

Q2 2007 Results of the PKN ORLEN Group in accordance with IFRS

Performance – General Overview

Refining and Retail

- The consolidation of Mazeikiu Refinery contributed to the increase in crude oil throughput by 39.6% and in the sales volume: by 36.4% for gasoline and by 27.4% for diesel fuel.
- Decrease in the Ural/Brent differential from USD 4.83 per barrel to USD 3.87 per barrel caused a (-)PLN 75m year-on-year drop in EBIT.
- Lower refining margins (cracks) on diesel fuel, Ekoterm and Jet fuel were partially offset by a higher margin on gasoline – the total effect of margins on the Parent Company's EBIT was PLN 21m.
- Appreciation of PLN against USD caused a (-)PLN 114m drop in the Parent Company's EBIT.
- Higher (by 18%) fuel retail volumes at the Parent Company improved the operating result by PLN 40m, whereas a drop in retail margins on gasoline and LPG reduced EBIT by PLN 8m.
- The Unipetrol Group reported good performance by the Refining and Retail (PLN 92m), while Mazeikiu Refinery's EBIT has gradually been improving (an operating profit of PLN 79m in Q2 2007 against an operating loss of PLN 262m in Q1 2007).

Petrochemicals and Chemicals

- The situation in agriculture (strong demand on the fertilisers market) and continuing demand for granulates and polyvinyl chloride contributing to relatively high prices of these products had a favourable effect on the performance of the Anwil S.A. Group (PLN 69m in Q2 2007 compared with PLN 41m in Q2 2006).
- High volume of polyolefin sales, reaching 209 thousand tonnes in Q2 2007, had a favourable effect on the performance of the Unipetrol Group in the Petrochemicals (PLN 143m) and of Basell ORLEN Polyolefins (PLN 46m).

General

- EBIDTA of PLN 1,874m in Q2 2007 against PLN 1,644m in Q2 2006, despite a weaker macroeconomic environment in the refining segment.
- Implementation of the M&A strategy brought about an increase in the net debt to equity ratio from 18.4% in Q2 2006 to 37.9% in Q2 2007 (average values).
- Implementation of the OPTIMA savings programme (in place since 2006) yielded tangible cost efficiencies of PLN 133m, with the largest savings of PLN 63m and PLN 37m achieved in the Refining and Retail, respectively.
- The Parent Company's fixed costs moved down by 1.4% in Q2 2007 over Q2 2006.

Financial Highlights

Q2/07	Q1/07	q/q +/- (%)	Q2/06	y/y +/- (%)	PLN million, unless stated otherwise	2007	2006	y/y +/- (%)
836	14	5 871,4	905	-7,6	Refining	851	1 011	-15,8
349	370	-5,7	223	56,5	Petrochemicals	718	538	33,5
69	83	-16,9	34	102,9	Chemicals	151	86	75,6
186	108	72,2	76	144,7	Retail	294	83	254,2
-1	-64	-98,4	8	-112,5	Other ¹	-65	56	-216,1
-147	-136	8,1	-67	119,4	Unallocated ²	-283	-177	59,9
1 292	375	244,5	1 179	9,6	EBIT	1 666	1 597	4,3
0	-75	-	0	-	Non-recurring events ³	-75	0	-
0	-63	-	0	-	Refining	-63	0	-
0	0	-	0	-	Petrochemicals	0	0	-
0	0	-	0	-	Chemicals	0	0	-
0	0	-	0	-	Retail	0	0	-
0	-1	-	0	-	Other ¹	-1	0	-
0	-11	-	0	-	Unallocated ²	-11	0	-
1 292	450	187,1	1 179	9,6	Clean EBIT ³	1 741	1 597	9,0
1 874	995	88,4	1 644	14,0	EBITDA	2 867	2 628	9,1
1 874	1 070	75	1 644	14,0	Clean EBITDA ³	2 942	2 628	12,0
1 189	140	749,3	943	26,1	Net profit	1 329	1 316	1,0
1 110	49	2165,3	870	27,6	Profit attributable to equity holders of the parent	1 159	1 218	-4,8
1 110	113	882,3	870	27,6	Clean profit attributable to equity holders of the parent ³	1 223	1 218	0,4
1 314	594	121,1	1 684	-22,0	Net cash provided by (used in) operating activities	1 909	1 127	69,4
13,8	4,0	245,0	15,8	-12,7	ROACE (%) ⁴	9,0	11,1	-18,9
37,9	39,2	-3,3	18,4	106,0	Net debt to equity ratio (%) ⁵	36,3	15,9	128,3
2,60	0,12	2156,1	2,03	27,6	EPS	2,71	2,85	-4,8
2,60	0,26	883,5	2,03	27,6	Clean EPS	2,86	2,85	0,4
0,00	0,00	-	0,00	-	Dividend per share	0,00	0,00	-

1) PKN ORLEN's companies responsible for utilities, employee-related services and maintenance.

2) Includes the PKN Corporate Centre and companies not included in the segments specified above.

3) Non-recurring events: provision for general economic risk and revaluation of the Mazeikiu Group's non-current assets

4) ROACE = operating profit after tax / average capital employed (equity + net debt).

5) Calculated based on the average values of the balance-sheet items.

Macroeconomic Factors

Q2/07	Q1/07	q/q +/- (%)	Q2/06	y/y +/- (%)		2007	2006	y/y +/- (%)
8,03	4,99	60,9	5,65	42,1	Average refining margin ¹ (USD/bbl)	6,48	4,07	59,2
3,87	3,38	14,5	4,83	-19,9	Ural/Brent differential (USD/bbl)	3,62	4,21	-14,0
68,76	57,79	19,0	69,60	-1,2	Average price of Brent crude (USD/bbl)	63,22	65,66	-3,7
2,82	2,97	-5,1	3,14	-10,2	Average PLN/USD exchange rate ²	2,90	3,16	-8,2
3,80	3,89	-2,3	3,95	-3,8	Average PLN/EUR exchange rate ²	3,85	3,89	-1,0
684,57	692,15	-1,1	566,03	20,9	Average margin on ethylene (USD/t)	688,36	528,28	30,3
629,98	645,01	-2,3	513,55	22,7	Average margin on propylene (USD/t)	637,49	498,82	27,8

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

Products include: gasoline (25.21%), diesel fuel (23.20%), naphta (16.51%), light fuel oil (15.31%), heavy fuel oil (5.44%) and Jet (2.69%).

(Source: CIF NWE quotations, except for HSFO FOB ARA).

2) Source: National Bank of Poland.

Segment Information

Market Overview

In Q2 2007, the average price of crude oil stood at USD 68.76 per barrel and was lower by USD 0.84 per barrel (or 1.2%) year on year. The decline in crude oil prices went hand in hand with a reduction of the URAL/Brent differential by 20.0%, from USD 4.83 per barrel in Q2 2006 to USD 3.87 per barrel in Q2 2007. In Q2 2007, the average commodity price of gasoline was USD 755.66 per tonne and was higher by USD 32.30 per tonne (or 4.5%) on Q2 2006. Downward trends were seen in the prices of diesel fuel, Ekoterm and JET A-1 fuel, which declined by 3.4%, 3.8% and 2.5% to USD 632.93 per tonne, USD 604.78 per tonne, USD 674.41 per tonne, respectively.

The crack margins on gasoline went up by 18.7%, to USD 235.72 per tonne. In Q2 2007, year-on-year falls were recorded in margins on diesel fuel (13.3% drop to USD 113.0 per tonne), Ekoterm (18.0% drop to USD 84.85 per tonne), and JET A-1 fuel (7.6% drop to USD 154.47 per tonne). Q2 2007 saw increases in crack margins on benzene (64.3%), ethylene (20.9%), propylene (22.7%), phenol (31.0%), butadiene (46.7%), acetone (27.1%), paraxylene (23.8%) and ortoxylylene (43.3%). A negative margin of USD -107.99 per tonne was recorded on glycol (relative to USD -101.9 per tonne in Q2 2006).

As far as the exchange rates are concerned, in Q2 2007 the euro and the dollar weakened by 3.8% (from 3.95 PLN/EUR in Q2 2006 to 3.80 PLN/EUR in Q2 2007) and by 10.2% (from 3.14 PLN/USD in Q2 2006 to 2.82 PLN/USD in Q2 2007), respectively.

According to estimates by Nafta Polska S.A. and Agencja Rynku Energii S.A., the domestic consumption of fuels (including gasoline, diesel fuel and light fuel oil) grew by approximately 63 thousand tonnes (or 1.8%) in Q2 2007 compared with Q2 2006, and reached 3,539 thousand tonnes. In the period under review, the consumption of gasoline increased to 1,033 thousand tonnes (or by 3.4%), and of diesel fuel to 2,255 thousand tonnes (or by 6.9%). A significant decrease was recorded in the consumption of light fuel oil, down by 117 thousand tonnes (or 31.8%) in Q2 2007 compared with the corresponding period of the previous year.

According to the Gdańsk Institute for Market Economics (IBnGR), for the first time in the last two years Poland's economic growth rate recorded in the second quarter of the year was slower than in the first quarter. This, however, cannot be interpreted as an end of favourable economic conditions. IBnGR estimates the GDP growth rate in Q2 2007 at 5.8% year on year. Taking into account factors of seasonal nature, the GDP grew by 1.4% relative to the previous quarter. The key driver of the economic growth in Q2 2007 was invariably domestic demand (growth rate of 7.5% as estimated by IBnGR).

In Q1 2007, consumer prices grew by 2.2% over the end of 2006, while in Q1 2006 consumer prices increased by 1.0% compared with the end of 2005. According to IBnGR, the average Q2 growth rate of consumer prices was 2.4%.

The strong economic growth over the last few quarters contributed to further improvement in the situation on the labour market. At the end of Q2 2007, the unemployment rate stood at 12.4%, and was 2 pps and 3.6 pps lower relative to the end of Q1 2007 and Q2 2006, respectively.

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Refining (Production and Wholesale)

Refining (Production and Wholesale)	6 months ended June 30 2007		3 months ended June 30 2007		6 months ended June 30 2006		3 months ended June 30 2006		% change 6 months		% change 3 months	
	PLN '000	USD '000	PLN '000	USD '000	PLN '000	USD '000	PLN '000	USD '000	PLN '000	USD '000	PLN '000	USD '000
Results according to IFRS												
Revenue, including:	23,632,877	8,162,215	13,148,384	4,660,069	18,470,517	5,838,449	10,023,884	3,194,151	27.9%	39.8%	31.2%	45.9%
Sales to third parties	15,293,317	5,281,936	8,630,931	3,058,987	11,936,788	3,773,166	6,794,912	2,165,226	28.1%	40.0%	27.0%	41.3%
Intra-company sales	8,339,560	2,880,279	4,517,453	1,601,082	6,533,729	2,065,283	3,228,972	1,028,925	27.6%	39.5%	39.9%	55.6%
Segment's costs	-22,727,405	-7,849,487	-12,293,912	-4,357,226	-17,460,431	-5,519,165	-9,116,864	-2,905,125	30.2%	42.2%	34.8%	50.0%
Other operating income	98,671	34,079	44,054	15,614	65,910	20,834	30,435	9,698	49.7%	63.6%	44.7%	61.0%
Other operating expenses	-153,563	-53,037	-62,293	-22,078	-65,217	-20,615	-32,757	-10,438	135.5%	157.3%	90.2%	111.5%
Segment's profit/loss*	850,580	293,769	836,233	296,379	1,010,779	319,503	904,698	288,286	-15.8%	-8.1%	-7.6%	2.8%
Sales to third parties (thousand tonnes)	8,939		4,831		6,326		3,676		41.3%		31.4%	

*) The segment's operating profit/loss, net of the costs not allocated to any of the segments, incurred at the Group level.

The major companies of the Refining segment are: PKN ORLEN S.A., Rafineria Trzebinia S.A., Rafineria Nafty Jedlicze S.A., the wholesale business of the Regional Market Operators (ORLEN PetroCentrum Sp. z o.o., ORLEN Morena Sp. z o.o., ORLEN PetroProfit Sp. z o.o., ORLEN PetroTank Sp. z o.o., ORLEN PetroZachód Sp. z o.o.), ORLEN Petrogaz Płock Sp. z o.o., ORLEN Asphalt Sp. z o.o., ORLEN Oil Sp. z o.o., and the companies belonging to the Unipetrol Group of the Czech Republic: Paramo a.s., Unipetrol Rafinerie a.s., and Ceska Rafinerska a.s. Beginning from Q1 2007, the production and wholesale operations of the Mazeikiu Group have also been included in the segment.

In Q2 2007, the segment's revenue grew by 31.2% year on year. The main driver behind this growth were larger sales volumes of the segment's core products: the sales of diesel fuel went up by 452.4 thousand tonnes (29.4%) in volume terms and PLN 757,894 thousand (25.2%) in value terms, and the total sales of gasoline grew by 450.5 thousand tonnes (63.3%) in volume terms and PLN 896.4 thousand (54.2%) in value terms. Higher sales of gasoline and diesel fuel at PKN ORLEN S.A. were mainly attributable to higher annual contracts concluded with key customers, winning new network and key customers, and the first-time consolidation of the Mazeikiu Refinery. In addition, higher sales of diesel fuel were driven by sales to the Lotos Group and Shell effected by the buyers to replenish their mandatory reserves, and by fuels swaps with Slovnaft. LPG sales improved by 69.6 thousand tonnes (99.5%) after Orlen Gaz Sp. z o.o. took over a part of the market from competitors, selling LPG imported from the Mazeikiu Refinery. The increase in bitumen sales (by 9.1 thousand tonnes, or 3.2%) results from the first-time consolidation of the Mazeikiu Refinery. In the quarter under review, the domestic market demonstrated lower demand for road bitumens, primarily due to the lack of new projects. On the other hand, higher sales of fuel oil III in Q2 2007 were mainly due to new environmental protection regulations (effective as of January 2007) providing for the possibility of using fuel oils with the sulphur content over 1% and the inclusion of the Mazeikiu Refinery companies in consolidation as of the beginning of 2007. In addition to the change in environmental protection regulations, higher sales of fuel oil III were also driven by the absence of planned collection of vacuum residue by Orlen Asphalt. Another negative factor was a low hydrogen supply which led to an earlier overhaul shutdown of that unit, originally scheduled for September (lower output of the HOG unit results in higher content of heavy vacuum distillates, and as their

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collection by Orlen Asphalt Sp. z o.o. is limited, they must be used for production of fuel oil III). In Q2 2007, the Ekoterm light fuel oil and base oils were the only products whose sales volumes continued to decline, decreasing by 96.9 thousand tonnes (or 31.9%) and 7.2 thousand tonnes (or 31.3%). The lower sales of light fuel oil are due to the use of oil stocked up before the heating season by customers buying this product.

In Q2 2007, the segment's costs increased by 34.8%, which followed mainly from higher sales by the Group companies and the first-time consolidation of the Mazeikiu Group companies. The latter increased the Group's costs by PLN 3,442m.

The operating result of PLN 836.2m versus PLN 904.7m in Q2 2006 was mainly affected by a 20.3% decrease of the segment's EBIT (lower by PLN 148.2m). On the other hand, the consolidation of the Mazeikiu Refinery companies as of 2007 improved the segment's operating result by PLN 79.1m. The Q2 2007 operating result was negatively affected by the macroeconomic factors. The quarter saw a decrease in margin on refinery products (diesel fuel, Ekoterm, and Jet fuel) and an increase in margins on gasoline and fuel oil III. The total effect of the margins on the operating result of the Parent Company was PLN 21m and was achieved only thanks to the higher margins on gasoline. Another factor with a significant bearing on the Q2 2007 result was the over 10% appreciation of the zloty against the dollar which reduced the sector's EBIT by (-) PLN 114m. The same effect on the result had a decrease in the Ural/Brent differential, which drew the Parent Company's EBIT down by (-) PLN 75m.

In Q2 2007, the companies of the Unipetrol Group contributed PLN 95m to the segment's result, which represents a PLN 5.7m decrease year on year.

In Q2 2007, the implementation of the OPTIMA Programme generated savings of PLN 63,271 thousand for the segment.

In Q2 2007, the expenditure on property, plant and equipment and intangible assets grew by PLN 271,571 thousand relative to Q2 2006. Expenditure incurred by the Mazeikiu Refinery in Q2 2007 and allocated to the segment amounted to PLN 218,767 thousand.

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Refining (Retail)

Refining (Retail)	6 months ended June 30 2007		3 months ended June 30 2007		6 months ended June 30 2006		3 months ended June 30 2006		% change 6 months		% change 3 months	
Results according to IFRS	PLN '000	USD '000	PLN '000	USD '000	PLN '000	USD '000	PLN '000	USD '000	PLN '000	USD '000	PLN '000	USD '000
Revenue, including:	7,629,212	2,634,942	4,205,888	1,490,657	6,917,333	2,186,538	3,801,117	1,211,241	10.3%	20.5%	10.6%	23.1%
Sales to third parties	7,615,595	2,630,239	4,199,086	1,488,246	6,897,269	2,180,196	3,790,971	1,208,008	10.4%	20.6%	10.8%	23.2%
Intra-company sales	13,617	4,703	6,802	2,411	20,064	6,342	10,146	3,233	-32.1%	-25.8%	-33.0%	-25.4%
Segment's costs	-7,329,632	-2,531,475	-4,013,293	-1,422,397	-6,894,143	-2,179,208	-3,751,197	-1,195,334	6.3%	16.2%	7.0%	19.0%
Other operating income	45,212	15,615	6,925	2,454	81,877	25,881	39,033	12,438	-44.8%	-39.7%	-82.3%	-80.3%
Other operating expenses	-50,521	-17,449	-13,562	-4,807	-22,502	-7,113	-12,808	-4,081	124.5%	145.3%	5.9%	17.8%
Segment's profit/loss*	294,271	101,634	185,958	65,907	82,565	26,098	76,145	24,264	256.4%	289.4%	144.2%	171.6%
Sales to third parties (thousand tonnes)	2,167		1,114		1,931		1,014		12.2%		9.9%	

*) The segment's operating profit/loss, net of the costs not allocated to any of the segments, incurred at the Group level

The operations of the following companies were classified as belonging to the retail segment: PKN ORLEN S.A., ORLEN Deutschland GmbH, ORLEN PetroProfit Sp. z o.o., ORLEN PetroCentrum Sp. z o.o., ORLEN PetroZachód Sp. z o.o. and Benzina a.s. of the Czech Unipetrol Group. Beginning from Q1 2007, the retail operations of the Mazeikiu Group have also been included in the segment.

In Q2 2007, the segment's revenue increased by PLN 404,771 thousand, or 10.6%, year on year. The growth in revenue was driven by significantly higher sales volumes, which increased by 99 thousand tonnes, or 9.8%. In Q2 2007, sales of diesel fuel, 20.4% higher compared with Q2 2006, accounted for a very large share of retail sales. The higher sales volume of diesel fuel was accompanied by higher sales revenue (up by PLN 105,290 thousand). Sales of gasoline, both in volume and in value terms, remained stable relative to Q2 2006 (a drop by 0.5% to 517 thousand tonnes and an increase by 0.1% to PLN 2,103 thousand respectively). Favourable trends were also seen in the sales volume of LPG: LPG sales rose by 25.4% to 67 thousand tonnes in volume terms, and by PLN 34,260 thousand in value terms. The favourable LPG sales trends were driven by market developments connected with the increasing number of LPG-fuelled cars and a higher number of LPG units available at service stations. The segment's sales volume growth in Q2 2007 was driven by very strong product sales at the Parent Company (up by 18.2%) and at Benzina (up by 20.6%), achieved mainly due to the implementation of the new market strategy, rebranding and strengthening of the brand image. Also ORLEN Deutschland, in spite of the negative trends in sales of fuels seen this year on the German market, recorded a strong sales growth of 5.8% resulting from incorporation in its network of 30 service stations acquired from BP.

The segment's operating profit for Q2 2007 reached PLN 185,958 thousand, against PLN 76,145 thousand in Q2 2006. In Q2 2007, the Parent Company's profit in the segment amounted to PLN 176m, compared with PLN 61m in Q2 2006. The higher volume of the Parent Company's retail sales of engine fuels contributed PLN 40m to the growth of its EBIT, whereas increase in sales of non-fuel goods and services increased its operating profit by PLN 14m. However, in Q2 2007, the retail margins on gasoline and LPG dropped year on year, by 2.8% and 18.8%, respectively, whereas the margins on diesel fuel went up only slightly (by 0.1%). Overall, the trends in retail margins led to a PLN 8m decline in the Parent Company's EBIT.

The savings achieved by the segment thanks to the OPTIMA Programme in Q2 2007 amounted to PLN 36,951 thousand.

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In Q2 2007, expenditure on property, plant and equipment and intangible assets increased year on year by PLN 10,717 thousand, to PLN 91,305 thousand. Expenditure incurred by the Mazeikiu Refinery in Q2 2007 and allocated to the segment amounted to PLN 959 thousand.

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Petrochemicals

Petrochemicals	6 months ended June 30 2007		3 months ended June 30 2007		6 months ended June 30 2006		3 months ended June 30 2006		% change 6 months		% change 3 months	
	PLN '000	USD '000	PLN '000	USD '000	PLN '000	USD '000	PLN '000	USD '000	PLN '000	USD '000	PLN '000	USD '000
Results according to IFRS												
Revenue, including:	6,873,926	2,374,085	3,560,323	1,261,855	6,185,550	1,955,225	2,998,246	955,403	11.1%	21.4%	18.7%	32.1%
Sales to third parties	4,878,082	1,684,770	2,526,262	895,361	4,348,129	1,374,424	2,101,141	669,537	12.2%	22.6%	20.2%	33.7%
Intra-company sales	1,995,844	689,315	1,034,061	366,493	1,837,421	580,801	897,105	285,866	8.6%	18.7%	15.3%	28.2%
Segment's costs	-6,030,639	-2,082,834	-3,153,015	-1,117,496	-5,648,704	-1,785,530	-2,772,456	-883,454	6.8%	16.7%	13.7%	26.5%
Other operating income	28,886	9,977	15,329	5,433	45,636	14,425	12,098	3,855	-36.7%	-30.8%	26.7%	40.9%
Other operating expenses	-153,918	-53,159	-73,962	-26,214	-44,275	-13,995	-14,987	-4,776	247.6%	279.8%	393.5%	448.9%
Segment's profit/loss*	718,255	248,068	348,675	123,578	538,207	170,125	222,901	71,028	33.5%	45.8%	56.4%	74.0%
Sales to third parties (thousand tonnes)	1,555		790		1,425		632		9.1%		25.0%	

*) The segment's operating profit/loss, net of the costs not allocated to any of the segments, incurred at the Group level

Starting from 2006, the Petrochemicals segment has been divided into two areas of operations: Petrochemicals and Chemicals. The new Petrochemicals segment comprises petrochemical operations of the following companies: PKN ORLEN S.A., Etylobenzen Sp. z o.o., Chemopetrol a.s., Kaucuk a.s. and Unipetrol Trade a.s. (subsidiaries of Unipetrol a.s.), the petrochemicals business of ORLEN PetroZachód Sp. z o.o., and Basell Orlen Polyolefins Sp. z o.o.

Over Q2 2007, the segment's revenue grew by PLN 562,077 thousand (18.7%) in comparison with the corresponding period of 2006. The increase was driven by higher selling prices of the particular products coupled with a rise in the sales volumes of the segment's key products, such as ethylene (up by 23%), propylene (up by 12.8%), phenol (up by 25.9%) and paraxylene (up by 39.6%). Apart from the favourable market situation, the higher sales volumes of these products were achieved to a large extent due to the Czech companies' sales to third parties. At the same time, in Q2 2007 the volumes of polyethylene and polypropylene sold dropped, respectively, by 10.6% and 1.5%, as a result of technical problems and the polyethylene production process (HDPE) stoppage at Chemopetrol a.s. The factor which contributed to lower sales of polypropylene was the limitation of export sales by Basell Orlen Polyolefins Sp. z o.o., connected with the fact that for quite a long time the BOP unit remained Basell's only installation in Europe producing polypropylene, and BOP would halt product releases in order to build up its stock to the level required by the company's general policy.

In Q2 2007, the segment generated a profit of PLN 348,675 thousand, relative to PLN 222,901 thousand posted in Q2 of the previous year. The segment's results were largely driven by the favourable conditions which have prevailed on the market since the beginning of 2007 and the related widening of the margins on most of the petrochemical products. The effect of higher margins is particularly visible in the results achieved in the segment by PKN ORLEN S.A. and Basell Orlen Polyolefins Sp. z o.o., whose operating profits allocated to the petrochemicals segment went up, respectively, by 179.9% and 125.6%, reaching PLN 152.2m and PLN 45.8m, respectively. Concurrently, the companies of the Unipetrol a.s. Group generated a profit which was slightly (1.0%) lower than their Q2 2006 result.

The implementation of the OPTIMA programme generated segment-wide savings of PLN 966 thousand in Q2 2007.

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In the same period, the expenditure on property, plant and equipment and intangible assets fell by PLN 1,567 thousand relative to Q2 2006, totalling PLN 61,120 thousand.

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Chemicals

Chemicals	6 months ended Jun 30 2007		3 months ended Jun 30 2007		6 months ended Jun 30 2007		3 months ended Jun 30 2007		% change 6 months		% change 3 months	
	PLN '000	USD '000	PLN '000	USD '000	PLN '000	USD '000	PLN '000	USD '000	PLN '000	USD '000	PLN '000	USD '000
Results according to IFRS												
Revenue, including:	1,457,204	503,282	720,236	255,267	1,289,817	407,705	631,608	201,264	13.0%	23.4%	14.0%	26.8%
Sales to third parties	1,372,527	474,037	640,378	226,964	1,214,032	383,750	629,065	200,454	13.1%	23.5%	1.8%	13.2%
Intra-company sales	84,677	29,245	79,858	28,303	75,785	23,955	2,543	810	11.7%	22.1%	3,040.3%	3,394.2%
Segment's costs	-1,308,734	-452,005	-652,497	-231,259	-1,216,226	-384,444	-607,746	-193,661	7.6%	17.6%	7.4%	19.4%
Other operating income	7,398	2,555	2,958	1,048	17,888	5,654	10,323	3,289	-58.6%	-54.8%	-71.3%	-68.1%
Other operating expenses	-4,544	-1,569	-2,197	-779	-5,554	-1,756	-87	-28	-18.2%	-10.6%	2,425.3%	2,682.1%
Segment's profit/loss*	151,324	52,264	68,500	24,278	85,925	27,161	34,098	10,865	76.1%	92.4%	100.9%	123.5%
Sales to third parties (thousand tonnes)	855		386		953		463		-10.3%		-16.6%	

*) The segment's operating profit/loss, net of the costs not allocated to any of the segments, incurred at the Group level.

Starting from 2006, the Petrochemicals segment has been divided into two areas of operations: Petrochemicals and Chemicals. The new Chemicals segment comprises the related operations of the following companies: Zakłady Azotowe Anwil S.A., Spolana a.s. and ORLEN PetroProfit Sp. z o.o. In Q4 2006, Zakłady Azotowe Anwil S.A. concluded a purchase agreement with Unipetrol a.s. whereby it acquired Unipetrol's stake in Spolana a.s., representing 81.8% of that company's share capital. The aggregate price for the acquired shares amounted to ca. PLN 88m and was paid by ANWIL with internally generated cash.

In Q2 2007, the segment recorded an increase in revenue, which went up by PLN 88,628 thousand (14.0%) year on year. The increase was due primarily to higher selling prices of the main products of the segment. In the period under review, an increase was recorded in the prices of ammonium nitrate, PVC and PVC granulate by 3.6%, 1.4% and 7.7%, respectively.

The sales volumes of granulates and PVC remained high, reaching 81 thousand tonnes, with a record-breaking sales of the products in Q2 2006 exceeding 106 thousand tonnes. It is the effect of the continued upswing in the investment goods sector, the construction season and the repair shutdowns at PVC producers in Europe. The situation on the Turkish market also improved, with higher shipments to that market relative to the previous months. The sales volumes of fertilisers (Canwil, ammonium nitrate) remained largely unchanged at 197 thousand tonnes and were a consequence of the significant demand for fertilisers in Poland in Q2 2007 and the additional exports of fertilisers to Ireland. The sales of caustic soda grew relative to Q2 2006 by 2.2 thousand tonnes, or 26.4%; however, a gradual saturation of the caustic soda market can be noticed. Another factor worth mentioning was the buoyant state of the caprolactam market and the continued strong sales of the product despite the emergency shutdown at Spolana in the first half of June 2007.

The combined favourable effect of the above factors was reflected in the performance of the Anwil Group, whose operating profit in Q2 2007 rose by PLN 28m year on year, reaching PLN 69m.

In Q2 2007, the expenditure on property, plant and equipment and intangible assets was reduced by PLN 18,470 thousand year on year. In the same period, the implementation of the OPTIMA programme generated segment-wide savings of PLN 14,240 thousand.

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Other Activities

Other activities	6 months ended Jun 30 2007		3 months ended Jun 30 2007		6 months ended Jun 30 2007		3 months ended Jun 30 2007		% change 6 months		% change 3 months	
	PLN ‘000	USD ‘000	PLN ‘000	USD ‘000	PLN ‘000	USD ‘000	PLN ‘000	USD ‘000	PLN ‘000	USD ‘000	PLN ‘000	USD ‘000
Results according to IFRS												
Revenue, including:	1,005,043	347,117	503,474	178,442	1,004,179	317,417	493,829	157,361	0.1%	9.4%	2.0%	13.4%
Sales to third parties	467,000	161,290	221,640	78,554	478,969	151,400	228,449	72,796	-2.5%	6.5%	-3.0%	7.9%
Intra-company sales	538,043	185,827	281,834	99,888	525,210	166,017	265,380	84,564	2.4%	11.9%	6.2%	18.1%
Segment's costs	-1,045,680	-361,152	-493,153	-174,784	-944,808	-298,650	-486,604	-155,058	10.7%	20.9%	1.3%	12.7%
Other operating income	14,325	4,948	701	248	14,674	4,638	5,878	1,873	-2.4%	6.7%	-88.1%	-86.8%
Other operating expenses	-38,273	-13,219	-11,855	-4,202	-17,629	-5,572	-5,587	-1,780	117.1%	137.2%	112.2%	136.1%
Segment's profit/loss*	-64,585	-22,306	-833	-295	56,416	17,833	7,516	2,395	-214.5%	-225.1%	-111.1%	-112.3%
Sales to third parties (thousand tonnes)	78		36		47		21		66.0%		71.4%	

*) The segment's operating profit/loss, net of the costs not allocated to any of the segments, incurred at the Group level.

Apart from the companies engaged in the production of energy and provision of services to PKN ORLEN S.A., the Other Activities segment includes a number of undertakings which were spun off, mainly as a result of the Group restructuring. Starting from Q1 2007, the segment has been expanded to include other business of the Mazeikiu Refinery.

In Q2 2007, the segment sustained a loss of (-)PLN 833 thousand, as opposed to the operating profit of PLN 7,516 thousand achieved in Q2 2006. The major contributing factor was the operations of the Mazeikiu Refinery Group in this segment, which in Q2 2007 posted losses of (-)PLN 66,642 thousand. The other two major companies of the Other Activities segment, PKN ORLEN S.A. and Unipetrol a.s., improved their performance in the segment in Q2 2007 relative to Q2 2006 by PLN 42,466 thousand and PLN 25,339 thousand, respectively.

In Q2 2007, the implementation of the OPTIMA programme generated savings of PLN 17,492 thousand for the segment.

In the same period, the expenditure on property, plant and equipment and intangible assets grew by PLN 38,580 thousand compared with Q2 2006. In Q2 2007, the expenditure of the Mazeikiu Refinery allocated to the Other Activities segment amounted to PLN 2,752 thousand.

Financial Overview

Income Statement

In Q2 2007, total sales revenue increased by PLN 2,673,759 thousand (or 19.7%) year on year, to PLN 16,218,297 thousand. The increase is a combined effect of changes in sales values and volumes in the Company's core business segments. The highest sales increases were recorded in the Wholesale, where sales to third parties increased by PLN 1,836,019 thousand (or 27.0%) year on year, and in the Petrochemicals, where sales to third parties increased by PLN 425,121 thousand (or 20.2%) year on year. The only segment where a drop in sales was recorded is the Other Activities, where the turnover was PLN 221,640 thousand in Q2 2007 and was 3.0% year on year.

Following the increase in total sales revenue, the operating expenses attributable to the core business went up by PLN 2,201,633 thousand (or 19.2%). The growth of operating expenses, slower than that of revenues, contributed to an increase in gross profit on sales, which stood at PLN 2,533,957 thousand in Q2 2007, that is 22.9% up year on year.

Moreover, in Q2 2007, selling costs grew by PLN 151,379 thousand, or 24.1%, year on year, while general and administrative expenses went up by PLN 77,691 thousand, or 26.6%. The increases in both items were driven mainly by the consolidation of the Mazeikiu Refinery. The Mazeikiu Refinery's selling costs and general and administrative expenses amounted to PLN 96,226 thousand and PLN 53,669 thousand, respectively, in Q2 2007.

In Q2 2007, compared with Q2 2006, the Group's other operating income decreased by PLN 32,812 thousand, (or 29.0%) while its other operating expenses went up by PLN 97,679 thousand (or 130.3%). The increase in other operating expenses is mainly attributable to revaluation of tangible assets at Unipetrol (PLN 58,511 thousand). The changes described brought about a loss of PLN 92,266 thousand on other operating activities in Q2 2007.

In Q2 2007, EBITDA stood at PLN 1,873,349 thousand, that is by PLN 229,678 thousand higher than in Q2 2006. EBIT was PLN 1,291,717 thousand in Q2 2007, that is PLN 112,565 thousand higher year on year.

In Q2 2007, financial income was PLN 221,860 thousand, up by PLN 144,081 thousand on Q2 2006. Over the same period, the Group recorded a decrease of PLN 52,281 thousand in financial expenses. Consequently, in Q2 2007 the Group recorded a gain on financing activities in the amount of PLN 115,640 thousand vs. a loss of PLN 80,722 thousand in Q2 2006. The recorded gain on financing activities is principally attributable to changes in foreign exchange rates. In Q2 2007, a significant appreciation of the Polish złoty was observed, with the resulting high foreign exchange gains significantly increasing financial income – by PLN 160,827 thousand.

In Q2 2007, the share in net profit of the Group undertakings valued with the equity method stood at PLN 70,430 thousand, compared with PLN 52,433 thousand in Q2 2006.

Corporate income tax amounted to PLN 288,974 thousand in Q2 2007, up by PLN 81,149 thousand on Q2 2006.

These factors contributed to net profit of PLN 1,188,813 thousand in Q2 2007, up by PLN 245,775 thousand on Q2 2006.

Balance Sheet

As at the end of Q2 2007, the Group had total assets of PLN 45,886,855 thousand, up by 1.0% relative to December 31st 2006. Over the same period, non-current assets fell by PLN 694,474 thousand (2.5%), to PLN 26,966,324 thousand, primarily due to a PLN 612,815 thousand decrease in the value of property, plant and

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equipment (2.4%), a PLN 122,181 thousand (19.7%) decrease in goodwill, and a drop in shares in the undertakings consolidated with the equity method (down by PLN 96,064 thousand or 13.4%). The decrease was offset by the fact that other non-current assets rose by PLN 129,350 thousand (111.0%) relative to December 31st 2006. Current assets grew from PLN 17,758,286 thousand as at December 31st 2006 to PLN 18,900,531 thousand as at the end of Q2 2007. The increase in current assets was driven mainly by higher inventories and trade and other receivables (PLN 1,164,715 thousand or 15.7%, and PLN 476,053 thousand or 7.6%, respectively). The Group also recorded a significant drop in the value of income tax liability – by PLN 215,079 thousand (85.0%), and other financial assets – by PLN 223,201 thousand (73.91%). Compared with the value as at the end of 2006, working capital (current assets minus current liabilities) grew from PLN 2,879,908 thousand to PLN 3,819,252 thousand.

As at the end of Q2 2007, the Group's total equity stood at PLN 22,238,529 thousand, and was higher by PLN 655,966 thousand (or 3.0%) than as at the end of 2006, primarily thanks to an increase in retained profit of PLN 1,170,870 thousand. A factor with a negative bearing on the equity was currency-translation differences on subordinated undertakings of PLN 534,282 thousand. Non-current liabilities amounted to PLN 8,547,047 thousand, that is PLN 411,096 thousand less than as at the end of 2006, mainly owing to decreases in loans and borrowings and deferred tax liability (by PLN 300,849 thousand and PLN 65,440 thousand, respectively). Current liabilities were up from PLN 14,878,378 thousand as at December 31st 2006 to PLN 15,081,279 thousand as at June 30th 2007. Under current liabilities, significant increases were recorded in trade and other payables (PLN 846,705 thousand or 10.3%) while liabilities under current loans and borrowings and other financial liabilities went down by PLN 140,160 thousand (or 3.3%) and PLN 475,740 thousand (or 36.2%), respectively. The Group's external debt (loans and borrowings) amounted to PLN 10,048,096 thousand as at June 30th 2007, down by PLN 441,009 thousand relative to the end of 2006.

Cash flow

In Q2 2007, net cash provided by operating activities stood at PLN 1,314,279 thousand, down by PLN 370,013 thousand relative to Q2 2006. The decrease in net cash provided by operating activities in Q2 2007 was primarily due to the freezing of the financial resources in inventories (inventories increased by PLN 1,437,465 thousand, whereas in Q2 2006 they went up by PLN 365,177 thousand). Concurrently, net cash provided by operating activities was positively affected by the PLN 245,775 thousand year-on-year increase in net profit in Q2 2007, as well as by positive trends in the balances of liabilities and accruals (in Q2 2007, increase in liabilities and accruals boosted net cash by PLN 1,426,498 thousand, and in Q2 2006 – by PLN 1,093,630 thousand).

In Q2 2007, net cash used in investing activities stood at (-)PLN 433,662 thousand, and was PLN 147,547 thousand higher compared with the second quarter of the previous year. Net cash used in investing activities in Q2 2007 was negatively affected by expenditure on property, plant and equipment, which amounted to (-)PLN 737,449 thousand (against (-)PLN 270,421 thousand in Q2 2006), and positively affected by the disposal of short-term securities worth PLN 148,869 thousand (PLN 25,828 thousand in Q2 2006) and higher interest and dividends received, which totalled PLN 138,469 thousand (in Q2 2006, interest and dividends received amounted to PLN 9,890 thousand).

In Q2 2007, net cash used in financing activities amounted to (-)PLN 1,019,284 thousand, compared with (-)PLN 974,242 thousand in the same period of the previous year. The higher negative net balance on financing activities in 2007 is connected with higher repayments of contracted loans and borrowings (PLN 1,566,450 thousand in Q2 2007

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compared with PLN 1,295,393 in Q2 2006), higher amount of interest paid (PLN 233,948 thousand) and redemption of debt securities for PLN 88,843 thousand. The negative effect of those cash flows was mitigated by the inflow of cash from long- and short-term loans and advances, totalling PLN 871,282 thousand (compared with 368,470 thousand in Q2 2006).

The joint effect of all the cash flows discussed above was an increase in cash as at June 30th 2007 by PLN 1,063,944 thousand compared with June 30th 2006, to PLN 2,254,585 thousand.

APPENDIX I

POLSKI KONCERN NAFTOWY ORLEN S.A. CONDENSED CONSOLIDATED INCOME STATEMENTS for the periods of 6 and 3 months ended June 30th 2007 and June 30th 2006 (PLN '000)

ITEM	6 months ended June 30th 2007 (unaudited)	3 months ended June 30th 2007 (unaudited)	6 months ended June 30th 2006 (unaudited)	3 months ended June 30th 2006 (unaudited)	% change 6 months	% change 3 months
Revenue from sales of products	29,420,065	15,655,785	24,035,951	13,228,853	22.4%	18.3%
Excise tax and other charges	-7,224,296	-3,748,975	-5,847,681	-3,084,038	23.5%	21.6%
Net revenue from sales of products	22,195,769	11,906,810	18,188,270	10,144,815	22.0%	17.4%
Revenue from sales of goods for resale and materials	8,651,354	5,046,480	7,315,799	3,837,875	18.3%	31.5%
Excise tax and other charges	-1,220,602	-734,993	-628,882	-438,152	94.1%	67.7%
Net revenue from sales of goods for resale and materials	7,430,752	4,311,487	6,686,917	3,399,723	11.1%	26.8%
Total sales revenue	29,626,521	16,218,297	24,875,187	13,544,538	19.1%	19.7%
Cost of products sold	-18,680,367	-10,009,917	-15,497,262	-8,321,430	20.5%	20.3%
Cost of goods for resale and materials sold	-6,769,176	-3,674,423	-6,046,321	-3,161,277	12.0%	16.2%
Cost of products, goods for resale and materials sold	-25,449,543	-13,684,340	-21,543,583	-11,482,707	18.1%	19.2%
Gross profit on sales	4,176,978	2,533,957	3,331,604	2,061,831	25.4%	22.9%
Selling costs	-1,526,527	-779,990	-1,274,414	-628,611	19.8%	24.1%
General and administrative expenses	-766,612	-369,984	-538,483	-292,293	42.4%	26.6%
Other operating income*	209,710	80,372	245,924	113,184	-14.7%	-29.0%
Other operating expenses	-427,070	-172,638	-169,373	-74,959	152.1%	130.3%
Gain on disposal of all or part of shares in subordinated undertakings	0	0	1,280	0	-100.0%	0.0%
Operating profit	1,666,479	1,291,717	1,596,538	1,179,152	4.4%	9.5%
Financial income	269,607	221,860	224,761	77,779	20.0%	185.2%
Financial expenses *	-366,681	-106,220	-326,746	-158,501	12.2%	-33.0%
Net financial income/expenses	-97,074	115,640	-101,985	-80,722	-4.8%	-243.3%
Share in net profit/loss of undertakings valued with equity method	123,632	70,430	99,185	52,433	24.6%	34.3%
Profit before tax	1,693,037	1,477,787	1,593,738	1,150,863	6.2%	28.4%
Corporate income tax	363,795	-288,974	-277,901	-207,825	30.9%	39.0%
Net profit	1,329,242	1,188,813	1,315,837	943,038	1.0%	26.1%
including:						
Net profit (loss) attributable to minority interests	170,027	78,799	97,897	72,800	73.7%	8.2%
Net profit attributable to equity holders of the Parent Company	1,159,215	1,110,014	1,217,940	870,238	-4.8%	27.6%

APPENDIX II

POLSKI KONCERN NAFTOWY ORLEN S.A.
CONDENSED CONSOLIDATED BALANCE SHEETS
as at June 30th 2007 and December 31st 2006
(PLN '000)

ITEM	Jun 30 2007 (unaudited)	Dec 31 2006	% change
ASSETS			
Non-current assets			
Property, plant and equipment	24,586,866	25,199,681	-2.4%
Intangible assets	497,602	619,783	-19.7%
Goodwill	140,184	143,704	-2.4%
Financial assets	544,134	570,932	-4.7%
Shares in undertakings consolidated with equity method	620,239	716,303	-13.4%
Loans granted	20,709	5,272	292.8%
Deferred tax asset	186,337	165,928	12.3%
Investment property	32,758	34,925	-6.2%
Perpetual usufruct right to land	91,597	87,722	4.4%
Other non-current assets	245,898	116,548	111.0%
Total non-current assets	26,966,324	27,660,798	-2.5%
Current assets			
Inventories	8,563,571	7,398,856	15.7%
Trade and other receivables	6,769,725	6,293,672	7.6%
Income taxes receivable	37,962	253,041	-85.0%
Current financial assets	10,538	7,424	41.9%
Prepayments and accrued income	149,735	121,358	23.4%
Cash	2,254,585	2,351,320	-4.1%
Other financial assets	78,806	302,007	-73.9%
Assets held for sale	1,035,609	1,030,608	0.5%
Total current assets	18,900,531	17,758,286	6.4%
Total assets	45,866,855	45,419,084	1.0%
LIABILITIES			
Equity			
Share capital	534,636	534,636	0.0%
Share capital revaluation adjustment	522,999	522,999	0.0%
Share capital*	1,057,635	1,057,635	0.0%
Share premium account	1,058,450	1,058,450	0.0%
Share premium revaluation adjustment	168,803	168,803	0.0%
Share premium account	1,227,253	1,227,253	0.0%
Hedging capital	56,473	8,506	563.9%
Currency-translation differences	- 512,279	22,003	-2428.2%
Retained profit, including:	17,706,413	16,535,543	7.1%
net profit attributable to equity holders of the parent	1,159,215	1,985,966	-41.6%
Equity (attributable to equity holders of the parent)	19,535,495	18,850,940	3.6%
Equity attributable to minority interests	2,703,034	2,731,623	-1.0%
Total equity	22,238,529	21,582,563	3.0%
Non-current liabilities			
Loans and borrowings	5,910,344	6,211,193	-4.8%
Provisions	807,434	814,192	-0.8%
Deferred tax liability	1,700,321	1,765,761	-3.7%
Other non-current liabilities	128,948	166,997	-22.8%
Total non-current liabilities	8,547,047	8,958,143	-4.6%

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Current liabilities			
Trade and other payables and accruals	9,068,100	8,221,395	10.3%
Provisions	691,374	734,027	-5.8%
Income tax expense	113,903	106,261	7.2%
Loans and borrowings	4,137,752	4,277,912	-3.3%
Deferred income	47,121	27,060	74.1%
Other financial liabilities	840,027	1,315,767	-36.2%
Liabilities directly related to assets classified as held for sale	183,002	195,956	-6.6%
Total current liabilities	15,081,279	14,878,378	1.4%
Total equity and liabilities	45,866,855	45,419,084	1.0%

* Share capital was restated in accordance with IAS 29.

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APPENDIX III

POLSKI KONCERN NAFTOWY ORLEN S.A. CONDENSED CONSOLIDATED CASH-FLOW STATEMENTS for the periods of 6 and 3 months ended June 30th 2007 and June 30th 2006 (PLN '000)

ITEM	6 months ended June 30th 2007 (unaudited)	3 months ended June 30th 2007 (unaudited)	6 months ended June 30th 2006 (unaudited)	3 months ended June 30th 2006 (unaudited)	% change 6 months	% change 3 months
Cash flows from operating activities						
Net profit	1,329,242	1,188,813	1,315,837	943,038	13,405	245,775
Adjustments:						
Share in net profit/(loss) of undertakings valued with equity method	-123,632	-70,430	-99,185	-52,433	-24,447	-17,997
Depreciation and amortisation	1,201,256	581,632	1,030,829	464,519	170,427	117,113
Net interest and dividends	241,459	106,225	83,030	19,387	158,429	86,838
Income tax expense	363,795	288,974	277,901	207,825	85,894	81,149
(Profit)/loss on investing activities	75,073	-31,616	-52,741	-8,929	127,814	-22,687
(Increase) in receivables	-663,227	-379,883	-1,123,563	-474,289	460,336	94,406
(Increase) in inventories	-1,286,584	-1,437,465	-600,352	-365,177	-686,232	-1,072,288
Increase in liabilities and accruals	1,123,398	1,426,498	593,265	1,093,630	530,133	332,868
(Decrease) in provisions	-60,252	-50,215	-61,130	-16,602	878	-33,613
Other adjustments	-151,577	-216,096	76,719	34,148	-228,296	-250,244
Income tax paid	-140,314	-92,158	-313,513	-160,825	173,199	68,667
Net cash provided by/(used in) operating activities	1,908,637	1,314,279	1,127,097	1,684,292	781,540	-370,013
Cash flows from investing activities						
Acquisition of property, plant and equipment and intangible assets	-1,427,602	-737,449	-791,923	-270,421	-635,679	-467,028
Disposal of property, plant and equipment and intangible assets	59,922	33,502	83,606	6,393	-23,684	27,109
Disposal of shares	6,775	5,077	80,428	3,656	-73,653	1,421
Acquisition of shares*	-488,868	-23,180	-33,927	-9,891	-454,941	-13,289
Acquisition of short-term securities	-11,349	-6,160	-95,718	-51,007	84,369	44,847
Disposal of short-term securities	251,142	148,869	56,038	25,828	195,104	123,041
Dividends and interest received	199,563	138,469	12,916	9,890	186,647	128,579
Loans (granted)/repaid	-16,613	-4,151	3,745	923	-20,358	-5,074
Other	5,554	11,361	-4,809	-1,486	10,363	12,847
Net cash provided by/(used in) investing activities	-1,421,476	-433,662	-689,644	-286,115	-731,832	-147,547
Cash flows from financing activities						
Increase in long- and short-term loans and borrowings	2,974,107	871,282	4,088,184	368,470	-1,114,077	502,812
Issue of debt securities	750,000	0	0	0	750,000	0
Repayment of long- and short-term loans and borrowings	-3,891,939	-1,566,450	-4,360,018	-1,295,393	468,079	-271,057
Redemption of debt securities	-88,843	-88,843	0	0	-88,843	-88,843
Interest paid	-314,623	-233,948	-88,436	-41,301	-226,187	-192,647
Other	-11,970	-1,325	-12,738	-6,018	768	4,693
Net cash provided by/(used in) financing activities	-583,268	-1,019,284	-373,008	-974,242	-210,260	-45,042
Net change in cash	-96,107	-138,667	64,445	423,935	-160,552	-562,602
Foreign-exchange gains/(losses)	-628	-440	-657	-685	29	245
Cash at beginning of period	2,351,320	2,393,692	1,126,803	767,341	1,224,517	1,626,351
Cash at end of period, including:	2,254,585	2,254,585	1,190,591	1,190,591	1,063,994	1,063,994
restricted cash	24,709	24,709	98,319	98,319	-73,610	-73,610

* Including acquisition of shares from AB Mazeikiu Nafta minority shareholders for PLN 472,310 thousand in the period of the six months ended June 30th 2007.

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APPENDIX IV

POLSKI KONCERN NAFTOWY ORLEN S.A. KEY CONSOLIDATED FINANCIAL DATA BY BUSINESS SEGMENTS for the periods of 6 and 3 months ended June 30th 2007 and June 30th 2006 (PLN '000)

ITEM	6 months ended Jun 30 2007 (unaudited)	3 months ended Jun 30 2007 (unaudited)	6 months ended Jun 30 2006 (unaudited)	3 months ended Jun 30 2006 (unaudited)	% change 6 months	% change 3 months
REVENUE ON SALES TO THIRD PARTIES¹						
Refining (Production and Wholesale)	15,293,317	8,630,931	11,936,788	6,794,912	28.1%	27.0%
Refining (Retail)	7,615,595	4,199,086	6,897,269	3,790,971	10.4%	10.8%
Petrochemicals	4,878,082	2,526,262	4,348,129	2,101,141	12.2%	20.2%
Chemicals	1,372,527	640,378	1,214,032	629,065	13.1%	1.8%
Other Activities	467,000	221,640	478,969	228,449	-2.5%	-3.0%
TOTAL	29,626,521	16,218,297	24,875,187	13,544,538	19.1%	19.7%
SEGMENT'S PROFIT/LOSS²						
Refining (Production and Wholesale)	850,580	836,233	1,010,779	904,698	-15.8%	-7.6%
Refining (Retail)	294,271	185,958	82,565	76,145	-	-
Petrochemicals	718,255	348,675	538,207	222,901	33.5%	56.4%
Chemicals	151,324	68,500	85,925	34,098	76.1%	100.9%
Other Activities	-64,585	-833	56,416	7,516	-214.5%	-111.1%
Exclusions	2,010	6,840	-3,567	1,311	-	-
Total of unallocated items	-285,376	-153,656	-173,787	-67,517	64.2%	127.6%
TOTAL	1,666,479	1,291,717	1,596,538	1,179,152	4.4%	9.5%
EXPENDITURE ON PROPERTY, PLANT AND EQUIPMENT						
Refining (Production and Wholesale)	768,813	419,864	226,829	148,293	238.9%	183.1%
Refining (Retail)	143,476	91,305	136,910	80,588	4.8%	13.3%
Petrochemicals	112,332	61,120	116,853	62,687	-3.9%	-2.5%
Chemicals	30,314	22,131	84,323	40,601	-64.1%	-45.5%
Other Activities	114,487	81,267	74,272	42,687	54.1%	90.4%
Total of unallocated items	42,393	23,057	13,524	5,132	213.5%	349.3%
TOTAL	1,211,815	698,744	652,711	379,988	85.7%	83.9%
DEPRECIATION AND AMORTISATION						
Refining (Production and Wholesale)	515,426	244,009	315,776	126,776	63.2%	92.5%
Refining (Retail)	145,700	72,564	137,605	67,315	5.9%	7.8%
Petrochemicals	308,901	152,677	367,456	166,169	-15.9%	-8.1%
Chemicals	88,776	43,001	92,755	44,590	-4.3%	-3.6%
Other Activities	127,877	61,865	105,940	55,605	20.7%	11.3%
Total of unallocated items	14,576	7,516	11,297	4,064	29.0%	84.9%
TOTAL	1,201,256	581,632	1,030,829	464,519	16.5%	25.2%

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

2. Segment's profit/loss comprises profit on sales to third parties and transfer to other segments.

Q2 2007 Results of the PKN ORLEN Group in accordance with IFRS

APPENDIX V

POLSKI KONCERN NAFTOWY ORLEN S.A. KEY CONSOLIDATED OPERATING DATA for the periods of 6 and 3 months ended June 30th 2007 and June 30th 2006 (tonnes)

ITEM	6 months ended Jun 30 2007 (unaudited)	3 months ended Jun 30 2007 (unaudited)	6 months ended Jun 30 2006 (unaudited)	3 months ended Jun 30 2006 (unaudited)	% change 6 months	% change 3 months
CRUDE OIL THROUGHPUT (’000 tonnes)	11,787	6,018	8,639	4,310	36.4%	39.6%
REFINERY OUTPUT						
Gasoline	2,224,700	1,143,856	1,665,028	878,842	33.6%	30.2%
Diesel fuel	3,980,534	2,132,363	2,660,308	1,509,983	49.6%	41.2%
Fuel oil (III)	589,378	234,917	501,961	240,418	17.4%	-2.3%
Ekoterm	459,985	169,114	676,092	238,594	-32.0%	-29.1%
Jet A-1	278,712	156,440	224,128	127,570	24.4%	22.6%
LPG	258,331	130,253	156,475	70,521	65.1%	84.7%
Other refining products	1,779,730	926,904	909,603	640,040	95.7%	44.8%
TOTAL	9,571,370	4,893,847	6,793,595	3,705,968	40.9%	32.1%
SALES OF REFINING PRODUCTS						
Gasoline	3,159,225	1,679,201	2,225,380	1,231,423	42.0%	36.4%
Diesel fuel	4,581,206	2,520,752	3,391,124	1,978,681	35.1%	27.4%
Fuel oil (III)	1,186,278	522,441	428,895	219,586	176.6%	137.9%
Ekoterm	550,225	207,091	799,829	303,969	-31.2%	-31.9%
Jet A-1	319,934	185,021	224,795	129,957	42.3%	42.4%
LPG	380,510	206,292	214,339	123,165	77.5%	67.5%
Other refining products	864,689	573,520	953,121	691,782	-9.3%	-17.1%
TOTAL	11,042,067	5,894,318	8,237,483	4,678,563	34.0%	26.0%
CHEMICALS OUTPUT						
Polyethylene	248,127	123,661	243,369	119,569	2.0%	3.4%
Polypropylene	196,464	96,081	180,010	88,388	9.1%	8.7%
Ethylene	249,166	160,943	200,159	53,398	24.5%	201.4%
Propylene	168,738	111,209	159,830	47,240	5.6%	135.4%
Glycol	50,082	28,248	54,311	24,438	-7.8%	15.6%
Ammonium nitrate	375,116	211,012	275,570	144,040	36.1%	46.5%
CANWIL	213,077	102,226	195,656	89,460	8.9%	14.3%
Polyvinyl chloride (PVC)	208,934	116,687	172,255	81,558	21.3%	43.1%
Other products	1,293,534	913,100	1,185,567	583,475	9.1%	56.5%
TOTAL	3,003,238	1,863,167	2,666,727	1,231,566	12.6%	51.3%
SALES OF CHEMICALS						
Polyethylene	229,284	111,919	235,023	125,193	-2.4%	-10.6%
Polypropylene	196,983	96,952	184,403	98,422	6.8%	-1.5%
Ethylene	137,801	68,450	121,551	55,649	13.4%	23.0%
Propylene	122,780	56,157	111,699	49,767	9.9%	12.8%
Glycol	49,930	27,007	56,136	26,684	-11.1%	1.2%
Ammonium nitrate	254,198	116,199	266,190	115,386	-4.5%	0.7%
CANWIL	200,065	81,191	191,150	82,281	4.7%	-1.3%
Polyvinyl chloride (PVC)	130,703	64,780	178,316	85,279	-26.7%	-24.0%
Other products	1,087,028	553,463	1,029,618	461,580	5.6%	19.9%
TOTAL	2,408,772	1,176,118	2,374,086	1,100,241	1.5%	6.9%

APPENDIX VI

POLSKI KONCERN NAFTOWY ORLEN S.A.
SALES OF KEY PRODUCTS
for the periods of 6 and 3 months ended
June 30th 2007 and June 30th 2006
(tonnes)

Sales volumes of light products at PKN ORLEN Group	6 months ended Jun 30 2007 (unaudited)	3 months ended Jun 30 2007 (unaudited)	6 months ended Jun 30 2006 (unaudited)	3 months ended Jun 30 2006 (unaudited)	% change 6 months	% change 3 months
Wholesale of key light products, including:	6,825,766	3,684,841	4,926,969	2,754,095	38.5%	33.8%
- gasoline	2,129,506	1,162,396	1,225,170	711,867	73.8%	63.3%
- Diesel fuel	3,571,583	1,990,688	2,560,667	1,538,302	39.5%	29.4%
- Jet A-1	319,934	185,021	224,795	129,957	42.3%	42.4%
- Ekoterm	550,225	207,091	799,827	303,969	-31.2%	-31.9%
- LPG	254,518	139,645	116,510	70,000	118.5%	99.5%
Retail sales of engine fuels, including:	2,165,334	1,113,516	1,928,498	1,013,100	12.3%	9.9%
- gasoline	1,029,719	516,805	1,000,210	519,556	3.0%	-0.5%
- Diesel fuel	1,009,623	530,064	830,457	440,379	21.6%	20.4%
- Ekoterm	0	0	2	0	-100.0%	-
- LPG	125,992	66,647	97,829	53,165	28.8%	25.4%
Total sales of fuels, including:	8,991,100	4,798,357	6,855,467	3,767,195	31.2%	27.4%
- engine fuels	8,440,875	4,591,266	6,055,638	3,463,226	39.4%	32.6%

Q2 2007 Results of the PKN ORLEN Group in accordance with IFRS

APPENDIX VII

The Management Board of Polski Koncern Naftowy ORLEN Spółka Akcyjna (PKN ORLEN) hereby reports on the impact of the LIFO inventory valuation method on the non-consolidated profit of PKN ORLEN and the consolidated profit of the PKN ORLEN Group for Q2 2007 and Q2 2007 year-to-date.

The profit before tax and the net profit (i.e. including the effect of deferred tax), as estimated by the Company for PKN ORLEN and the PKN ORLEN Group using the LIFO inventory valuation method, are as follows (data in PLN '000):

Item	6 months ended		3 months ended		6 months ended		3 months ended	
	Jun 30 2007		Jun 30 2007		Jun 30 2006		Jun 30 2006	
	Method of inventory valuation at the weighted average production or acquisition cost	LIFO inventory valuation	Method of inventory valuation at the weighted average production or acquisition cost	LIFO inventory valuation	Method of inventory valuation at the weighted average production or acquisition cost	LIFO inventory valuation	Method of inventory valuation at the weighted average production or acquisition cost	LIFO inventory valuation
Non-consolidated profit before tax	1,660,817	1,386,116	1,241,244	782,874	1,589,289	1,087,014	1,285,271	941,633
Non-consolidated net profit	1,450,797	1,228,289	1,060,414	689,134	1,400,836	993,993	1,152,989	874,642
Consolidated profit before tax	1,693,037	1,412,680	1,477,787	881,861	1,593,738	1,048,088	1,150,863	784,258
Consolidated net profit	1,329,242	1,105,480	1,188,813	709,861	1,315,837	875,913	943,038	646,935

PKN ORLEN S.A. and the PKN ORLEN Group apply the inventory valuation method based on the weighted average production or acquisition cost. This method defers the impact of oil price increases or decreases on the prices of final products. Therefore, the results generated by PKN ORLEN S.A. and the PKN ORLEN Group are positively affected when crude oil prices increase, while the situation is the opposite when the prices decline. The application of the LIFO inventory valuation method results in the current production being valued based on the current price of crude oil purchased by the Group. Accordingly, an upward trend in oil prices decreases, and a falling trend in oil prices increases the Group's results relative to the results obtained when the weighted average method is applied. These trends are most apparent when crude oil prices are subject to significant changes. As a result of a significant increase in both the stocks of crude oil and price of processed crude oil in Q2 2007, the negative adjustment to the profit reflecting the application of the LIFO inventory valuation was considerably greater in Q2 2007 than in Q2 2006.

The assumptions used for the calculation of estimated profits using the LIFO method are the same as those used for previous LIFO estimates; these assumptions were published in Current Report No. 29 of May 21st 2001.

Legal basis*:

Art. 56.1.1 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies, dated July 29th 2005 (Dz. U. No. 184, item 1539).