concluded through the supervising persons

During the 9 month period ended 30 September 2006 the Company obtained statements on transactions with related parties extended in scope in regard of the amended IAS 24 "Related Party Disclosures".

	Sale	Purchase	Receivables	Liabilities
Legal persons	26 015	52 837	3 102	11 685
Natural persons	-	-	-	-

c) Transactions with related parties concluded by the key management personnel of the Parent and other Group companies

During the 9 month periods ended 30 September 2006 the Company obtained statements on transactions with related parties extended in scope in regard of the amended IAS 24 "Related Party Disclosures".

	Sale	Purchase	Receivables	Liabilities
Legal persons *	18 535	92	7 449	547
Natural persons	341	-	-	-

* Transactions in the period of performing duties as key management personnel.

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d) Parent Company's transactions with related parties in the period from 1 January 2006 to 30 September 2006 and the settlement balances as at 30 September 2006

PKN ORLEN Capital Group

	Consolidated subsidiaries ¹⁾	Consolidated associates ²⁾	Non-consolidated subsidiaries ¹⁾	Non-consolidated associates ²⁾	Consolidated jointly controlled entities ³⁾	Total related parties
Sales	8 289 420	7 390	8 470	9 785	1 519 000	9 834 065
Purchases	969 152	42 945	79 895	22 315	15 640	1 129 947
Interest received	2 111	2	2	10	1	2 126
Financial costs	27	2	-	-	-	29
Gross short term receivables	1 504 033	2 596	1 559	5 193	460 821	1 974 202
Short term liabilities	138 436	5 695	21 349	2 651	2 283	170 414
Gross long term receivables	50 464	-	-	-	-	50 464

¹⁾ Parent Company, executing its title to vote (above 50% voting rights), appoints supervisory personnel in those entities, and in some cases also management board members.

²⁾ Parent Company exercises significant influence via its representatives in supervising bodies.

³⁾ Parent Company exercises a joint control over the entities under the articles of association.

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3. Compensation, together with profit-sharing paid and due to the Management Board, Supervisory Board and the key executive personnel in accordance with IAS 24.

The Management Board, the Supervisory Board and the key executive personnel remuneration includes short-term employee benefits, post-employment benefits, other long-term employee benefits and termination benefits paid, payable and potentially payable during the period.

	9 months ended 30 September 2006 (unaudited)	9 months Ended 30 September 2005 (unaudited)
The Management Board of the Parent Company *	11 758	19 300
The Supervisory Board of the Parent Company	536	635
Key Executive Personnel of the Parent Company **	13 779	14 825
Key Executive Personnel of subsidiaries ***	59 849	46 372
Total	85 922 =====	81 132 =====

* including compensation of former Board Members during the nine months period ended 30 September 2006 of PLN 1,036 thousand and during the nine months period ended 30 September 2005 of PLN 10 827 thousand

** During the nine months period ended 30 September 2006 27 persons performed duties as Key Executive Personnel and 39 persons performed duties as Key Executive Personnel during the nine month period ended 30 September 2005 (difference results from changes in the organizational structure of the Parent Company). The remuneration of key executive personnel of the Parent Company for the 9 month period ended 30 September 2006 accounted for PLN 19,323 thousand (in reference to comparable basis).

*** Management Board, Supervisory Board and Key Executive Personnel of Group Companies. Increase of compensation of Key Executive Personnel of subsidiaries in the period of nine months ended 30 September 2006 results from change in composition of the Group including acquisition of Unipetrol Group.

XIV. LOAN SECURITY, GUARANTEES AND COLLATERALS OF AT LEAST 10% OF THE COMPANY'S EQUITY GRANTED BY PARENT COMPANY OR ITS SUBSIDIARIES TO ONE ENTITY OR ITS SUBSIDIARY

Within the Group, in the period from 1 January to 30 September 2006 the Company and its subsidiaries did not grant loan security, or guarantees to another entity or its subsidiary, where the value of security or guarantee constituted at least 10% of the Company's equity.

In the period from 1 January to 30 September 2006 a collateral for BOP shares held by PKN Orlen of PLN 454 million (input into the collateral register held by appropriate registry court on 23 January 2004), provided by PKN ORLEN under the share pledge agreement of 19 December 2003, which secures Basell ORLEN Polyolefins Sp. z o.o. repayment of current and future claims to which the pledgee is entitled due to the financial collateral agreement concluded between entities financing BOP up to the highest securing amount of EUR 750 million, was still in force.

XV. SEASONAL OR CYCLICAL CHARACTER OF THE ISSUER'S OPERATIONS IN THE PRESENTED PERIOD

The PKN ORLEN Group does not report any material seasonal or cyclical character of its operations

XVI. SUPPLEMENTARY INFORMATION

1. Restructuring of the southern assets

The restructuring and consolidation project embraces the following companies:

- Rafineria Nafty Jedlicze S.A.
- Rafineria Trzebinia S.A.
- Orlen Oil Sp. z o.o.
- Paramo a.s., where Unipetrol a.s. is the majority shareholder.

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The objective of the project is to secure the value of assets engaged by PKN ORLEN S.A. by optimizing production structure in the above companies by matters of reorganization and restructuring of the possessed assets as well as combination of selected assets and capital consolidation of the companies. The project is also intended to protect assets of those companies against changes in the tax law, which may lead to discontinuation of crude oil processing in the southern Poland.

In July 2005 PKN ORLEN's Management Board approved a restructuring project for the southern assets designed by Investekspert which aims at:

- consolidation of activity related to oil and lubricant production in Orlen Oil Sp. z o.o.,
- targeted discontinuation of crude oil processing in the southern Poland and grouping assets relating to this activity within a separate business,
- buy-out of minority shareholders (provided that the transaction is economically efficient).

On 2 December 2005, pursuant to sale of shares agreement, PKN ORLEN purchased 3,360 shares in Orlen Oil Sp. z o.o., seated in Kraków, from Rafineria Czechowice S.A. In effect of the transaction PKN ORLEN has increased its stake in Orlen Oil from 47.21% to 51.69%.

Effective 1 January 2006, Rafineria Nafty Jedlicze S.A. has leased Oil and Lubricants production unit to Orlen Oil Sp. z o.o.

The business advisor for the restructuring and consolidation project submitted recommendations in respect of suggested action plan. In June 2006 the Management Board of PKN ORLEN S.A. has accepted the major assumptions of restructuring process:

- modernization of existing DRW installation (crude oil distillation unit) in Rafineria Nafty Jedlicze S.A. for the purposes of processing of own output crude;
- construction of organic solvent installation in Rafineria Nafty Jedlicze S.A. in case a rebate on supplies of local (Sanok region) crude oil is negotiated;
- continued specialization in BIO segment in Rafineria Trzebinia S.A.;
- restructuring of distribution system in Orlen Oil Sp. z o.o.

The sale process is also being carried out in respect of subsidiaries of Rafineria Nafty Jedlicze S.A. and Rafineria Trzebinia S.A. which operations were determined as non-core activity of those entities.

2. Polkomtel S.A.

On 10 March 2006 an agreement was concluded between KGHM Polska Miedź S.A., PKN ORLEN S.A., PSE S.A. and Węglokoks S.A. as buyers and TDC Mobile International A/S as a seller in respect of "Agreement on the approval of the offer and conditional sale of shares in Polkomtel S.A." ("The Agreement"). The conclusion of the above agreement was preceded by conclusion by KGHM Polska Miedź S.A., PKN ORLEN S.A., PSE S.A. and Węglokoks S.A. as shareholders of Polkomtel S.A. the "Shareholders Agreement regarding the purchase of shares in Polkomtel S.A. from TDC Mobile International A/S and taking joint measures to sell all shares owned in Polkomtel S.A.". The conclusion of the Agreement was performed in conjunction with the execution by KGHM Polska Miedź S.A., PKN ORLEN S.A., PSE S.A. and Węglokoks S.A. of the entitlement to acquire shares under the offer of TDC Mobile International A/S.

Pursuant to the Agreement, PKN ORLEN may acquire 980,486 shares in Polkomtel S.A., representing 4.78% of the share capital of Polkomtel S.A., for a purchase price not exceeding EUR 214.04 per share. In case KGHM Polska Miedź S.A., PKN ORLEN S.A., PSE S.A. and Węglokoks S.A. purchased the shares as a result of the Agreement, these parties, together with currently owned shares, would hold over 75% shares in Polkomtel S.A. After the transaction is settled, PKN ORLEN would hold 24.4% stake in the share capital of Polkomtel S.A.

The Agreement was concluded under a suspending clause regarding termination or abatement of the pledge in respect of shares under the Agreement, established by verdict of the District Court in Warsaw on 24 February 2006, or any other pledge (or similar measure) established by other judgmental body that would disallow sale of shares under the Agreement in Polkomtel S.A. by TDC Mobile International A/S.

TDC Mobile International filed a complaint against the decision of the District Court in Warsaw to the Court of Appeals in Warsaw. Similar complaints, accompanied by outside interventions, were filed also by the Polish shareholders of Polkomtel S.A.. On 10 July 2006 Vodafone Americas Inc. objected against joining by the Polish shareholders as outside interveners in the proceedings. In order to accelerate the proceedings Polish shareholders withdrew complaints and interventions on 23 August 2006. On 24 August 2006 the District Court decided to discontinue the proceedings started by cancelled complaints and interventions. As a result of complaint filed by TDC Mobile International A/S, the Court of Appeals in Warsaw changed the decision on 16 October 2006. The Court of Appeals stated that the execution of pledge depends on submission by Vodafone Americas Inc. a bail of Euro 43,000,000.

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On 10 March 2006 Vodafone Americas Inc. filed a law suit to International Court of Arbitration by Federal Chamber of Commerce in Vienna, against six legal entities defining TDC Mobile International A/S as a Principle Respondent, Polkomtel S.A. as a First Auxiliary Respondent and KGHM Polska Miedź S.A., PKN ORLEN S.A., PSE S.A. and Węglelokoks S.A. as Second to Fifth Auxiliary Respondents. In the above mentioned law suit Vodafone Americas Inc., among other things, questioned the method of calculation of the price offered by TDC International A/S to other shareholders. On 29 May 2006 TDC Mobile International A/S, KGHM Polska Miedź S.A., PKN ORLEN S.A., PSE S.A. and Węglelokoks S.A. filed a joint response to the law suit. Polkomtel S.A. filed its response to the law suit on 26 April 2006. The defendant appointed Mr. Krzysztof Zakrzewski as an arbitrator whereas the plaintiff appointed Mr. Siegfried Elsing. Both arbitrators accepted the nominations. The function of chairman arbitrator was taken by Mr. Michael Kutschera. Arbitrators issued so far 6 procedure-oriented rulings concerning further proceedings. Part of them related to motion for establishment of a pledge by the Tribunal of Arbitration filed by Vodafone Americas Inc. The maintenance of a motion by Vodafone Americas Inc. is conditional on the results of pledge imposed by the District Court in Warsaw. The exchange of letters did not change the statement of Vodafone Americas Inc., which – despite the fact, that the Appeal Court in Warsaw issued a sentence – did not withdraw its motion submitted to the Tribunal of Arbitration. The arbitrators shall issue a verdict probably in November, after getting acquainted with the written justification of a verdict of the Court of Appeals.

On 10 May 2006 the Ordinary General Meeting of Polkomtel S.A. was held. The shareholders decided to pay dividend from the retained net profits for the years preceding 2005 and the net profit of 2005. Total amount of dividend amounted to PLN 2,352,375 thousand (representing PLN 114.75 per share) and was paid to shareholders proportionally to their ownership of the share capital of Polkomtel S.A. The amount of the dividend attributable to PKN ORLEN S.A. amounted to PLN 461,269 thousand. The Ordinary General Meeting of Polkomtel S.A. has set the dividend date at 10 May 2006 whereas the dividend payment date was set at 17 July 2006. According to resolution of the Ordinary General Meeting, PKN ORLEN received a dividend of PLN 373,628,501.55 net.

Share of Polkomtel in the consolidated financial result of the Group in the nine-month period of 2006 amounted to PLN 164,075 thousand.

Share of Polkomtel in the consolidated financial result of the Group in the nine-month period of 2005 amounted to PLN 169,898 thousand.

3. Share purchase agreements of AB Mazeikiu Nafta

On 26 May 2006, PKN ORLEN, as the buyer, and Yukos International UK B.V., a private limited liability company seated in the Netherlands ("Yukos International"), as the seller, concluded a share sale and purchase agreement (the "Yukos Agreement") related to the purchase by PKN ORLEN of a 53.7022% stake in AB Mazeikiu Nafta, a public company with its seat in Lithuania ("Mazeikiu"). On 18 May 2006, PKN ORLEN unilaterally signed the Yukos Agreement and delivered it to the other party. Yukos International counter-signed the Yukos Agreement on 26 May 2006 after the New York Bankruptcy Court had revoked the temporary restraining order previously imposed on Yukos International with respect to selling any Mazeikiu shares.

In addition, on 19 May 2006 PKN ORLEN S.A. unilaterally signed and delivered the following documents to the Government of the Republic of Lithuania (the "GOL"): (a) a share sale and purchase agreement (the "GOL Agreement") related to purchase of an additional 30.6615% shares in Mazeikiu by PKN ORLEN from the GOL; and (b) a put option agreement related to the 10.0006% shares in Mazeikiu (the "Put Option Agreement") that would remain property of GOL subsequent to the sale of the 30.6615% stake to PKN ORLEN S.A. The GOL Agreement and the Put Option Agreement has been counter-signed by the GOL on 9 June 2006, upon approval of the Lithuanian Parliament.

3.1 Main provisions of share purchase agreements of AB Mazeikiu Nafta

Share purchase agreement with Yukos International UK B.V.

Pursuant to the Yukos Agreement, PKN ORLEN S.A. will purchase 379,918,411 ordinary shares in Mazeikiu, with a nominal value of 1 litas each, representing approximately 53.7022% of Mazeikiu's share capital, for the aggregate price of USD 1,492,000,000. The execution of the Yukos Agreement is subject to certain suspending clauses, i.e. (a) the receipt of all relevant consents, including in particular the European Commission's concentration clearance, and (b) the GOL's withdrawal from exercise of its right of first refusal with respect to the shares being purchased by PKN ORLEN from Yukos International. The agreement provided, that should any of the conditions precedent would not be fulfilled by 30 September 2006, each of the parties would be entitled to terminate the Yukos Agreement. However, each of the parties was entitled to claim for extension of the termination date to 31 March 2007 if the only condition not met by 30 September 2006 was the consent of the European Commission.

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Upon the acquisition of shares in Mazeikiu from Yukos International, PKN ORLEN S.A. will become a party to certain agreements related to the two previous privatizations of Mazeikiu conducted in 1999 and 2002, in particular, the 1999 and 2002 privatization agreements and the shareholders' agreement between the GOL and Yukos International. All agreements related to the previous privatizations of Mazeikiu, including both privatization agreements and the existing shareholders' agreement to be assigned to PKN ORLEN S.A. will be terminated immediately upon the closing of the transaction with Yukos International, and the parties thereto will be fully discharged from any and all liabilities under these agreements.

In the period between signing of the Yukos Agreement and the transaction closing date, Yukos International shall ensure that Mazeikiu and its subsidiaries conduct operations within the ordinary course of business and do not take any action which would materially adversely affect the parties' ability to accomplish the transaction.

Share purchase agreement with the Government of the Republic of Lithuania

Pursuant to the Agreement with the Government of the Republic of Lithuania, PKN ORLEN S.A. will purchase an additional 216,915,941 ordinary Mazeikiu shares with the nominal value of 1 litas each, representing approximately 30.6615% of Mazeikiu's share capital, for the aggregate price of USD 851,828,900.31. The execution of the GOL Agreement is subject to certain suspending clauses, i.e. (a) the acquisition by PKN ORLEN S.A. of 53.7022% of Mazeikiu's shares from Yukos International; and (b) the receipt of the European Commission's concentration clearance. The agreement provided, that should any of the conditions precedent would not be fulfilled by 30 September 2006, neither of the parties would be obliged to execute the GOL Agreement. However, both parties would remain bound by the GOL Agreement until 31 March 2007 if the only condition not met by 30 September 2006 would be the consent of the European Commission. On 29 September PKN ORLEN issued a letter to the Government of the Republic of Lithuania and informed about automatic prolongation of the agreement until 31 March 2007.

Furthermore, the existing shareholders' agreement will be replaced by the new shareholders' agreement between PKN ORLEN S.A. and the GOL as of the closing date of the transaction with Yukos International. Pursuant to the new shareholders' agreement, PKN ORLEN S.A. will maintain full operational control over Mazeikiu. The GOL will be entitled to appoint one of the nine members of Mazeikiu's Supervisory Board and one of the seven members of Mazeikiu's Management Board. In addition, the GOL will be entitled to request annulment of the resolutions of Mazeikiu's corporate authorities if such resolutions present a threat to the national security or the energy security policy of the Republic of Lithuania. The GOL would be entitled to request that PKN ORLEN S.A. sold all its shares in Mazeikiu in any of the following circumstances: (a) Mazeikiu incurs a loss in each of any five consecutive financial years; (b) Mazeikiu's assets with a value exceeding USD 200,000,000 are seized in connection with an enforcement proceedings following a final and non-appealable court decision; (c) over 50% of voting rights in PKN ORLEN S.A. are acquired by an entity that, in the GOL's reasonable opinion, presents a threat to the national security of the Republic of Lithuania. Every disposal of shares in Mazeikiu by PKN ORLEN S.A. and/or the GOL will be subject to the other party's right of first refusal. The new shareholders' agreement will expire upon the disposal by the GOL of any of its 70,750,000 shares in Mazeikiu.

Pursuant to the Put Option Agreement, the GOL will be entitled to sell to PKN ORLEN S.A. 70,750,000 ordinary Mazeikiu shares, with the nominal value of 1 litas each, representing approximately 10.0006% of Mazeikiu's share capital. The put option will remain in force in the period of five years upon the sale of the 30.6615% stake related to the GOL Agreement. The aggregate price for all shares under Put Option Agreement amounts to USD 277,835,250. However, should the GOL exercise the put option within the period of three years from the sale of the 30.6615% stake to S.A. ORLEN, the aggregate price for all shares under put option would amount to USD 284,450,375.

All transaction documents are governed by the English law.

3.2 Mandatory tender offering for the remaining shares

Upon the acquisition of Mazeikiu shares from Yukos International, PKN ORLEN S.A. will be obliged under the Lithuanian law to announce a mandatory tender offering for the remaining shares of Mazeikiu. ORLEN S.A. shall announce the tender within 30 days from the date of acquisition of the Mazeikiu shares from Yukos International. The price per share offered in the mandatory tender offering must not be lower than the highest price paid by ORLEN S.A. for the Mazeikiu shares during the 12-month period preceding the announcement of the tender offer.

3.3 The receipt of the European Commission's and other anti-trust bodies consents for the transaction

On 29 September 2006 PKN ORLEN filed official motion to the European Commission in order to obtain consent for concentration of PKN ORLEN Capital Group's and Mazeiku Nafta's assets as a result of share purchase agreement. The decision of the European Commission was expected in first half of November. As a result, on 30 September the agreement on prolongation of term of withdrawal from the agreement with Yukos until 31 December 2006, was

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signed. On 7 November 2006 PKN ORLEN S.A. obtained the European Commission's clearance for the acquisition of a controlling stake in AB Mazeikiu Nafta ("Mazeikiu"). For more information see regulatory announcement no 68/2006 dated 7 November 2006 in note VIII 19 of this report.

Based on the analyses of AB Mazeikiu Nafta export activities it was determined that precedent to execution of the Yukos Agreement, aside from European Commission's clearance, obtaining of relevant consent from the Ukrainian Anti-Trust Committee as well as consent of anti-trust bodies of United States of America is required. The same provisions of the Yukos Agreement apply to the above consents as to the European Commission's consent. The motion to the Ukrainian Anti-Trust Committee was filed on 16 August 2006. On 21 August 2006 the Ukrainian Anti-Trust Committee agreed on share purchase transaction for Mazeikiu Nafta. In case of USA, motions were filed by PKN ORLEN and Yukos on 15 September 2006. Before statutory deadline, on 25 September 2006, the U.S. Federal Trade Commission has concluded its review of the planned acquisition by PKN ORLEN of a control over Mazeikiu. Early termination of the required waiting period for the possible objections of the U.S. anti-trust authorities means the receipt of the clearance under the Hart Scott-Rodino Antitrust Improvements Act of 1976 for the purchase by PKN ORLEN S.A. of the controlling stake in Mazeikiu.

3.4 Significant events after signing the share purchase agreements of AB Mazeikiu Nafta

On 12 July 2006, the Government of the Republic of Lithuania irrevocably elected not to exercise its right of first refusal with respect to the 53.7022% shares in AB Mazeikiu Nafta, governed by the Yukos Agreement. The GOL also expressed its irrevocable consent for the transaction between Yukos and PKN ORLEN S.A.

At the end of July 2006 the crude oil deliveries to Mazeiku were stopped by Russian operator of crude oil pipeline system "Przyjazn". The interruption in deliveries was caused by the technical breakdown in section Unecha-Polotsk. Till now the crude oil deliveries to Mazeiku were not resumed through oil pipeline system "Przyjazn". At the same time the crude oil is continuously delivered by sea transport.

There was a fire accident in an oil refinery belonging to AB Mazeikiu Nafta on 12 October. The vacuum distillation unit was defected. Preliminary assessment of fire damages approximates between 22.5 and 47 million US dollars. Additionally, estimated decrease of net profit of Mazeikiu Nafta for 2006 would amount approximately USD 38 million (accordingly to press information published by AB Mazeikiu Nafta on 16 October 2006).

3.5 Planned financing of share purchase agreement of AB Mazeikiu Nafta

In order to finance share purchase agreement of AB Mazeikiu Nafta described above, PKN ORLEN SA plans, among other, to draw a credit facility denominated in EUR. Because the payment for shares of AB Mazeikiu Nafta will be made in USD, but financed by a credit denominated in EUR, PKN ORLEN SA concluded a series of currency FX forward transactions in August and September. As a result of the transactions, PKN ORLEN SA will sell certain amount of EUR, obtained in the credit facility, for a certain amount of USD, which will be used to pay for shares. The objective of FX forward transactions is fixing of EUR/USD exchange rate, which will enable making a payment for AB Mazeikiu Nafta shares for fixed, determined amount in EUR.

4. Competences allocation connected with changes in the Management Board of PKN ORLEN S.A.

Consequently to appointment of Mr Piotr Kownacki to the position of Vice-President of the Management Board of PKN ORLEN S.A. on 23 October 2006, the Management Board of PKN ORLEN S.A. made new allocation of competences between Board Members on 24 October 2006.

According to Board's decision, Mr Piotr Kownacki has a function of Vice-President of the Management Board for Audit and Regulations and is responsible for audit, alternative sources of energy, cooperation with the European Union and management of regulatory risk.

As at the date of these financial statements Management Board consists of 8 members. According to §9 paragraph 1 of Articles of Association Management Board may consist of five to nine Members

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XVII. OTHER

These condensed consolidated financial statements were authorized by the Management Board of the Parent Company in its seat on 7 November 2006.

SIGNATURES OF THE MANAGEMENT BOARD MEMBERS

.....
President
Igor Chalupec

.....
Vice-President
Cezary Filipowicz

.....
Vice-President
Wojciech Heydel

.....
Vice-President
Piotr Kownacki

.....
Vice-President
Jan Maciejewicz

.....
Vice-President
Cezary Smorszczewski

.....
Member of the Board
Krzysztof Szwedowski

.....
Member of the Board
Paweł Szymański

Płock, 7 November 2006