Summary of results

Refinery

- The increase of oil throughput by 30% led to a 15.8% increase of petrol sales, 74.9% increase of diesel oil sales and the coverage of increased demand for feedstock for pyrolysis.
- The decrease of the Ural-Brent differential (29%, y/y) affected the result negatively in the amount of (-) PLN 138 m (y/y)
- The increase of refinery margins did not balance growing petroleum prices – total effect: (-) PLN 69 m (y/y)
- The negative result of Unipetrol a.s. in the amount of (-) PLN 56 m as an effect of time transition in the price formula between the refinery part and the petrochemical part.

Petrochemicals

- Increase of ethylene production and propylene production by 82% and 59%, respectively (y/y), in PKN ORLEN S.A. as a result of start-up of new Olefin II installations – favourable impact on the result in the amount of approx. PLN 56 m (y/y).
- The decrease of margins on petrochemical products, which has continued since Q3 2005, affected the result negatively in the amount of PLN 130 m (y/y).
- High share of Unipetrol a.s. in the results of the petrochemical segment – PLN 135 m (43.5%).

Optimisation of costs

- First positive results of the new cost-saving program OPTIMA, amounting to PLN 54 m. The key area of savings is still the Refinery – PLN 20 m (y/y).

Summary

- PLN 984 m (EBITDA) vs. PLN 1,086 m in Q1 2005 – the worsening of macroeconomic factors was partly compensated with the consolidation of Unipetrol a.s. (PLN 68 m), the increase of olefin production and the further optimisation of costs within the entire ORLEN company.
- The implementation of M & A strategy is reflected by the increase of the net shareholder's equity debt to the safe level of 20%.
- Proposed payment of dividend in the amount of PLN 1,925 m

Key financial data

Q1/06	Q4/05	*q/q +/- (%)*	Q1/05	*y/y +/- (%)*	in million (PLN), unless otherwise stated	2006 incremental	2005 incremental	*y/y +/- (%)*
139	352	*-60,5*	552	*-74,8*	*Refinery*	139	552	*-74,8*
310	246	*26,0*	270	*14,8*	*Petrochemicals*	310	270	*14,8*
57	-		65	*-12,3*	*Chemicals*	57	65	*-12,3*
6	-15	*-140,0*	1	*-*	*Retail*	6	1	*-*
49	-108	*-*	44	*11,4*	*Other* [1]	49	44	*11,4*
-110	-75	*46,7*	-134	*-17,9*	*Not attributed* [2]	-110	-134	*-17,9*
451	400	*12,8*	798	*-43,5*	**EBIT**	451	798	*-43,5*
0	-258	*-100,0*	-1	*-*	*Non-recurrent events* [3]	0	-1	*-*
0	-24	*-100,0*	10	*-100,0*	*Refinery*	0	10	*-100,0*
0	-17	*-100,0*	0	*-*	*Petrochemicals*	0	0	*-*
0	-	*-*	0	*-*	*Chemicals*	0	0	*-*
0	-124	*-100,0*	-9	*-100,0*	*Retail*	0	-9	*-100,0*
0	-71	*-100,0*	-2	*-100,0*	*Other* [1]	0	-2	*-100,0*
0	-21	*-100,0*	0	*-100,0*	*Not attributed* [2]	0	0	*-100,0*
451	658	*-31,4*	799	*-43,6*	**Cleared EBIT**	451	799	*-43,6*
984	1 017	*-3,3*	1 086	*-9,4*	**EBITDA**	984	1 086	*-9,4*
984	1 275	*-23*	1 087	*-9,5*	**Cleared EBITDA** [3]	984	1087	*-9,5*
398	340	*17,0*	679	*-41,3*	**Net profit**	398	679	*-41,3*
365	314	*16,3*	668	*-45,3*	**Profit of parent company shareholders**	365	668	*-45,3*
365	523	*-30,2*	669	*-45,4*	**Cleared profit of parent company shareholders**	365	669	*-45,4*
-557	885	*-*	578	*-*	**Operating cash flow**	-557	578	*-*
6,2	5,9	*5,9*	18,1	*-65,6*	**ROACE (%)** [4]	6,2	18,1	*-65,6*
19,7	16,7	*17,6*	2,5	*687,4*	**Shareholder's equity net debt ratio (%)** [5]	19,7	2,5	*687,4*
0,85	0,73	*16,3*	1,56	*-45,3*	**EPS**	0,85	1,56	*-45,3*
0,85	1,22	*-30,2*	1,56	*-45,4*	**Cleared EPS**	0,85	1,56	*-45,4*
4,50	2,13	*111,3%*	2,13	*111,3%*	**Dividend per share** [6]	4,50	2,13	*111,3*

1) Entities responsible for utilities, social welfare activity and service companies of PKN ORLEN S.A.
2) Includes PKN Corporate Centre and companies not listed in previous segments
3) Non-recurrent events: provisions for business risk, restructuring, remediation etc.
4) ROACE = operating profit after tax / average exposed capital (shareholder's equity + net debt)
5) Calculated for average amounts of balance-sheet items
6) Proposal for the General Shareholders' Meeting for the year 2005

Macroeconomic factors:

Q1/06	Q4/05	*q/q +/- (%)*	Q1/05	*y/y +/- (%)*		2006 incremental	2005 incremental	*y/y +/- (%)*
2,56	5,2	*-50,8*	3,52	*-27,3*	**Average refinery margin (1) (USD/bbl)**	2,56	3,52	*-27,3*
3,59	3,63	*-1,1*	5,06	*-29,1*	**Ural/Brent differential (USD/bbl)**	3,59	5,06	*-29,1*
61,79	56,91	*8,6*	47,65	*29,7*	**Average Brent oil price (USD/bbl)**	61,79	47,65	*29,7*
3,1875	3,2901	*-3,1*	3,0716	*3,8*	**Average PLN/USD exchange rate (2)**	3,1875	3,0716	*3,8*
3,8344	3,9131	*-2,0*	4,0287	*-4,8*	**Average PLN/EUR rate (2)**	3,8344	4,0287	*-4,8*
490,53	545,92	*-10,1*	610,2	*-19,6*	**Average margin on ethylene (USD/t)**	490,53	610,2	*-19,6*
484,09	529,59	*-8,6*	540,33	*-10,4*	**Average margin on propylene (USD/t)**	484,09	540,33	*-10,4*

1) Calculated on the basis of the algorithm: Products (88.36%) vs. Brent Dtd (100%).
Products include: Petrols (25.21%), Diesel Oil (23.20%), Petroleum (16.51%), Light Heating Oil (15.31%), Heavy Heating Oil (5.44%) and Jet (2.69%)
2) Source: NBP

Financial Data by Area of Activity (Segment)

Market Overview

In the 1st quarter of 2006, the average price of commodity Brent oil was USD 61.79/bbl, having gone up by USD 14.14/bbl (29.7%) year on year. This rise in oil prices went hand in hand with the decrease of the URAL/Brent differential by 29.1%, i.e. from USD 5.06/bbl in Q1 2005 to USD 3.59 USD/bbl in Q1 2006. In Q1 2006, the average commodity price of petrols was USD 575.55/t, which is a USD 129.01/t, or 28.9%, increase over Q1 2005. In the same period, a significant rise was recorded in the commodity prices of diesel oil, Ekoterm and JET A-1 fuel - by USD 100.22/t, USD 114.31/t and USD 127.38/t, respectively (or by 21.0%, 25.9% and 26.1%). In Q1 2006, the commodity crack margins increased substantially for petrols, light heating oil and JET A-1 fuel, by 26.7%, 10.1% and 16.8%, respectively, as compared to Q1 2005. The decrease in margins was reported for diesel oil (by 5.0%).

The 1st quarter of 2006 was another period in which a substantial decrease of margins on main petrochemical products was recorded in comparison with the analogous period of 2005. Commodity margins for benzene, ethylene, propylene, glycols and phenol dropped by 46.2%, 19.6%, 10.4%, 94.3% and 27.0%, respectively, during Q1 2006.

The Euro exchange rate decreased against the Polish currency by 4.8% (falling from PLN 4.03 /EUR in Q1 2005 to PLN 3.83/EUR in Q1 2006) and the U.S. dollar exchange rate slightly increased by 3.8% (rising from PLN 3.07/USD in Q1 2005 to PLN 3.19/USD in Q1 2006).

According to the estimated data, the domestic consumption of fuels (petrols, diesel oil) rose by approximately 268,000 tons (by 11.7%) in Q1 2006 year on year, as a result of the large growth of demand for diesel oil by approx. 289,000 tons (by 20.8%). The consumption of petrols dropped by 21,000 tons (by 2.4%).

In Q1 2006 there was an acceleration of growth of Polish economy. According to IBnGR (The Gdansk Institute for Market Economics), the gross national product in Q1 2006 rose by 4.7%, i.e. more than during Q4 2005 (4.2%) and substantially more than in Q1 2005 (2.1%). IBnGR also reports the dynamic growth of investment outlays in Q1 2006; their rate of growth is estimated at 11.9% in reference to the 1st quarter of 2005. Based on the GUS (Central Statistics Office) data, in Q1 2006 consumer prices were the same as in Q4 2005. In the 1st quarter of 2005, prices rose by 0.3% as compared to Q4 2004. Consumer prices in Q1 2006 were 0.6% higher than in the analogous quarter of 2005. The unemployment rate at the end of Q1 2006 was 17.8%, whereas at the end of the 1st quarter of 2005 it was 19.2%.

Refinery (Production + Wholesale)

Refinery (Production + Wholesale)	3 months ended 31 March 2006 (unaudited data)		3 months ended 31 March 2005 (unaudited data)		% change 3 months	
Results according to IFRS (International Financial Reporting Standards)	**PLN '000**	**USD '000**	**PLN '000**	**USD '000**	**PLN '000**	**USD '000**
Revenue, including:	**9 036 766**	**2 835 064**	**4 837 928**	**1 575 051**	**86.8%**	**80.0%**
Third-party sales	5 141 877	1 613 138	2 989 564	973 292	72.0%	65.7%
Intra-company sales*	3 894 889	1 221 926	1 848 364	601 759	110.7%	103.1%
Segment's costs	**-8 900 339**	**-2 792 263**	**-4 295 280**	**-1 398 385**	**107.2%**	**99.7%**
Other operating income	35 475	11 129	37 850	12 323	-6.3%	-9.7%
Other operating expenses	-32 460	-10 184	-28 782	-9 370	12.8%	8.7%
Segment's result**	**139 442**	**43 747**	**551 716**	**179 618**	**-74.7%**	**-75.6%**
Third-party sales (thousand tons)	2 650		1 960		35.2%	

**) The revenue includes the following transfers to retail: 3 months 2006 – PLN 968,863 thousand, 3 months 2005 – PLN 708,490 thousand.*
***)The segment's operating result, net of the costs not attributed to any of the segments (applicable to the entire Group).*

The segment's revenues expanded by 86.8%. The growth of the segment's revenues is a result of favourable changes with respect to commodity prices for fuels and high dynamics of product sales. In the 1st quarter of 2006, the biggest sales increase was recorded for diesel oil – by PLN 1,116,552 thousand (by 108.1%), Eurosuper 95 petrol – by PLN 304,496 thousand (by 48.6%) and light heating oil – by PLN 239,982 thousand (by 33.5%). It must be stressed that, when comparing the 1st quarters of 2006 and 2005, the rise in the volume of third-party sales by 72.0% was accompanied by a 35.2% growth of volume sales. In Q1 2006 the volume sales of diesel oil and Eurosuper 95 petrol rose by 74.9% and 13.0%, respectively, in comparison with the analogous quarter of 2005. In the same period, growth was also reported for liquid gas, the sales of which rose by 22.4% (9,000 tons) in Q1 2006 in comparison with Q1 2005. The high dynamics of diesel oil wholesale was caused by weather conditions. The low temperature prevailing in Q1 2006 aroused the interest in high-quality fuel produced by PKN ORLEN S.A. The increase in value and quantity of sales results also from the disclosure of results of Unipetrol a.s. capital group in Q1 2006.

In Q1 2006, costs of this segment rose by 107.2% due to the high level of petroleum prices (increase by 29.7%). The results of the segment were also affected negatively by the drop of the quoted URAL/Brent oil differential level by 29.1% to USD 3.59/bbl, which reduced the result by PLN 138 m.

In Q1 2006, the implementation of the OPTIMA Programme yielded PLN 20,321 thousand in savings for the segment, i.e. 21% of the potential assumed for the year 2006.

As a result of the above factors, the segment's result for Q1 2006 reached PLN 139,442 thousand, whereas in the analogous period of 2005 it was PLN 551,716 thousand. This result was influenced mainly by PKN ORLEN S.A., which generated PLN 183,747 thousand in Q1 2006 (PLN 544,533 thousand in Q1 2005). At the same time, the segment's result for Q1 2006 was affected negatively by the loss incurred by Unipetrol a.s. and Rafineria Nafty Jedlicze S.A. in the amount of PLN 55,777 thousand and PLN 7,292 thousand, respectively.

In comparison with Q1 2005, Q1 2006 saw the increase of outlays for fixed assets and intangible assets by PLN 3,651 thousand.

Refinery (Retail)

Refinery (Retail)	3 months ended 31 March 2006 (unaudited data)		3 months ended 31 March 2005 (unaudited data)		% change 3 months	
Results according to IFRS (International Financial Reporting Standards	PLN '000	USD '000	PLN '000	USD '000	PLN '000	USD '000
Revenue, including:	**3 116 215**	**977 636**	**2 588 471**	**842 711**	**20.4%**	**16.0%**
Third-party sales	3 106 297	974 525	2 579 238	839 705	20.4%	16.1%
Intra-company sales*	9 918	3 112	9 233	3 006	7.4%	3.5%
Segment's costs	**-3 142 945**	**-986 022**	**-2 594 859**	**-844 791**	**21.1%**	**16.7%**
Other operating income	42 843	13 441	27 058	8 809	58.3%	52.6%
Other operating expenses	-9 693	-3 041	-19 413	-6 320	-50.1%	-51.9%
Segment's result*	**6 420**	**2 014**	**1 257**	**409**	**410.7%**	**392.4%**
Third-party sales (thousand tons)	916		746		22.8%	

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

In Q1 2006, the segment's revenue increased by PLN 527,744 thousand (20.4%) over Q1 2005, while costs increased by PLN 548,086 thousand (21.1%). The growth of revenue of the segment was also accompanied by a rise in volume sales by 170 thousand tons, i.e. by 22.8%, mainly due to the remarkable increase of diesel oil sales by 37.3% and Eurosuper 95 petrol by 11.5%. It must be stressed that the sales increase is also a result of the disclosure of results of Unipetrol a.s. capital group in Q1 2006; the third-party sales of this group totalled PLN 187,629 thousand (87 thousand tons). Favourable trends were reported with regard to revenue from sales of materials, the value of which went up by PLN 125,506 thousand. PKN ORLEN's German operations attributable to this segment brought a loss of PLN 4,425 thousand in Q1 2006 (as compared to a loss of PLN 35,955 thousand in Q1 2005). The negative operating result was also recorded by Unipetrol a.s. capital group, whose loss in this segment reached PLN 8,217 thousand. In PKN ORLEN S.A., the result of this segment in Q1 2006 was PLN 14,910 thousand (profit of PLN 40,416 thousand in Q1 2005). The decrease of the result in PKN ORLEN S.A. is a consequence of the decrease of unit margins for fuels in Q1 2006 in comparison with Q1 2005 and the decrease of volume sales of petrols. The estimated negative effect of unit margins on the operating result in PKN ORLEN S.A. reached the level of PLN (-) 20 million. The first quarter of 2006 saw favourable trends with regard to margins on non-fuel goods and services, which rose by 13.0% during that period.

As a result of the influence of the above factors, the segment's profit totalled PLN 6,420 thousand in Q1 2006, whereas in Q1 2005 the Group achieved a profit of PLN 1,257 thousand.

The implementation of the OPTIMA Programme yielded PLN 4,383 thousand in savings for the segment in Q1 2006, which constitutes 7% of the potential assumed for the year 2006.

In comparison with Q1 2005, Q1 2006 saw the decrease of outlays for fixed assets and intangible assets by PLN 25,977 thousand.

Petrochemicals

Petrochemicals	3 months ended 31 March 2006 (unaudited data)		3 months ended 31 March 2005 (unaudited data)		% change 3 months	
Results according to IFRS (International Financial Reporting Standards)	PLN '000	USD '000	PLN '000	PLN '000	USD '000	PLN '000
Revenue, including:	**3 000 199**	**941 239**	**1 116 179**	**363 387**	**168.8%**	**159.0%**
Third-party sales	1 956 231	613 720	668 718	217 710	192.5%	181.9%
Intra-company sales*	1 014 400	318 243	421 246	137 142	140.8%	132.1%
Settlement value of hedging transactions	29 568	9 276	26 215	8 535	12.8%	8.7%
Segment's costs	**-2 701 157**	**-847 422**	**-845 667**	**-275 318**	**219.4%**	**207.8%**
Other operating income	33 257	10 434	1 015	330	3176.6%	3061.8%
Other operating expenses	-22 141	-6 946	-1 242	-404	1682.7%	1619.3%
Segment's result*	**310 158**	**97 304**	**270 285**	**87 995**	**14.8%**	**10.6%**
Third-party sales (thousand tons)	710		247		187.4%	

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

From the 1st quarter of 2006, the Chemical segment is divided into two areas of operation: Petrochemicals and Chemicals. The new Petrochemicals section includes the activity of the following companies attributable to it: PKN ORLEN S.A., Chemopetrol a.s. and Kaucuk a.s. (subsidiaries of Unipetrol a.s.), ORLEN PetroZachód sp. z o.o., ORLEN PetroProfit sp. z o.o. and Basell Orlen Polyolefins Sp. z o.o.

During the 1st quarter of 2006, the segment's revenues were higher by PLN 1,884,020 thousand (by 168.8%), and third-party volume sales rose by 187.4%. In Q1 2006, thanks to the consolidation of Unipetrol a.s. capital group, the modernisation of the Olefin II installation in PKN ORLEN S.A. and the start-up of new polyethylene and propylene installations in Basell Orlen Polyolefins Sp. z o.o., the volume sales of main products of the segment increased, incl. for polyethylene – by 463.6%, polypropylene – by 359.4%, ethylene – by 201.3%, benzene – by 100.2%. The decrease of sales of ethylene oxide and orthoxylene in Q1 2006 is a consequence of the emergency shutdowns of main customers during this period and the resulting smaller demand for these products.

In Q1 2006, the segment's result was PLN 310,158 thousand, whereas in Q1 2005 it reached PLN 270,285 thousand. This level of results was caused by the disclosure of the profit of Unipetrol a.s. capital group (amounting to PLN 134,665 thousand) in Q1 2006. Very good results in this segment were generated by Chemopetrol a.s. as a result of the time transition in the price formula between the refinery part and the petrochemical part of Unipetrol a.s. capital group. After deduction of results of this company, the segment's profit in Q1 2006 would reach PLN 175,493 thousand, i.e. 35.10% below the amount from Q1 2005. Worse results in this segment were generated by PKN ORLEN S.A., as a result of a slump on the petrochemicals market. The estimated impact of changes of petrochemical margins amounted to PLN (-) 130 m. Due to the unplanned shutdowns of production installations in Basell Orlen Polyolefins Sp. z o.o., the results of the company worsened. The operating profit of BOP decreased by PLN 8,074 thousand in comparison with Q1 2005.

In comparison with Q1 2005, Q1 2006 saw the decrease of outlays for fixed assets and intangible assets by PLN 77,369 thousand.

Chemicals

Chemicals	3 months ended 31 March 2006 (unaudited data)		3 months ended 31 March 2005 (unaudited data)		% change 3 months	
Results according to IFRS (International Financial Reporting Standards	PLN '000	USD '000	PLN '000	PLN '000	USD '000	PLN '000
Revenue, including:	**848 454**	**266 182**	**378 762**	**123 311**	**124.0%**	**115.9%**
Third-party sales	846 157	265 461	378 762	123 311	123.4%	115.3%
Intra-company sales*	2 297	721	0	0	-	-
Segment's costs	**-786 710**	**-246 811**	**-313 870**	**-102 185**	**150.6%**	**141.5%**
Other operating income	7 845	2 461	1 837	598	327.1%	311.5%
Other operating expenses	-12 614	-3 957	-1 410	-459	794.6%	762.1%
Segment's result*	**56 975**	**17 875**	**65 319**	**21 265**	**-12.8%**	**-15.9%**
Third-party sales (thousand tons)	566		304		86.2%	

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

From the 1st quarter of 2006, the Chemical segment is divided into two areas of operation: Petrochemicals and Chemicals. The new Chemicals segment includes the activity of the following companies: Zakłady Azotowe "Anwil" S.A., Spolana a.s. and Unipetrol Trade a.s. (subsidiaries of Unipetrol a.s.), ORLEN PetroProfit Sp. z o.o. (part attributable to this area).

In Q1 2006, mainly thanks to the consolidation of Unipetrol a.s. capital group, the volume sales of main products of the segment increased, incl. for polyvinyl chloride – by 104.3%, for soda lye – by 166.3% and ammonium nitrate – by 15.6%. The disclosure of results of Unipetrol a.s. capital group in 2006 had a favourable impact on the segment's result, which amounts to PLN 6,424 thousand.

The downward trend of commodity margins on chemical products, limitations in the supply of natural gas as well as the persistent severe winter limiting the demand for PVC were reflected by the dynamics of results of the key company in this segment – Anwil S.A. In Q1 2006 the operating result of the company decreased by PLN 16,462 thousand, i.e. by 25.2%, in comparison with the 1st quarter of 2005. The estimated impact of changes in prices of products and feedstocks amounts to PLN (-) 27 m, whereas the impact of the increase in volume sales amounts to PLN (+) 10 m.

The implementation of the OPTIMA Programme yielded PLN 12,650 thousand in savings for the segment in Q1 2006, which constitutes 22% of the potential assumed for the year 2006.

Due to the above factors, the segment's result was PLN 56,975 thousand, whereas in Q1 2005 it reached PLN 65,319 thousand. In comparison with Q1 2005, Q1 2006 saw the increase of outlays for fixed assets and intangible assets by PLN 21,481 thousand.

Other Activities

Other Activities	3 months ended 31 March 2006 (unaudited data)		3 months ended 31 March 2005 (unaudited data)		% change 3 months	
Results according to IFRS (International Financial Reporting Standards	**PLN '000**	**USD '000**	**PLN '000**	**PLN '000**	**USD '000**	**PLN '000**
Revenue, including:	**510 349**	**160 109**	**372 076**	**121 134**	**37.2%**	**32.2%**
Third-party sales	250 519	78 594	163 411	53 201	53.3%	47.7%
Intra-company sales*	259 830	81 515	208 665	67 934	24.5%	20.0%
Segment's costs	**-458 204**	**-143 750**	**-327 523**	**-106 629**	**39.9%**	**34.8%**
Other operating income	8 796	2 760	9 095	2 961	-3.3%	-6.8%
Other operating expenses	-12 042	-3 778	-9 652	-3 142	24.8%	20.2%
Segment's result*	**48 899**	**15 341**	**43 996**	**14 323**	**11.1%**	**7.1%**
Third-party sales (thousand tons)	25		51		-51.0%	

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

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

In Q1 2006, the segment achieved a profit of PLN 48,899 thousand. For comparison, the profit earned in Q1 2005 was PLN 43,996 thousand. The biggest growth in this area was recorded certainly by PKN ORLEN S.A., whose profit rose by PLN 14,719 thousand in comparison with Q1 2005. The part of activities of Unipetrol a.s. capital group attributable to this segment brought a loss of PLN 9,095 thousand in Q1 2006.

The implementation of the OPTIMA Programme yielded PLN 17,098 thousand in savings for the segment in Q1 2006, which constitutes 28% of the potential assumed for the year 2006.

In comparison with Q1 2005, Q1 2006 saw the increase of outlays for fixed assets and intangible assets by PLN 10,329 thousand.

Financial Review

Profit and Loss Account

The gross profit on sales for Q1 2006 totalled PLN 1,303,134 thousand, which means a PLN 168,556 thousand (11.5%) decrease in comparison with the result reported for Q1 2005. Total sales revenues rose by PLN 4,524,741 thousand (66.5%), with a simultaneous increase of costs of primary operating activities by PLN 4,897,103 thousand (81.3%). In Q1 2006, there was a year-on-year increase in the Group's third-party sales in all segments: Refinery (Production + Wholesale), which rose by PLN 2,152,313 thousand (72.0%), in Refinery (Retail), where third-party sales was higher by PLN 527,059 thousand (20.4%), in Petrochemicals where third-party sales expanded by PLN 1,287,513 thousand (192.5%), in Chemicals, which rose by PLN 467,395 thousand (123.4%) and in Other Activities, which rose by PLN 87,108 thousand (53.3%). The rise in the value of third-party sales was accompanied by an increase in volume sales by 35.2%, 22.8%, 187.4% and 86.2%, respectively, and by a 51.0% decrease in other activities.

In Q1 2006, costs of sale rose by PLN 156,387 thousand (32.0%) relative to Q1 2005, and totalled PLN 645,803 thousand. In the same period, general administrative expenses increased by PLN 47,419 thousand (23.9%) relative to Q1 2005, and reached the level of PLN 246,190 thousand. The increase in both kinds of costs was influenced by the consolidation of the Unipetrol a.s. capital group, where costs of sale and general administrative expenses in Q1 2006 totalled PLN 124,957 thousand and PLN 51,473 thousand, respectively.

Other operating costs increased by PLN 54,069 thousand, whereas other operating revenues rose by PLN 30,193 thousand. The profit on other operating activities in Q1 2006 amounted to PLN 38,326 thousand; for comparison, the profit in Q1 2005 reached PLN 14,450 thousand. The amount of profit in this segment was largely influenced by the liquidation of provisions in Q1 2006, including the provision for business risk in ORLEN Deutschland in the amount of PLN 5,101 thousand.

In Q1 2006, the value of EBITDA was PLN 983,696 thousand, which means a decrease by PLN 102,394 thousand in comparison with Q1 2005. The operating profit (EBIT) for Q1 2006 was PLN 450,747 thousand and was lower than the figure for Q1 2005 by PLN 347,206 thousand.

Financial income in Q1 2006 totalled PLN 146,982 thousand, having risen by PLN 100,803 thousand in comparison with the Q1 2005 figure. The Group also reported a PLN 94,194 thousand increase in financial expenses towards the Q1 2005 figure. Consequently, the loss in this segment totalled PLN 21,263 thousand in Q1 2006, whereas in the analogous period of 2005 the Group recorded a loss of PLN 27,872 thousand. The decrease of the loss for this segment was influenced mainly by the foreign exchange rate. In Q1 2006 a strong appreciation of PLN occurred, which resulted in a high level of positive exchange differences and, consequently, a considerable increase of financial income.

The share of entities evaluated with the equity method in the financial result amounted to PLN 46,752 thousand in Q1 2006, relative to PLN 50,690 thousand in Q1 2005.

The amount of income tax in Q1 2006 was PLN 78,083 thousand, which means a decrease by PLN 64,154 thousand year on year.

The above factors produced a net profit of PLN 398,153 thousand for Q1 2006, which constitutes a PLN 280,381 thousand decrease towards the profit for Q1 2005.

Balance-Sheet

As at the end of the 1st quarter of 2006, total assets amounted to PLN 33,808,525 thousand, which is a 1.2% increase towards 31 December 2005. The value of fixed assets rose by PLN 25,727 thousand (0.1%) in relation to their value as at 31 December 2005, and amounted to PLN 20,911,259 thousand, mainly due to the growth of tangible financial assets by PLN 25,543 thousand in relation to their value as at 31 December 2005. As at the end of Q1 2006, the value of current assets grew from PLN 12,518,779 thousand (as at 31 December 2005) to PLN 12,897,266 thousand, mainly due to an increase in inventories, trade debtors and other receivables by PLN 284,710 thousand and PLN 474,472 thousand, respectively. Concurrently, the value of cash dropped by PLN 359,462 thousand. Compared to the end of 2005, the working capital (current assets less current liabilities) increased from PLN 3,981,310 thousand to PLN 4,504,504 thousand.

At the end of Q1 2006, total shareholders' equity stood at PLN 19,909,073 thousand, which means an increase by PLN 596,084 thousand (3.1%) in relation to the end of 2005, mainly due to an increase in retained profits by PLN 372,559 thousand and exchange differences from the recalculation of subordinated entities by PLN 140,543 thousand. Long-term liabilities amounted to PLN 5,506,690 thousand and dropped by PLN 47,163 thousand in comparison with the end of 2005, mainly due to a decrease in provision for deferred income tax (by PLN 75,588 thousand). Short-term liabilities decreased from PLN 8,537,469 thousand as at 31 December 2005 to PLN 8,392,762 thousand as at 31 March 2006. With regard to short-term liabilities, there has been a significant decrease of trade creditors, other liabilities and accrued expense (by PLN 894,741 thousand) and an increase of credits and loans payable (by PLN 782,270 thousand). The Group's total debt (loans, borrowings and securities) reached PLN 5,325,797 thousand as at 31 March 2006, which means an increase by PLN 809,000 thousand as compared with the end of 2005.

Cash Flow

The Q1 2006 net operating cash flow stood at PLN (-) 557,195 thousand, having dropped by PLN 1,135,149 thousand relative to the analogous quarter of 2005. This decrease is attributable mainly to unfavourable trends with respect to liabilities and accrued expense (decrease by PLN 500,365 thousand in Q1 2006, against a PLN 804,384 thousand increase in Q1 2005) and receivables (increase by PLN 649,274 thousand in Q1 2006, against a PLN 363,987 thousand increase in Q1 2005). The decrease of operating cash was also a result of the drop of net profit by PLN 280,381 thousand in Q1 2006. On the other hand, operating cash flow was affected favourably by trends with regard to inventories (in Q1 2006 the increase of stock resulted in a decrease of cash by PLN 235,175 thousand, as compared to PLN 855,093 thousand in Q1 2005).

In Q1 2006, the net cash flow from investments totalled PLN (-) 403,529 thousand, which means a PLN 388,711 thousand decrease towards Q1 2005. The level of investment cash flow in Q1 2006 was influenced by expenses for the purchase of tangible fixed assets in the amount of PLN (-) 521,502 thousand, whereas in the analogous quarter of 2005 they amounted to PLN (-) 386,729 thousand. In Q1 2006, expenses were also incurred in the amount of PLN (-) 44,711 thousand for the purchase of short-term securities, whereas in Q1 2005 this item reached PLN (-) 39,629 thousand. The said investment cash flow was partly balanced by income from the sale of shares (PLN 76,772 thousand), tangible fixed assets (PLN 77,213 thousand) and the sale of short-term securities

(PLN 30,120 thousand), whereas in Q1 2005 these items amounted to PLN 364,000 thousand, PLN 4,230 thousand and PLN 388,185 thousand, respectively.

In Q1 2006, the amount of net financing cash flow reached PLN 601,234 thousand, whereas in the analogous period of 2005 it totalled PLN 138,835 thousand. The higher result for this item in 2006 results from the increase of the balance in respect of the contracting and repayment of loans and borrowings from PLN 170,436 thousand in Q1 2005 to PLN 655,089 thousand in Q1 2006.

As a result of the above cash flows, the amount of cash as at 31 March 2006 was PLN 767,341 thousand, which means a decrease by PLN 669,925 thousand as compared to the end of March 2005.

APPENDIX I

PKN ORLEN S.A.
SUMMARY CONSOLIDATED PROFIT AND LOSS ACCOUNTS
for the period of 3 months
ended 31 March 2006 and 31 March 2005
(PLN'000)

ITEM	3 months ended 31 March 2006 (unaudited data)	3 months ended 31 March 2005 (unaudited data)	% change 3 months
Sales of products	10 807 098	6 880 177	57.1%
Excise tax and other charges	-2 763 643	-2 309 324	19.7%
Net revenue on sales of products	**8 043 455**	**4 570 853**	**76.0%**
Sales of goods and materials	3 442 692	2 269 315	51.7%
Excise tax and other charges	-155 498	-34 260	353.9%
Net revenue of sales of goods and materials	**3 287 194**	**2 235 055**	**47.1%**
Total sales revenues	**11 330 649**	**6 805 908**	**66.5%**
Cost of manufacturing of products sold	-7 142 471	-3 136 697	127.7%
Value of goods and materials sold	-2 885 044	-2 197 521	31.3%
Gross profit on sales	**1 303 134**	**1 471 690**	**-11.5%**
Costs of sale	-645 803	-489 416	32.0%
General administrative expenses	-246 190	-198 771	23.9%
Other operating income	132 740	78 671	68.7%
Other operating expenses	-94 414	-64 221	47.0%
Profit on disposal of all or part of equity interests of subordinated entities	1 280		
Operating profit	**450 747**	**797 953**	**-43.5%**
Financial income	146 982	46 179	218.3%
Financial expenses	-168 245	-74 051	127.2%
Net financial income and expenses	**-21 263**	**-27 872**	**-23.7%**
Share in financial result of entities evaluated with equity method*	46 752	50 690	-7.8%
Profit before tax	**476 236**	**820 771**	**-42.0%**
Corporate income tax	-78 083	-142 237	-45.1%
Net profit	**398 153**	**678 534**	**-41.3%**
including:			
Profit attributable to minority interest	33 176	11 007	201.4%
Profit attributable to parent company shareholders	**364 977**	**667 527**	**-45.3%**

*) including: the share of Polkomtel S.A. – PLN 47,289 thousand in Q1 2006 and PLN 50,907 thousand in Q1 2005

APPENDIX II

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

ITEM	31 March 2006 (unaudited data)	31 March 2005 (unaudited data)	% change
ASSETS			
Fixed assets			
Property, plant and equipment (tangible fixed assets)	18 475 702	18 510 754	-0.2%
Goodwill	17 630	17 630	0.0%
Intangible assets	610 229	610 984	-0.1%
Financial assets	576 527	550 984	4.6%
Shares and equity interests in entities consolidated with equity method	1 029 982	1 025 077	0.5%
Loans granted	8 322	7 145	16.5%
Deferred tax assets	72 705	62 131	17.0%
Property investments	29 267	11 557	153.2%
Perpetual usufruct right	75 312	76 172	-1.1%
Other fixed assets	15 583	13 098	19.0%
Total fixed assets	**20 911 259**	**20 885 532**	**0.1%**
Current assets			
Stocks	6 397 947	6 113 237	4.7%
Trade debtors and other receivables	5 252 110	4 777 638	9.9%
Income tax receivable	34 189	49 567	-31.0%
Short-term securities	131 206	104 938	25.0%
Prepayments	176 745	145 853	21.2%
Cash and cash equivalents	767 341	1 126 803	-31.9%
Other financial assets	74 763	111 899	-33.2%
Assets classified as appropriated for sale	**62 965**	**88 844**	**-29.1%**
Total current assets	**12 897 266**	**12 518 779**	**3.0%**
Total assets	**33 808 525**	**33 404 311**	**1.2%**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholder's equity			
Initial capital	534 636	534 636	0.0%
Initial capital revaluation adjustment*	522 999	522 999	0.0%
Initial capital	**1 057 635**	**1 057 635**	0.0%
Share premium	1 058 450	1 058 450	0.0%
Share premium revaluation adjustment	168 803	168 803	0.0%
Share premium spare capital	**1 227 253**	**1 227 253**	**0.0%**
Hedging accounting capital	38 548	60 075	-35.8%
Currency-translation differences on subsidiary entities	-15 471	-156 014	-90.1%
Retained profits, including:	14 880 121	14 507 562	2.6%
net profit of parent company shareholders from the current year	364 977	4 585 132	-92.0%
undistributed result from previous years due to changes of accountancy rules	0	1 741 958	-100.0%
Shareholders' equity (attributable to shareholders of parent company)	**17 188 086**	**16 696 511**	**2.9%**
Minority interests	2 720 987	2 616 478	4.0%
Total shareholders' equity	**19 909 073**	**19 312 989**	**3.1%**
Long-term liabilities			
Loans and borrowings	3 432 708	3 405 978	0.8%
Provisions	957 474	956 991	0.1%
Deferred income tax provisions	944 571	1 020 159	-7.4%
Other long-term liabilities	171 937	170 725	0.7%
Total long-term liabilities	**5 506 690**	**5 553 853**	**-0.8%**

Short-term liabilities			
Trade liabilities, other liabilities and accrued expenses	5 789 309	6 684 050	-13.4%
Provisions	636 327	683 273	-6.9%
Corporate income tax payable	42 308	35 711	18.5%
Loans and borrowings	1 893 089	1 110 819	70.4%
Deferred income	20 160	19 265	4.6%
Other financial liabilities	11 569	4 351	165.9%
Total short-term liabilities	**8 392 762**	**8 537 469**	**-1.7%**
Total shareholders' equity and liabilities	**33 808 525**	**33 404 311**	**1.2%**

*) share capital was revaluated according to International Financial Reporting Standards 29

ATTACHMENT III

PKN ORLEN S.A.
SUMMARY CONSOLIDATED CASH FLOW STATEMENTS
for the period of 3 months
ended 31 March 2006 and 31 March 2005
(PLN '000)

ITEM	3 months ended 31 March 2006 (unaudited data)	3 months ended 31 March 2005 (unaudited data)	% change 3 months
Operating cash flow			
Net profit	**398 153**	**678 534**	**-280 381**
Total adjustments:			
Share in financial profit of entities evaluated with equity method	-46 752	-50 690	3 938
Depreciation and amortisation	532 949	288 137	244 812
Net dividends and interest	63 643	-183	63 826
Corporate income tax on profit before tax	78 083	142 237	-64 154
Profit (loss) on investment activities	-43 812	-15 079	-28 733
Decrease / (increase) in receivables	-649 274	-363 987	-285 287
Decrease / (increase) in stocks	-235 175	-855 093	619 918
Decrease / increase in liabilities and accrued expenses	-500 365	804 384	-1 304 749
Decrease / increase in provisions	-44 528	12 981	-57 509
Other adjustments	42 571	37 222	5 349
Corporate income tax paid	-152 688	-100 509	-52 179
Net operating cash flow	**-557 195**	**577 954**	**-1 135 149**
Investment cash flow			
Acquisition of property, plant and equipment and intangible assets	-521 502	-386 729	-134 773
Gain on disposal of property, plant and equipment	77 213	4 230	72 983
Gain on disposal of shares	76 772	364	76 408
Acquisition of shares and interests	-24 036	-1 611	-22 425
Acquisition of short-term securities	-44 711	-39 629	-5 082
Gain on disposal of short-term securities	30 210	388 185	-357 975
Dividends and interest received	3 026	19 815	-16 789
Loans (granted)/repaid	2 822	842	1 980
Other adjustments	-3 323	-285	-3 038
Net investment cash flow	**-403 529**	**-14 818**	**-388 711**
Financing cash flow			
Gain on long- and short-term loans and borrowings*	3 719 714	263 091	3 456 623
Repayment of long- and short-term loans and borrowings	-3 064 625	-92 655	-2 971 970
Interest paid	-47 135	-23 269	-23 866
Other adjustments	-6 720	-8 332	1 612
Net financing cash inflow/(outflow)	**601 234**	**138 835**	**462 399**
Change in net cash	**-359 490**	**701 971**	**-1 061 461**
Foreign exchange gains/losses	28	5 792	-5 764
Cash at beginning of period	**1 126 803**	**729 503**	**397 300**
Cash at end of period, including:	**767 341**	**1 437 266**	**-669 925**
Restricted cash	103 090	262 583	-159 493

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

APPENDIX IV

PKN ORLEN S.A.
KEY CONSOLIDATED FINANCIAL DATA
BY BUSINESS SEGMENT
for the period of 3 months
ended 31 March 2006 and 31 March 2005
(PLN '000)

ITEM	3 months ended 31 March 2006 (unaudited data)	3 months ended 31 March 2005 (unaudited data)	% change 3 months
REVENUE ON THIRD-PARTY SALES[1]			
Refinery (production + wholesale)	5 141 877	2 989 564	72.0%
Refinery (retail)	3 106 297	2 579 238	20.4%
Petrochemicals	1 956 231	668 718	192.5%
Chemicals	846 157	378 762	123.4%
Other activities	250 519	163 411	53.3%
TOTAL	**11 301 081**	**6 779 693**	**66.7%**
FINANCIAL RESULT[2]			
Refinery (production + wholesale)	139 442	551 716	-74.7%
Refinery (retail)	6 420	1 257	-
Petrochemicals	310 158	270 285	14.8%
Chemicals	56 975	65 319	-12.8%
Other activities	48 899	43 996	11.1%
Exclusions	-4 878	-325	-
Total of non-attributed items	-106 269	-134 295	-20.9%
TOTAL	**450 747**	**797 953**	**-43.5%**
EXPENDITURE ON FIXED ASSETS			
Refinery (production + wholesale)	78 536	74 885	4.9%
Refinery (retail)	56 322	82 299	-31.6%
Petrochemicals	54 166	131 535	-58.8%
Chemicals	43 722	22 241	96.6%
Other activities	31 585	21 256	48.6%
Total of non-attributed items	8 392	2 258	271.7%
TOTAL	**272 723**	**334 474**	**-18.5%**
DEPRECIATION AND AMORTISATION			
Refinery (production + wholesale)	155 639	147 821	5.3%
Refinery (retail)	70 290	50 219	40.0%
Petrochemicals	201 082	21 514	834.7%
Chemicals	48 370	24 501	97.4%
Other activities	50 335	36 436	38.1%
Total of non-attributed items	7 233	7 646	-5.4%
TOTAL	**532 949**	**288 137**	**85.0%**

1. *Revenue on sales to third parties represents exclusively sales to third parties outside of the PKN ORLEN Group.*
2. *The financial result comprises revenue on sales to third parties and transfer to other segments.*

APPENDIX V

PKN ORLEN S.A.
KEY CONSOLIDATED OPERATING DATA
for the period of 3 months
ended 31 March 2006 and 31 March 2005
(in tons)

ITEM	3 months ended 31 March 2006 (unaudited data)	3 months ended 31 March 2005 (unaudited data)	% change 3 months
CRUDE OIL THROUGHPUT ('000 tons)	**4 109**	**3 162**	**29.9%**
REFINERY OUTPUT			
Petrols	786 186	699 487	12.4%
Diesel oils	1 150 325	842 116	36.6%
Heating oil III	261 544	148 907	75.6%
Ekoterm	437 498	457 853	-4.4%
Jet A-1	96 558	87 752	10.0%
LPG	85 955	58 486	47.0%
Other refining products	269 562	222 402	21.2%
TOTAL	**3 087 628**	**2 517 003**	**22.7%**
SALES OF REFINING PRODUCTS			
Petrols	993 957	872 611	13.9%
Diesel oils	1 412 443	868 667	62.6%
Heating oil III	209 309	109 556	91.1%
Ekoterm	495 860	484 962	2.2%
Jet A-1	94 838	84 796	11.8%
LPG	91 174	70 042	30.2%
Other refining products	261 339	215 193	21.4%
TOTAL	**3 558 920**	**2 705 827**	**31.5%**
CHEMICALS OUTPUT			
Polyethylene	123 800	18 638	564.2%
Polypropylene	91 623	18 765	388.3%
Ethylene	146 761	23 279	530.4%
Glycols	29 873	28 933	3.2%
Propylene	112 590	38 818	190.0%
Ammonium nitrate	131 530	133 324	-1.3%
CANWIL	106 196	106 392	-0.2%
Polyvinyl chloride (PVC)	90 697	51 837	75.0%
Other petrochemical products	602 091	169 497	255.2%
TOTAL	**1 435 161**	**589 483**	**143.5%**
SALES OF CHEMICAL PRODUCTS			
Polyethylene	109 830	18 395	497.1%
Polypropylene	85 981	18 620	361.8%
Ethylene	65 902	21 871	201.3%
Glycols	29 452	29 674	-0.7%
Propylene	61 932	38 539	60.7%
Ammonium nitrate	150 804	130 469	15.6%
CANWIL	108 869	91 987	18.4%
Polyvinyl chloride	93 037	45 541	104.3%
Other petrochemical products	568 038	155 673	264.9%
TOTAL	**1 273 845**	**550 769**	**131.3%**

APPENDIX VI

PKN ORLEN S.A.
SALES OF KEY PRODUCTS
for the period of 3 months
ended 31 March 2006 and 31 March 2005
(in tons)

Sale of light products in PKN ORLEN S.A. Group (by volume)	3 months ended 31 March 2006 (unaudited data)	3 months ended 31 March 2005 (unaudited data)	% change 3 months
Wholesale of key light products, including:	**2 172 874**	**1 635 484**	**32.9**
- Petrol	513 303	443 267	15.8
- Diesel oil	1 022 365	584 543	74.9
- Jet A-1	94 838	84 796	11.8
- Ekoterm	495 858	484 886	2.3
- LPG	46 510	37 992	22.4
Retail sales of engine fuels, including:	**915 398**	**745 594**	**22.8**
- Petrol	480 654	429 344	12.0
- Diesel oil	390 078	284 124	37.3
- Ekoterm	2	76	-97.4
- LPG	44 664	32 050	39.4
Total sales of fuels, including:	**3 088 272**	**2 381 078**	**29.7**
- Engine fuels	2 497 574	1 811 320	37.9

APPENDIX VII

The Management Board of Polski Koncern Naftowy ORLEN S.A. ("PKN ORLEN") can now outline the impact of the LIFO method of valuation of inventories on the unconsolidated financial results of PKN ORLEN, and also the consolidated financial results of the PKN ORLEN Capital Group for the 1st quarter of 2006.
The Company's estimates of gross and net income (after deferred taxation), assuming LIFO valuation of inventories (excluding LIFO effect in Unipetrol a.s.) for PKN ORLEN and for PKN ORLEN Capital Group under International Accounting Standards are as follows (PLN '000s):

	Q1 2006 assuming method of inventory valuation according to the weighted average manufacturing cost or purchase price	Q1 2006 assuming LIFO valuation of inventories	Q1 2005 assuming method of inventory valuation according to the weighted average manufacturing cost or purchase price	Q1 2005 assuming LIFO valuation of inventories
Unconsolidated gross profit	304 018	145 381	705 921	430 395
Unconsolidated net profit	247 847	119 351	573 793	350 617
Consolidated gross profit	476 236	297 191	820 771	545 960
Consolidated net profit	398 153	254 332	678 534	455 937

PKN ORLEN and the PKN ORLEN Capital Group apply a method of inventory valuation based on the weighted average manufacturing cost or purchase price. Such a valuation method causes a delay in transferring the effects of oil price increases or decreases to the prices of the final products. The results achieved by PKN and the Capital Group are, therefore, positively affected when crude oil prices increase and negatively affected when oil prices decrease. The application of the LIFO method to inventory valuation causes current production to be valued on the basis of the current price of purchased crude oil. In light of the above, increasing crude oil prices have a negative effect, and falling crude oil prices have a positive effect on the results in comparison to the case when the weighted average method is applied. These trends are obviously most apparent when crude oil prices show significant movements. In Q1 2006 the increase of crude throughput oil price was clearly slower than in Q1 2005. The increase in the quantity of oil inventory was clearly lower, too. Therefore, the negative adjustment of the result due to LIFO valuation in 2006 is clearly smaller than in 2005.
The assumptions used for the above LIFO estimates are the same as those used for previously published LIFO estimates. These assumptions were published in the current report no 29, dated 21st May 2001.

Legal basis*:

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