

KEY FACTORS INFLUENCING THE RESULTS OF THE II QUARTER 2007 – COMPANY'S COMMENTARY

Selected consolidated financial data

	in thousand PLN	
	2007	2006
Total sales revenues for the 2 nd quarter	16 218 297	13 544 538
Operating expense and other operating revenues for the 2 nd quarter	14 926 580	12 365 386
Profit from operations for the 2 nd quarter	1 291 717	1 179 152
EBITDA for the 2 nd quarter	1 873 349	1 643 671
Net profit attributable to equity holders of the parent for the 2 nd quarter	1 110 014	870 238

1. MAIN MACROECONOMIC FACTORS

- fall in differential from 4.83 USD/bbl in the 2nd quarter 2006 to 3.87 USD/bbl in the 2nd quarter 2007 decreased EBIT of the Parent by PLN 75 million,
- decreasing crack margins on diesel oil, ekoterm and Jet A-1 aviation fuel were offsetted by higher crack margins on gasoline and heating oil III, which led to higher EBIT of the Parent in the amount of PLN 21 million,
- strengthening of PLN against USD unfavorably influenced profit from operations of the Parent (in respect of differential and margins) in the amount of PLN (-) 114 million,
- situation in agriculture resulting from high demand for artificial fertilizers and high demand for granulated products and PVC resulting in relatively high prices favorably influenced financial results of Capital Group of Anwil S.A. – PLN 69 million in the 2nd quarter 2007 as compared to PLN 41 million in parallel period of 2006.

2. INTERNAL FACTORS

- increase in retail sales volume of engine fuels in the Parent (CODO petrol stations) of 18% contributed to an increase in EBIT by PLN 40 million, whereas increase in retail sales volume of non-fuel merchandise and services increased profit from operations by PLN 14 million,
- high sales volume of polyolefins amounting to 209 thousand tones in the second quarter 2007 favorably influenced the financial results of Basell ORLEN Polyolefins Sp. z o.o. – PLN 46 million as compared to PLN 20 million in the second quarter 2007
- fall in retail margins on gasoline and LPG contributed to a decrease in profit from operations of the Parent by PLN 8 million
- considerable cost cutting results of OPTIMA program in the 2nd quarter 2007 in the amount of PLN 133 million – the highest savings noted in refining segment and other operations segment,
- fixed costs of the Parent in the 2nd quarter 2007 on the level lower by 1,4% than in the previous year