

Results of the PKN ORLEN Group for the IV quarter of 2009

(Translation of a document originally issued in Polish)

Summary of the results

Table 1

Q3 2009	Q4 2009	Q4 2008	% change	Key financial data, PLNm	2009	2008	% change
1	2	3	4 = (2-3) / 3	5	6	7	8 = (6-7) / 7
18 649	17 807	16 445	8.3	Total sales revenue	67 928	79 533	-14.6
1 050	967	-3 637	-	Profit/loss from operations plus depreciation (EBITDA)	3 665	888	312.7
423	334	-4 327	-	Profit/loss from operations, including:	1 097	-1 603	-
137	333	-4 225	-	Refining	1 124	-2 158	-
65	-17	-48	64.6	Petrochemical	-196	562	-
363	207	209	-1.0	Retail	880	641	37.3
-142	-189	-263	28.1	Corporate Functions ¹	-711	-648	-9.7
940	283	-5 012	-	Net profit/loss	1 300	-2 527	-
931	302	-4 893	-	Profit/loss attributable to equity holders of the Parent	1 309	-2 505	-
49 095	49 160	46 976	4.7	Assets	49 160	46 976	4.7
21 924	21 707	20 532	5.7	Equity	21 707	20 532	5.7
13 696	10 263	12 549	-18.2	Net debt	10 263	12 549	-18.2
-827	2 916	1 111	162.5	Net cash provided by/(used in) operating activities	5 162	3 617	42.7
-388	408	-1 618	-	Net cash provided by/(used in) investing activities	-2 540	-4 385	42.1
813	964	1 266	-23.9	Investment expenditures (CAPEX)	3 776	4 018	-6.0
-8.2	2.6	-3.9	-	Return on capital employed (ROACE %)²	2.7	-4.0	-
62.4	54.9	50.4	4.5p.p.	Financial leverage (%)³	54.0	49.6	4.4p.p.
-21.60	2.51	11.72	-78.6	Net debt/Profit from operations plus depreciation for the last four quarters (EBITDA)⁴	2.51	11.72	-78.6
12.57	3.50	4.31	-18.8	Net debt/Profit from operations plus depreciation based on the LIFO method for the last four quarters (EBITDA)⁵	3.50	4.31	-18.8
2.18	0.71	-11.44	-	Net profit/loss attributable to equity holders of the Parent per share (EPS)	3.06	-5.86	-
0.00	0.00	0.00	-	Dividend per share	0.00	1.62	-

1) Includes Corporate Functions of the ORLEN Group companies, as well as companies not included in any of the above segments.

2) ROACE = profit from operations for the last four quarters after tax/average capital employed (equity + net debt).

3) Financial leverage = net debt/equity - calculated using the average carrying values in the period.

4) Interest bearing debt net of cash and cash equivalents as at the end of the period / (EBITDA + dividend received from POLKOMTEL) for the last four quarters.

5) Interest bearing debt net of cash and cash equivalents as at the end of the period (EBITDA + dividend received from POLKOMTEL) based on the LIFO method for the last four quarters.

6) Calculated as a difference between profit from operations determined using the LIFO method of inventory valuation and profit from operations determined using the weighted average method of inventory valuation.

Table 2

Financial data for the IV quarter of 2008 and the year 2008 according to data reported in the report for the IV quarter of 2008⁷

3Q 2009	4Q 2009	4Q 2008	% change	Key financial data, PLNm	2009	2008	% change
1 050	967	-1 275	-	Profit/loss from operations plus depreciation (EBITDA)	3 665	3 249	12.8
423	334	-1 965	-	Profit/loss from operations, including:	1 097	758	44.7
137	333	-1 863	-	Refining	1 124	203	453.7
65	-17	-48	-64.6	Petrochemical	-196	562	-
363	207	209	-1.0	Retail	880	641	37.3
-142	-189	-263	28.1	Corporate Functions ¹	-711	-648	-9.7
940	283	-3 117	-	Net profit/loss	1 300	-632	-
116	171	748	-77.1	Profit/loss from operations adjusted by the effect of inventory valuation based on the LIFO method	-55	2 601	-

7) Financial data before adjustments recognized in the PKN ORLEN Group financial statements for the year 2008 in the amount of PLN 2,362 million relating mainly to impairment allowances of assets.

Results of the PKN ORLEN Group for the IV quarter of 2009

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Commentary

Reported results from operations and results from operations based on the LIFO method of inventory valuation

Reported result from operations of the PKN ORLEN Capital Group ("the ORLEN Group") for the IV quarter of 2009 amounted to PLN 334 million whereas cumulative result for 12 months of 2009 reached the level of PLN 1,097 million.

Presented results for the IV quarter of 2008 and the year 2008 include impairment allowances of assets of PLN (-) 2,362 million recognized in the annual financial statements of the ORLEN Group for 2008.

Consequently, in the IV quarter of 2008 and the year 2008, the ORLEN Group incurred loss from operations in the amount of PLN (-) 4,327 million and PLN (-) 1,603 million, respectively.

Using the LIFO method of inventory valuation, the ORLEN Group realized profit from operations of PLN 171 million as compared to the loss from operations of PLN (-) 1,614 million for the IV quarter of 2008 (after impairment allowances adjustment, as described above).

Results of the ORLEN Group companies

Changes of results reported by the most significant entities belonging to the ORLEN Group as compared to results for the IV quarter of 2008 were as follows:

- In PKN ORLEN S.A. profit from operations was higher by PLN 1,629 million (y/y) mainly due to increase in the result of the refining segment of PLN 1,615 million (y/y). Higher reported result from operations of the refining segment was achieved as a consequence of the impact of increasing oil prices on inventory valuation of PLN 1,757 million (y/y) and profit on sale of surpluses of CO₂ emission rights of PLN 62 million (y/y) accompanied by negative impact of macroeconomic factors including Ural/Brent differential, model refining margin and exchange rates ("macroeconomic factors"). Results of the petrochemical segment, lower by PLN (-) 128 million (y/y) mainly in the effect of decrease of model petrochemical margin, were compensated by increased results of the retail segment by PLN 30 million (y/y) and lower costs of corporate functions by PLN 112 million (y/y).
- In ORLEN Lietuva Group ("ORLEN Lietuva") result from operations was higher by PLN 2,630 million (y/y), of which PLN 2,171 million results from lack of one-off impairment allowances of assets recognized in the IV quarter of 2008. The reported result was positively influenced by the impact of increasing oil prices on inventory valuation of PLN 761 million (y/y). It was accompanied by unfavorable macroeconomic factors as well as decreasing consumption and sales volumes on ORLEN Lietuva markets.
- In Unipetrol Capital Group ("Unipetrol Group") profit from operations increased by PLN 143 million (y/y). Result from operations of the refining segment was higher by PLN 80 million (y/y) mainly as a consequence of positive impact of change in crude oil prices on inventory valuation in the amount of PLN 190 million (y/y) and negative impact of macroeconomic factors. Results of the petrochemical segment increased by PLN 44 million (y/y) due to effect of petrochemical product prices on inventory valuation in the amount of PLN 86 million (y/y) and profit on sale of surpluses of CO₂ emission rights in the amount of PLN 48 million (y/y) accompanied by negative macroeconomic factors. Higher fuel margin improved results of the retail segment by PLN 32 million (y/y).

The impact of upward trend in crude oil prices on inventory valuation improved reported results from operations of the PKN ORLEN Group for the IV quarter of 2009 by PLN 2,876 million (y/y).

Higher reported results were also connected with the lack of one-off events, whereas in its annual consolidated financial statements for the year 2008 the Company recognized impairment allowances of assets in the amount of PLN (-) 2,362 million, of which the majority related to impairment allowance of fixed assets owned by Orlen Lietuva.

Reported results from operations for the IV quarter of 2009 reflect strong impact of macroeconomic factors. Negative net impact of lower Ural/ Brent differential, lower model margins and changes in foreign exchange rates was partially limited by higher sales volumes in the petrochemical segment and amounted to PLN (-) 860 million (y/y).

Savings in fixed costs and payroll costs increased operating result of the ORLEN Group by PLN 160 million (y/y). Sales of surpluses of CO₂ emission rights generated profit of PLN 112 million (y/y).

There were no significant repair standstills of production installations in the ORLEN Group during the IV quarter of 2009.

Results of the PKN ORLEN Group for the IV quarter of 2009

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Financial revenues and expenses and net result

In the IV quarter of 2009 the net result on financial activities was negative and amounted to PLN (-) 108 million. The major item was net interest cost of PLN (-) 134 million.

Positive impact of foreign exchange differences on translation of loans denominated in EUR in the amount of PLN 148 million compensated negative foreign exchange differences on translation of trade settlements that arose mainly as a consequence of deterioration of PLN against USD in December 2009.

Positive foreign exchange differences on translation of loans denominated in USD of PLN 46 million were presented in equity in line "foreign exchange differences on subsidiaries from consolidation" due to designation of a hedging relationship with net investment in ORLEN Lietuva.

After consideration of share in profit from investments accounted for under equity method and tax charges net profit of the ORLEN Group for the IV quarter of 2009 amounted to PLN 283 million whereas net profit for the year 2009 amounted to PLN 1,300 million.

Debt and cash flows

As at the end of December 2009 net debt amounted to PLN 10,263 million and was lower as compared to the end of the prior year by PLN 2,285 million.

Repayment of loans and increase of cash and cash equivalents lowered the level of net debt by PLN 1,865 million, whereas positive foreign exchange differences, mainly unrealized, lowered debt balance by PLN 371 million.

Net cash provided by operating activities in the 12-month period of 2009 amounted to PLN 5,162 million, of which PLN 2,916 million were generated in the IV quarter of 2009.

High level of cash generated in the IV quarter of 2009 results mainly from optimization of the level of net working capital, which amounted to PLN 2,515 million.

Investing activities included mainly expenditures concerning realization of investing programs of PLN (-) 2,671 million and acquisition of financial assets comprising above all buy-out of ORLEN Lietuva's shares for PLN (-) 1,019 million.

In the IV quarter of 2009 proceeds from sale of non-current assets concern mainly sales of surpluses of CO₂ emission rights in the amount of PLN 701 million.

Having included dividends and interest received, net cash used in investing activities amounted to PLN (-) 2,540 million.

In 2009 net cash used in financing activities amounted to PLN (-) 1,022 million and concerned mainly net repayments of loans and borrowings of PLN (-) 268 million and debt costs in the amount of PLN (-) 666 million.

Consequently, the balance of cash and cash equivalents increased in comparison to the end of 2008 by PLN 1,597 million.

According to IAS 36 "Impairment of assets", impairment tests of assets are currently in progress.

Additionally, according to IAS 10 "Events after the reporting period", results of the annual consolidated financial statements for 2009 may be affected by events after the reporting date until the date of approval of the financial statements, particularly relating to risk assessment.

Detailed discussion of the revenues and operating performance of the individual segments is presented further on in this report.

Results of the PKN ORLEN Group for the IV quarter of 2009
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Macroeconomic Commentary

Crude oil prices, Ural/Brent differential and model margins

Table 3

Item	Quarter			% change	Year		% change
	Q3 2009	Q4 2009	Q4 2008		2009	2008	
	1	2	3	4=(3-2)/2	5	6	7=(5-6)/6
Crude oil (USD/bbl)	68.1	74.5	55.5	0.3	61.7	97.2	-0.4
Brent / Ural differential (USD/bbl)	0.5	0.7	1.8	-0.6	0.8	2.9	-0.7
Model refining margin (USD/bbl)	3.1	2.2	7.7	-0.7	3.8	6.4	-0.4
Model petrochemical margin (EUR/t)	601	600	783	-0.2	547	735	-0.3

Refining Products

In the IV quarter of 2009 there was an increase in margins (crack spreads) on fuel (by 91.0% (y/y) to USD 122.77/tonne) in comparison to the IV quarter of 2008. Margins on diesel oil fell by 66.3% (y/y) to USD 68.71/tonne, margins on light fuel oil fell by 70.5% (y/y) to USD 53.73/tonne and margins on Jet A-1 fuel fell by 53.5% (y/y) to USD 102.98/tonne. The negative margin on heavy fuel oil decreased by 22.1% to USD (-) 129.50/tonne.

Petrochemical Products

Compared with the IV quarter of 2008, margins on ethylene and propylene fell by, respectively, 33.6% (y/y) (to USD 689.54/tonne), and 33.5% (y/y) (to USD 545.31/tonne). However, margins on polyethylene and polypropylene increased, respectively, from EUR 5.48/tonne to EUR 204.90/tonne and from EUR 83.71/tonne to EUR 277.05/tonne.

Exchange Rates

Changes in exchange rates are presented in the table below:

Table 4

Currency	Average exchange rate ¹		% change	Year end exchange rate ¹		% change
	Q4 2008	Q4 2009		Q4 2008	Q4 2009	
	1	2	3=(2-1)/1	4	5	6=(5-4)/4
PLN/USD	2.86	2.82	-1.2	2.96	2.85	-3.8
PLN/EUR	3.77	4.17	10.8	4.17	4.11	-1.5
PLN/CZK	0.1485	0.161	8.4	0.1566	0.1554	-0.8
LTL/USD	2.64	2.34	-11.4	2.45	2.41	-1.6
LTL/EUR	3.45	3.45	-	3.45	3.45	-
CZK/USD	19.2	17.5	-8.9	19.3	18.4	-4.7
CZK/EUR	25.3	25.9	2.4	26.9	26.5	-1.5

1) Based on daily exchange rates of NBP, Czech Republic National Bank and Bank of Lithuania

Fuel Consumption

According to estimates based on data provided by Agencja Rynku Energii S.A. and PKN ORLEN S.A., consumption of fuel in Poland in the IV quarter of 2009 increased by 1.0% (y/y) and amounted to approximately 1,058 thousand tonnes.

Consumption of diesel oil increased by 4.7% (y/y) in the IV quarter of 2009, and amounted to 2,833 thousand tonnes.

Based on estimates from the Lithuanian market, consumption of fuel in the IV quarter of 2009 decreased by 22.9% (y/y) and amounted to 93 thousand tonnes, while the consumption of diesel oil dropped by 13.8% (y/y), and stood at 252 thousand tonnes.

According to estimates from the German retail market, consumption of fuel in the IV quarter of 2009 decreased by 3.8% (y/y) and stood at 4,996 thousand tonnes. The consumption of diesel oil increased by 4.2% (y/y), to 3,174 thousand tonnes.

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Segment commentary – Refining Segment

Table 5

Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q4 2008	% change	Item, PLNm	12 months 2009	12 months 2008	% change
1	2	3	4	5	6=(4-5)/5	7	8	9	10=(8-9)/9
10 563	12 109	13 987	13 435	13 118	2.4	Total sales revenues, including:	50 095	61 531	-18.6
7 906	8 835	10 151	9 677	8 736	10.8	Sales to external customers	36 570	46 033	-20.6
2 657	3 274	3 836	3 758	4 382	-14.2	Transactions with other segments	13 525	15 498	-12.7
-10 700	-11 422	-13 850	-13 112	-14 973	-12.4	Total operating expenses	-49 085	-61 330	-20.0
21	83	0	10	-2 370	-	Other operating revenues/expenses, net	114	-2 359	-
-116	770	137	333	-4 225	-	Profit/loss from operations	1 124	-2 158	-
177	-121	-134	173	-1 624	-	Profit/loss from operations under LIFO	94	-434	-
212	1 104	453	644	-3 879	-	EBITDA	2 413	-889	-
263	305	170	254	599	-57.6	CAPEX	992	1 846	-46.3
5 630	5 419	6 081	5 659	5 839	-3.1	Sales of products (thousand tonnes)	22 788	24 439	-6.8
Results before impairment allowances of non-current assets¹									
-116	770	137	333	-1 863	-	Profit/loss from operations	1 124	203	453.7
177	-121	-134	173	738	-76.6	Profit/loss from operations under LIFO	94	1 927	-95.1
212	1 104	453	644	-1 517	-	EBITDA	2 413	1 472	63.9

1) Financial data before adjustments recognized in the PKN ORLEN Group financial statements for the year 2008 in the amount of PLN 2,362 million, mainly due to impairment allowances of assets

In the IV quarter of 2009, the Refining Segment of the ORLEN Group recorded profit from operations of PLN 333 million, as compared to loss from operations of PLN (-) 1,863 million recognized in the IV quarter of 2008.

In the IV quarter of 2008 results included one-off impairment allowances of assets, recognized in the financial statements for the year 2008 in the amount of PLN 2,362 million, which mainly concerned impairment allowances of ORLEN Lietuva assets.

The effect of rising crude oil prices on inventory valuation increased reported profit from operations by PLN 2,760 million (y/y), mainly in PKN ORLEN S.A. by PLN 1,757 million (y/y) and in ORLEN Lietuva by PLN 761 million (y/y).

A significant deterioration of the macroeconomic factors such as refining margins and the Ural/Brent differential together with changes of exchange rates led to a decline in profit from operations by PLN (-) 770 million (y/y).

The effects of ongoing optimization and savings programs as well as sale of surpluses of CO₂ emission rights contributed to an improvement of segment's result by approximately PLN 200 million (y/y).

In the IV quarter of 2009, as compared to the IV quarter of the prior year, the segment's CAPEX decreased by PLN (-) 345 million (y/y), to PLN 254 million.

The key CAPEX projects executed in the IV quarter of 2009 included: construction of the Diesel Oil Hydrodesulphurisation Unit (HON-VII) and Claus II Unit together with auxiliary infrastructure, modernization of Alkylation installation, continuation of fuel pipeline development between Ostrów Wielkopolski and Wrocław at PKN ORLEN S.A. as well as reconstruction of the Vacuum Distillation at ORLEN Lietuva.

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Segment commentary – Retail Segment

Table 6

Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q4 2008	% change	Item, PLNm	12 months 2009	12 months 2008	% change
1	2	3	4	5	6=(4-5)/5	7	8	9	10=(8-9)/9
4 739	5 781	6 212	5 744	5 435	5.7	Total sales revenues, including:	22 476	22 528	-0.2
4 726	5 766	6 171	5 720	5 422	5.5	Sales to external customers	22 384	22 480	-0.4
13	15	41	24	13	84.6	Transactions with other segments	92	48	91.7
-4 626	-5 568	-5 827	-5 537	-5 255	5.4	Total operating expenses	-21 558	-21 910	-1.6
-26	10	-22	0	29	-	Other operating revenues/expenses, net	-38	23	-
87	223	363	207	209	-1.0	Profit/loss from operations	880	641	37.3
174	318	446	297	313	-5.1	EBITDA	1 235	997	23.9
43	54	46	161	228	-29.4	CAPEX	304	557	-45.4
1 340	1 523	1 630	1 524	1 419	7.4	Sales of products (thousand tonnes)	6 017	5 690	5.7

In the IV quarter of 2009 the Retail Segment of the ORLEN Group reported profit from operations of PLN 207 million and was at the comparable level to the similar period of the previous year.

Higher sales volume of fuel (by more than 7%) (y/y) contributed to improvement of the segment profit from operations by approximately PLN 15 million (y/y).

Additionally, in the IV quarter of 2009 there was an increase in non-fuel margins by approximately PLN 15 million (y/y), particularly noticeable on the Polish and German markets.

Operating costs of fuel stations decreased by approximately PLN 10 million (y/y).

Lower fuel margins, particularly on the Polish market, resulted in decrease of segment's result by approximately PLN (-) 20 million (y/y).

Positive effects on the other operating activities, comprising mainly impairment allowances of assets, increased segment's profit from operations in the IV quarter of 2009 by PLN 29 million (y/y).

As compared to the IV quarter of 2008, the segment's CAPEX decreased by PLN (-) 67 million (y/y), to PLN 161 million.

In the analyzed period, 6 new petrol stations were opened and 1 petrol station was upgraded and reconstructed within the ORLEN Group.

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Segment commentary – Petrochemical Segment

Table 7

Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q4 2008	% change	Item, PLNm	12 months 2009	12 months 2008	% change
1	2	3	4	5	6=(4-5)/5	7	8	9	10=(8-9)/9
2 954	3 201	3 450	3 452	3 181	8.5	Total sales revenues, including:	13 056	14 893	-12.3
2 050	2 154	2 300	2 373	2 264	4.8	Sales to external customers	8 877	10 935	-18.8
904	1 047	1 150	1 079	917	17.7	Transactions with other segments	4 179	3 958	5.6
-3 048	-3 363	-3 390	-3 520	-3 164	11.3	Total operating expenses	-13 322	-14 310	-6.9
22	-10	5	51	-65	-	Other operating revenues/expenses, net	70	-21	-
-72	-172	65	-17	-48	64.6	Profit/loss from operations	-196	562	-
-119	-209	29	-20	64	-	Profit/loss from operations under LIFO	-319	682	-
132	31	264	185	158	17.1	EBITDA	612	1 327	-53.9
401	892	552	512	422	21.3	CAPEX	2 356	1 510	56.0
1 245	1 197	1 126	1 249	1 034	20.8	Sales of products (thousand tonnes)	4 819	4 715	2.2

In the IV quarter of 2009 the segment's loss from operations amounted to PLN (-) 17 million, which means an improvement of the operating result by PLN 31 million (y/y).

The effect of changes in prices of petrochemical products on inventory valuation increased the segment's result from operations by PLN 115 million (y/y).

The decrease of petrochemical margins together with changes in foreign exchange rates decreased the segment's result by approximately PLN (-) 300 million (y/y).

Higher sales volume of fertilizers (by approximately 126 thousand tonnes (y/y)), olefins and polyolefins by 48 thousand tonnes (y/y) resulted in the increase of the reported results by PLN 150 million (y/y).

The improvement of the result was additionally affected by: the sale of surpluses of CO₂ emission rights in the Unipetrol Group in the amount of PLN 48 million (y/y) and savings in fixed costs in the amount of PLN 12 million (y/y).

In the IV quarter of 2009, the segment's CAPEX increased by PLN 90 million (y/y) to PLN 512 million. The largest projects executed in the IV quarter of 2009 included: construction of Paraxylene and Terephthalic Acid Units (PX/PTA) at PKN ORLEN S.A., reconstruction of Carbonization Furnace at the Unipetrol Group and the connection of the Terephthalic Acid Unit at the Anwil Group to utilities.

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Segment commentary – Corporate Functions

Table 8

Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q4 2008	% change	Item, PLNm	12 months 2009	12 months 2008	% change
1	2	3	4	5	6=(4-5)/5	7	8	9	10=(8-9)/9
65	68	73	73	44	65.9	Total sales revenues, including:	278	206	35.0
20	15	27	36	24	50.0	Sales to external customers	97	86	12.8
45	53	46	37	20	85.0	Transactions with other segments	181	120	50.8
-234	-198	-198	-244	-289	-15.6	Total operating expenses	-874	-860	1.6
-50	-30	-17	-18	-18	0.0	Other operating revenues/expenses, net	-115	6	-
-219	-160	-142	-189	-263	-28.1	Profit/loss from operations	-711	-648	9.7
-187	-136	-114	-159	-229	-30.6	EBITDA	-595	-547	8.8
9	32	45	37	17	117.6	CAPEX	124	105	18.1

The improvement of the segment's result by PLN 74 million (y/y) was driven mainly by lower costs of Corporate Functions at PKN ORLEN S.A. related in particular to payroll, social security and other employee benefits.

In 2008 other operating revenues included profit of PLN 84 million connected with PGE settlement of the dispute regarding the sale of shares in NOM. After elimination of one-off effects on other operating activity, Corporate Functions costs in 2009 were lower by PLN (-) 58 million as compared to the prior year.

In the IV quarter of 2009 the segment's CAPEX of PLN 37 million related mainly to development of retail sales system for petrol stations and data recovery system.

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Interim Condensed Consolidated Financial Statements

POLSKI KONCERN NAFTOWY ORLEN S.A. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for 3 and 12 months ended 31 December 2009 and 31 December 2008

Table 9

Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q4 2008	% change	Item, PLNm	12 months 2009	12 months 2008	% change
1	2	3	4	5	6=(4-5)/5	7	8	9	10=(8-9)/9
15 665	17 518	18 932	18 784	18 387	2.2	Sales of finished goods	71 273	80 230	-11.2
-4 636	-4 919	-4 909	-4 990	-5 442	-8.3	Excise tax and other charges	-19 829	-18 313	8.3
11 029	12 599	14 023	13 794	12 945	6.6	Revenues from sale of finished goods, net	51 444	61 917	-16.9
3 927	4 457	5 054	4 247	3 965	7.1	Sales of merchandise and raw materials	17 310	19 730	-12.3
-254	-286	-428	-234	-465	-49.7	Excise tax and other charges	-826	-2 114	-60.9
3 673	4 171	4 626	4 013	3 500	14.7	Revenues from sales of merchandise and raw materials, net	16 484	17 616	-6.4
14 702	16 770	18 649	17 807	16 445	8.3	Total sales revenue	67 928	79 533	-14.6
-10 464	-11 159	-12 838	-12 364	-13 037	-5.2	Cost of finished goods	-46 826	-56 686	-17.4
-3 268	-3 785	-4 157	-3 814	-3 914	-2.6	Cost of merchandise and raw materials sold	-15 023	-17 313	-13.2
-13 732	-14 944	-16 995	-16 178	-16 951	-4.6	Cost of finished goods, merchandise and raw materials sold	-61 849	-73 999	-16.4
970	1 826	1 654	1 629	-506	-	Gross profit on sales	6 079	5 534	9.8
-875	-855	-848	-929	-893	4.0	Distribution expenses	-3 508	-3 324	5.5
-381	-365	-349	-410	-504	-18.7	General and administrative expenses	-1 505	-1 462	2.9
125	210	91	838	297	182.2	Other operating revenues	1 264	748	69.0
-159	-155	-125	-794	-2 721	-70.8	Other operating expenses	-1 233	-3 099	-60.2
-320	661	423	334	-4 327	-	Profit/loss from operations	1 097	-1 603	-
293	743	764	96	281	-65.8	Financial revenues	1 094	703	55.6
-1 296	-162	-162	-204	1 956	-89.6	Financial expenses	-1 023	-2 282	-55.2
-1 003	581	602	-108	-1 675	-93.6	Net financial revenues and expenses	71	-1 579	-
52	93	83	43	34	26.5	Share in profit from investments accounted for under equity method	273	267	2.2
-1 271	1 335	1 108	269	-5 968	-	Profit/loss before tax	1 441	-2 915	-
179	-166	-168	14	956	-98.5	Income tax expense	-141	388	-
-1 092	1 169	940	283	-5 012	-	Net profit/loss	1 300	-2 527	-
Items of other comprehensive income:									
-133	119	38	-29	-60	-51.7	Hedging instruments valuation	-4	-121	-96.7
44	41	20	42	-5	-	Hedging instruments settlement	146	-108	-
895	-230	-359	-511	1 710	-	Foreign exchange differences on consolidation	-203	1 573	-
17	-30	-12	-3	15	-	Deferred tax on other comprehensive income	-27	46	-
823	-99	-313	-500	1 660	-	Total items of other comprehensive income	-89	1 389	-
-269	1 069	628	-217	-3 352	-93.5	Total comprehensive income	1 211	-1 137	-
Net profit/(loss) attributable to:									
-1 095	1 171	931	302	-4 893	-	equity holders of the parent	1 309	-2 505	-
3	-2	10	-19	-119	-84.0	non-controlling interest	-8	-21	-61.9
Total comprehensive income attributable to:									
-477	1 047	690	-27	-3 488	-99.2	equity holders of the parent	1 233	-1 420	-
208	23	-62	-190	136	-	non-controlling interest	-22	283	-
-2.56	2.74	2.18	0.71	-11.44	-	Net profit/(loss) and diluted net profit/(loss) per share attributable to equity holders of the parent (in PLN per share)	3.06	-5.86	-

Results of the PKN ORLEN Group for the IV quarter of 2009
(Translation of a document originally issued in Polish)

POLSKI KONCERN NAFTOWY ORLEN S.A.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2009 and 31 December 2008

Table 10

31 March 2009	30 June 2009	30 September 2009	31 December 2009	% change	ITEM, PLNm	31 December 2008	% Change
1	2	3	4	5=(4-3)/3	6	7	8=(4-7)/7
ASSETS							
28 149	28 067	27 362	27 070	-1.1	Property, plant and equipment	26 269	3.0
607	608	616	601	-2.4	Intangible assets	557	7.9
92	93	91	90	-1.1	Goodwill	88	2.3
64	50	55	60	9.1	Financial assets available for sale	62	-3.2
1 616	1 405	1 474	1 401	-5.0	Investments in associates	1 561	-10.2
876	485	312	291	-6.7	Deferred tax asset	485	-40.0
76	77	76	71	-6.6	Investment property	72	-1.4
99	97	97	96	-1.0	Perpetual usufruct of land	99	-3.0
98	78	68	47	-30.9	Non-current loans and receivables	88	-46.6
31 677	30 960	30 151	29 727	-1.4	Total non-current assets	29 281	1.5
8 832	10 378	11 069	10 620	-4.1	Inventory	9 089	16.8
6 635	6 986	6 539	5 418	-17.1	Trade and other receivables	6 356	-14.8
176	150	50	34	-32.0	Income taxes receivable	392	-91.3
356	224	151	181	19.9	Short-term financial assets	258	-29.8
235	241	192	207	7.8	Short-term prepayments	204	1.5
1 827	1 125	891	2 941	230.1	Cash and cash equivalents	1 344	118.8
57	56	52	32	-38.5	Non-current assets classified as held for sale	52	-38.5
18 118	19 160	18 944	19 433	2.6	Total current assets	17 695	9.8
49 795	50 120	49 095	49 160	0.1	Total assets	46 976	4.6
LIABILITIES AND SHAREHOLDER'S EQUITY							
535	535	535	535	0.0	Share capital	535	0.0
523	523	523	523	0.0	Share capital revaluation adjustment	523	0.0
1 058	1 058	1 058	1 058	0.0	Share capital	1 058	0.0
1 058	1 058	1 058	1 058	0.0	Nominal share premium	1 058	0.0
169	169	169	169	0.0	Share premium revaluation adjustment	169	0.0
1 227	1 227	1 227	1 227	0.0	Share premium	1 227	0.0
-172	-42	4	15	275.0	Hedging reserve	-100	-
614	359	73	-267	-	Foreign exchange differences on subsidiaries from consolidation	-77	246.8
14 619	15 771	16 702	17 005	1.8	Retained earnings	15 705	8.2
17 346	18 373	19 064	19 038	-0.1	Total equity attributable to equity holders of the parent	17 813	6.8
2 891	2 923	2 860	2 669	-6.7	Non-controlling interest	2 719	-1.3
20 237	21 296	21 924	21 707	-1.0	Total equity	20 532	5.7
2 795	12 507	12 151	11 611	-4.4	Interest-bearing loans and borrowings	2 611	344.7
721	707	696	662	-4.9	Provisions	747	-11.4
1 231	1 108	1 024	836	-18.4	Deferred tax liabilities	1 135	-26.3
151	357	140	133	-5.0	Other long-term liabilities	141	-5.7
4 898	14 679	14 011	13 242	-5.5	Total long-term liabilities	4 634	185.8
8 656	11 456	10 101	11 498	13.8	Trade and other liabilities	8 377	37.3
863	348	268	847	216.0	Provisions	753	12.5
30	28	46	24	-47.8	Income tax liability	35	-31.4
13 342	1 883	2 436	1 594	-34.6	Interest-bearing loans and borrowings	11 282	-85.9
146	142	138	131	-5.1	Deferred income	150	-12.7
1 623	288	171	117	-31.6	Other financial liabilities	1 213	-90.4
24 660	14 145	13 160	14 211	8.0	Total short-term liabilities	21 810	-34.8
49 795	50 120	49 095	49 160	0.1	Total liabilities and shareholder's equity	46 976	4.6

Results of the PKN ORLEN Group for the IV quarter of 2009
(Translation of a document originally issued in Polish)

POLSKI KONCERN NAFTOWY ORLEN S.A.
CONSOLIDATED STATEMENT OF CASH FLOWS
for 3 and 12 months ended
31 December 2009 and 31 December 2008

Table 11

Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q4 2008	% change	Item, PLNm	12 months 2009	12 months 2008	% change
1	2	3	4	5	6=(4-5)/5	7	8	9	10=(8-9)/9
Cash flows - operating activities									
-1 092	1 169	940	283	-5 012	-	Net profit/ (loss)	1 300	-2 527	-
Adjustments:									
-53	-93	-83	-44	-34	29.4	Share in profit from investments accounted for under equity method	-272	-266	2.3
651	656	627	633	690	-8.3	Depreciation	2 568	2 491	3.1
845	-381	-406	-180	1 156	-	Foreign exchange gains/ (losses)	-123	731	-
96	113	121	55	163	-66.3	Interest	384	533	-28.0
16	-57	23	-697	2 350	-	(Profit)/loss on investing activities	-715	2 311	-
-25	-294	-9	984	2 548	-61.4	Change in receivables	656	987	-33.5
531	-1 628	-846	281	3 031	-90.7	Change in inventories	-1 662	1 779	-
103	2 794	-1 327	1 250	-2 901	-	Change in liabilities	2 821	-1 409	-
46	-523	-74	549	40	1 272.5	Change in provisions	-2	-22	-90.9
-180	166	168	-14	-956	-98.5	Income tax expense	140	-389	-
191	-21	-18	-133	-72	84.7	Income tax received/(paid)	19	-595	-
22	20	57	-51	108	-	Other adjustments	48	-7	-
1 151	1 921	-827	2 916	1 111	162.5	Net cash provided by/(used in) operating activities	5 162	3 617	42.7
Cash flows - investing activities									
-885	-785	-630	-371	-1 049	-64.6	Acquisition of property, plant and equipment and intangible assets	-2 671	-3 969	-32.7
34	19	13	762	55	1 285.5	Disposal of property, plant and equipment and intangible assets	828	126	557.1
0	1	0	1	33	-97.0	Disposal of shares	1	200	-99.5
0	-1 018	-1	-1	-733	-99.9	Acquisition of shares	-1 019	-737	38.3
2	76	233	112	114	-1.8	Interest and dividend received	424	199	113.1
0	-5	0	-78	-1	7 700.0	Loans granted	-83	-3	2 666.7
0	6	2	0	3	-	Repayment of loans	7	5	40.0
0	0	-8	-5	-39	-87.2	Dividends paid to minority shareholders	-13	-186	-93.0
-3	-2	3	-12	-1	1 100.0	Other	-14	-20	-30.0
-852	-1 708	-388	408	-1 618	-	Net cash used in investing activities	-2 540	-4 385	-42.1
Cash flows - financing activities									
3 494	1 787	3 442	2 471	4 010	-38.4	Proceeds from loans and borrowings	11 192	10 963	2.1
0	0	0	0	5	-	Debt securities issued	0	479	-
-3 160	-2 471	-2 298	-3 532	-3 330	6.1	Repayment of loans and borrowings	-11 461	-8 714	31.5
0	0	0	0	-99	-	Redemption of debt securities	0	-825	-
-116	-210	-152	-189	-193	-2.1	Interest paid	-666	-564	18.1
0	0	0	0	0	-	Dividends paid	0	-693	-
-45	-10	-11	-15	-9	66.7	Payment of liabilities under finance lease agreements	-80	-36	122.2
1	0	-1	-6	2	-	Other	-7	3	-
174	-904	980	-1 271	386	-	Net cash provided by/(used in) financing activities	-1 022	613	-
473	-691	-235	2 053	-121	-	Net change in cash and cash equivalents	1 600	-155	-
10	-11	1	-3	1	-	Effect of exchange rate changes	-3	1	-
1 344	1 827	1 125	891	1 464	-39.1	Cash and cash equivalents, beginning of the period	1 344	1 498	-10.3
1 827	1 125	891	2 941	1 344	118.8	Cash and cash equivalents, end of the period	2 941	1 344	118.8
211	31	25	24	115	-79.1	Incl. cash and cash equivalents not available for use	24	115	-79.1

Results of the PKN ORLEN Group for the IV quarter of 2009
(Translation of a document originally issued in Polish)

POLSKI KONCERN NAFTOWY ORLEN S.A.
DEPRECIATION BY SEGMENT
for 3 and 12 months ended
31 December 2009 and 31 December 2008

Table 12

Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q4 2008	% change	Item, PLNm	12 months 2009	12 months 2008	% change
1	2	3	4	5	6=(4-5)/5	7	8	9	10=(8-9)/9
327	335	316	311	346	-10.1	Refining Segment	1 289	1 269	1.6
						<i>including:</i>			
125	111	117	135	132	2.3	PKN ORLEN S.A.	488	504	-3.2
48	49	47	45	49	-8.2	Unipetrol Group	190	181	5.0
119	141	113	89	132	-32.6	ORLEN Lietuva	462	449	2.9
87	95	83	90	104	-13.5	Retail Segment	355	356	-0.3
						<i>including:</i>			
46	54	50	48	47	2.1	PKN ORLEN S.A.	198	173	14.5
15	15	8	14	26	-46.2	Unipetrol Group	52	94	-44.7
3	1	2	2	2	0.0	ORLEN Lietuva	9	7	28.6
204	201	200	202	206	-1.9	Petrochemical Segment	808	765	5.6
						<i>including:</i>			
53	54	53	59	58	1.7	PKN ORLEN S.A.	218	214	1.9
94	95	91	90	89	1.1	Unipetrol Group	370	331	11.8
39	37	38	37	41	-9.8	Anwil Group	151	148	2.0
18	16	17	17	18	-5.6	Basell Orlen Polyolefins Sp. z o.o.	69	72	-4.2
34	25	28	30	34	-11.8	Corporate Functions	116	101	14.9
						<i>including:</i>			
16	15	17	19	18	5.6	PKN ORLEN S.A.	67	56	19.6
4	4	4	5	8	-37.5	Unipetrol Group	16	17	-5.9
12	3	5	3	5	-40.0	ORLEN Lietuva	22	17	29.4
652	656	627	633	690	-8.3	ORLEN Group	2 568	2 491	3.1

Results of the PKN ORLEN Group for the IV quarter of 2009
(Translation of a document originally issued in Polish)

Operating Data

POLSKI KONCERN NAFTOWY ORLEN S.A. PRODUCTION VOLUMES for 3 months ended 31 December 2009 and 31 December 2008

Table 13

Output (‘000 tonnes)	Q4 2009	Q4 2008	y/y change %	Q4 2009	% share	Q4 2009	% share	Q4 2009	% share
1	2	3	4=(2-3)/3	5	6=5/total segment	7	8=7/ total segment	9	10=9/ total segment
Refining Segment	ORLEN Group	ORLEN Group		PKN ORLEN S.A.		Unipetrol Group		ORLEN Lietuva	
Crude oil throughput	6 605	7 057	-6.4	3 498	-	1 087	-	1 944	-
Gasoline	1 574	1 603	-1.8	725	23.7	219	17.7	630	33.8
Diesel fuel	2 601	2 628	-1.0	1 377	45.0	453	36.6	784	42.0
Light heating oil	278	278	0.0	243	7.9	14	1.1	2	0.1
A-1 jet fuel	141	153	-7.8	83	2.7	23	1.9	35	1.9
Heavy heating oil	618	686	-9.9	212	6.9	27	2.2	326	17.5
LPG	118	157	-24.8	47	1.5	34	2.7	49	2.6
Bitumens	292	272	7.4	0	0.0	75	6.1	22	1.2
Engine oils	69	65	6.2	0	0.0	24	1.9	0	0.0
Other	310	172	80.2	370	12.1	369	29.8	17	0.9
Total products	6 001	6 014	-0.2	3 057	-	1 238	-	1 865	-

Petrochemical Segment	ORLEN Group	ORLEN Group		PKN ORLEN S.A.		Unipetrol Group		BOP		Anwil Group	
Polyethylene	115	100	15.0	0	0.0	69	8.0	45	50.6	0	0.0
Polypropylene	104	75	38.7	0	0.0	60	7.0	44	49.4	0	0.0
Ethylene	75	76	-1.3	125	35.2	111	12.9	0	0.0	0	0.0
Propylene	53	42	26.2	93	26.2	65	7.6	0	0.0	0	0.0
Toluene	27	22	22.7	27	7.6	0	0.0	0	0.0	0	0.0
Benzene	73	54	35.2	22	6.2	51	5.9	0	0.0	0	0.0
Paraxylene	0	6	-	0	0.0	0	0.0	0	0.0	0	0.0
Ortoxylyene	5	1	400.0	5	1.4	0	0.0	0	0.0	0	0.0
Acetone	6	7	-14.3	6	1.7	0	0.0	0	0.0	0	0.0
Butadiene	16	16	0.0	16	4.5	0	0.0	0	0.0	0	0.0
Glycol	15	45	-66.7	15	4.2	0	0.0	0	0.0	0	0.0
Ethylene oxide	5	3	66.7	5	1.4	0	0.0	0	0.0	0	0.0
Phenol	9	11	-18.2	9	2.5	0	0.0	0	0.0	0	0.0
PVC	86	76	13.2	0	0.0	0	0.0	0	0.0	86	15.4
PVC granulate	11	8	37.5	0	0.0	0	0.0	0	0.0	11	2.0
CANWIL	76	113	-32.7	0	0.0	0	0.0	0	0.0	76	13.6
Ammonium nitrate	143	133	7.5	0	0.0	0	0.0	0	0.0	143	25.5
Other	773	764	1.2	32	9.0	504	58.6	0	0	244	43.6
Total products	1 592	1 552	2.6	355	-	860	-	89	-	560	-
Total output	7 593	7 566	0.4	3 412	-	2 098	-	-	-	560	-

Results of the PKN ORLEN Group for the IV quarter of 2009
(Translation of a document originally issued in Polish)

POLSKI KONCERN NAFTOWY ORLEN S.A.
SALES OF KEY PRODUCTS
for 3 and 12 months ended
31 December 2009 and 31 December 2008

Table 14

Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q4 2008	% change	Sales (‘000 tonnes)	12 months 2009	12 months 2008	% change
1	2	3	4	5	6=(4-5)/5	7	8	9	10=(8-9)/9
Refining Segment									
1 388	1 301	1 394	1 314	1 304	0.8	Gasoline	5 397	5 464	-1.2
2 227	2 132	2 166	2 127	2 173	-2.1	Diesel fuel	8 652	8 956	-3.4
288	128	158	281	262	7.3	Light heating oil	854	969	-11.9
126	186	259	168	171	-1.8	A-1 jet fuel	738	1 067	-30.8
626	537	745	590	686	-14.0	Heavy heating oil	2 498	2 755	-9.3
76	137	111	101	104	-2.9	LPG	425	470	-9.6
48	334	466	266	269	-1.1	Bitumens	1 113	1 104	0.8
27	36	29	42	22	90.9	Engine oils	134	101	32.7
824	628	753	770	848	-9.2	Other	2 977	3 553	-16.2
5 630	5 419	6 081	5 659	5 839	-3.1	Total products	22 788	24 439	-6.8
Retail Segment									
538	607	636	580	603	-3.8	Gasoline	2 361	2 379	-0.8
654	774	847	781	649	20.3	Diesel fuel	3 056	2 707	12.9
52	96	87	76	73	4.1	LPG	311	295	5.4
96	46	60	87	94	-7.4	Other	289	309	-6.5
1 340	1 523	1 630	1 524	1 419	7.4	Total products	6 017	5 690	5.7
6 970	6 942	7 711	7 183	7 258	-1.0	(Refining + Retail) Segment	28 805	30 129	-4.4
Petrochemical Segment									
115	127	101	114	103	10.7	Polyethylene	457	466	-1.9
94	105	88	95	75	26.7	Polypropylene	382	369	3.5
67	58	68	68	67	1.5	Ethylene	261	277	-5.8
49	46	59	59	43	37.2	Propylene	214	212	0.9
18	19	14	23	20	15.0	Toluene	74	105	-29.5
61	58	72	72	56	28.6	Benzene	263	275	-4.4
0	1	0	0	7	-	Paraxylene	1	25	-96.0
4	6	5	5	2	150.0	Ortoxylene	20	21	-4.8
5	5	6	5	6	-16.7	Acetone	21	28	-25.0
11	14	16	16	14	14.3	Butadiene	57	55	3.6
17	18	18	18	22	-18.2	Glycol	70	90	-22.2
4	4	5	5	3	66.7	Ethylene oxide	18	12	50.0
8	9	8	9	10	-10.0	Phenol	34	43	-20.9
88	98	93	58	57	1.8	PVC	337	306	10.1
12	16	18	19	8	137.5	PVC granulate	65	55	18.2
111	72	53	87	85	2.4	CANWIL	323	426	-24.2
175	139	95	179	89	101.1	Ammonium nitrate	589	497	18.5
406	402	407	417	367	13.6	Other	1 633	1 453	12.4
1 245	1 197	1 126	1 249	1 034	20.8	Total products	4 819	4 715	2.2
8 215	8 139	8 837	8 432	8 292	1.7	ORLEN Group – total	33 624	34 844	-3.5

Results of the PKN ORLEN Group for the IV quarter of 2009

(Translation of a document originally issued in Polish)

Effect of Using LIFO method of inventory valuation

The Management Board of Polski Koncern Naftowy ORLEN S.A. hereby releases information on the effect of applying the LIFO (last in – first out) method of inventory valuation on PKN ORLEN's financial results and the ORLEN Group's consolidated financial results for the IV quarter of 2009 and for four quarters of 2009.

Profit before tax and net profit (i.e. after including the effect in deferred income tax), as estimated by the Company for PKN ORLEN and the ORLEN Group using the LIFO method of inventory valuation, were as follows (PLNm):

Table 15

Q4 2009		Q4 2008		Profit, PLNm	12 months 2009		12 months 2008	
Inventory valuation at the weighted average production or acquisition cost	LIFO valuation	Inventory valuation at the weighted average production or acquisition cost	LIFO valuation		Inventory valuation at the weighted average production or acquisition cost	LIFO valuation	Inventory valuation at the weighted average production or acquisition cost	LIFO valuation
590	551	-4 706	-2 958	Unconsolidated profit before tax	1 908	1 354	-2 063	-1 174
519	488	-3 839	-2 423	Unconsolidated net profit	1 636	1 187	-1 571	-851
269	106	-5 968	-3 255	Consolidated profit before tax	1 441	289	-2 915	-1 072
283	152	-5 012	-2 792	Consolidated net profit	1 300	372	-2 527	-1 011

PKN ORLEN S.A. and the ORLEN Group value their inventories using a method based on the weighted average production or acquisition cost. The application of that method results in deferred recognition of an increase or decrease in the oil prices relative to the prices of finished products. Therefore, the reported results benefit from increases in the oil prices and are adversely affected when the prices fall. The application of the LIFO method of inventory valuation results in the current production being valued based on the current purchase prices of oil. Accordingly, an upward trend in the oil prices has a negative effect, and a falling trend has a positive effect, on the results computed using the LIFO method of inventory valuation.