

Results of the PKN ORLEN Group for the I quarter of 2010

(Translation of a document originally issued in Polish)

Summary of the results

Table 1

Q4 2009	Q1 2010	Q1 2009	% change	Key financial data, PLNm	2010	2009	% change
1	2	3	4 = (2-3) / 3	5	6	7	8 = (6-7) / 7
17 807	17 442	14 702	18.6	Total sales revenue	17 442	14 702	18.6
967	1 065	331	221.8	Profit/loss from operations plus depreciation and amortisation (EBITDA)	1 065	331	221.8
334	464	-320	-	Profit/loss from operations, including:	464	-320	-
432	482	-393	-	PKN ORLEN S.A.	482	-393	-
-58	54	-48	-	Unipetrol Group	54	-48	-
-64	-103	-51	-102.0	ORLEN Lietuva	-103	-51	-102.0
24	31	172	-82.0	Other	31	172	-82.0
				Operating segments, including:			
333	426	-116	-	Refining	426	-116	-
-17	105	-72	-	Petrochemical	105	-72	-
207	75	87	-13.8	Retail	75	87	-13.8
-189	-142	-219	35.2	Corporate Functions ¹	-142	-219	35.2
283	610	-1 092	-	Net profit/loss	610	-1 092	-
302	593	-1 095	-	Profit/loss attributable to equity holders of the Parent	593	-1 095	-
49 160	49 212	49 795	-1.2	Assets	49 212	49 795	-1.2
21 707	22 131	20 237	9.4	Equity	22 131	20 237	9.4
10 263	10 291	14 309	-28.1	Net debt	10 291	14 309	-28.1
2 916	416	1 151	-63.9	Net cash provided by operating activities	416	1 151	-63.9
408	-575	-852	32.5	Net cash provided by/(used in) investing activities	-575	-852	32.5
964	776	717	8.2	Investment expenditures (CAPEX)	776	717	8.2
2.6	4.7	-0.3	-	Return on capital employed (ROACE) (%) ²	4.7	-0.3	-
54.9	46.9	65.9	-28.8 p.p.	Financial leverage (%) ³	46.9	65.9	-28.8 p.p.
2.51	2.14	5.89	-63.7	Net debt/Profit from operations plus depreciation and amortisation for the last four quarters (EBITDA) ⁴	2.14	5.89	-63.7
3.50	2.68	2.95	-9.2	Net debt/Profit from operations plus depreciation and amortisation based on the LIFO method for the last four quarters (EBITDA) ⁵	2.68	2.95	-9.2
0.71	1.39	-2.56	-	Net profit/loss attributable to equity holders of the Parent per share (EPS)	1.39	-2.56	-
0.00	0.00	0.00	-	Dividend per share	0.00	0.00	-
Q4 2009	Q1 2010	Q1 2009	% change	Financial data adjusted by the effect of inventory valuation based on the LIFO method, PLNm	2010	2009	% change
171	49	-74	-	Profit/loss from operations	49	-74	-
-163	-415	246	-	Effect on inventory valuation ⁶ based on LIFO method on profit from operations, including:	-415	246	-
-38	-319	333	-	PKN ORLEN S.A.	-319	333	-
-49	-81	-35	-131.4	Unipetrol Group	-81	-35	-131.4
-78	-25	-54	53.7	ORLEN Lietuva	-25	-54	53.7
152	273	-892	-	Net profit/loss	273	-892	-

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. (EBITDA excluding impairment allowance of assets recognized in the financial statements for the year 2008 in the amount of PLN 2,361 million).

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. (EBITDA excluding impairment allowance of assets recognized in the financial statements for the year 2008 in the amount of PLN 2,361 million).

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.

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Commentary

Reported results from operations and impact of the LIFO method of inventory valuation

Reported result from operations of the ORLEN Capital Group („ORLEN Group”) for the I quarter of 2010 amounted to PLN 464 million as compared to loss for the respective period of the prior year of PLN (-) 320 million.

Using the LIFO method of inventory valuation, the ORLEN Group realized profit from operations of PLN 49 million in the I quarter of 2010 as compared to the loss from operations of PLN (-) 74 million in the I quarter of 2009.

Changes in reported results from operations of the most significant entities belonging to the ORLEN Group in comparison to the results for the I quarter of 2009 were as follows:

- in PKN ORLEN S.A. result from operations was higher by PLN 875 million (y/y) and amounted to PLN 482 million mainly due to increase in the result of the refining segment by PLN 553 million (y/y) and petrochemical segment by PLN 260 million (y/y) and decrease in the result of corporate functions by PLN 70 million (y/y). Higher reported result from operations of the refining segment was achieved mainly as a consequence of the impact of increasing crude oil prices on inventory valuation of PLN 649 million (y/y) accompanied by negative impact of macroeconomic factors including Ural/Brent differential, model refining margin and exchange rates (“macroeconomic factors”). Higher results from operations of the petrochemical segment were achieved mainly as the effect of increase of model petrochemical margin and higher volumes of sales. Result from operations of the retail segment was lower by PLN (-) 7 million (y/y) due to decrease in fuel margin partially compensated by higher volumes and increase in non-fuel margin.
- in the ORLEN Lietuva Group („ORLEN Lietuva”) result from operations was lower by 52 mln (y/y). The decreased result of the refining segment by PLN (-) 67 million (y/y) reflects unfavorable influence of macroeconomic factors and decreasing consumption that has a limiting impact on sales volumes on ORLEN Lietuva markets. It was accompanied by positive influence of lower fixed and payroll costs (y/y) in the amount of PLN 52 million. Lower corporate function costs increased reported result from operations by PLN 15 million (y/y).
- in the Unipetrol Capital Group („Unipetrol Group”) result from operations increased by PLN 102 million (y/y) and amounted to PLN 54 million. Result from operations of the refining segment was higher by PLN 98 million (y/y) mainly as a consequence of positive impact of change in crude oil prices on inventory valuation in the amount of PLN 56 million (y/y) and optimization of operating expenses in the amount of PLN 21 million (y/y). Result of the petrochemical segment increased by PLN 4 million (y/y) mainly due to higher sales volume and higher model margins (y/y) accompanied by negative impact of change in petrochemical products prices on inventory valuation in the amount of PLN (-) 9 million (y/y). Higher fuel margin increased results of the retail segment by PLN 7 million (y/y).

The impact of upward trend in crude oil prices on inventory valuation improved reported results from operations of the ORLEN Group for the I quarter of 2010 by PLN 661 million in comparison to the prior year.

Total impact of macroeconomic factors including Ural/Brent differential, model margins and exchange rates on the reported result from operations of the Group was negative and amounted to PLN (-) 57 million (y/y).

Observed decrease in consumption had a negative impact on sales volumes of the refining segment in the amount of PLN (-) 99 million (y/y). Higher sales volumes in the retail segment and growth in trading activity on olefins and polyolefins market in the petrochemical segment increased reported result from operations by PLN 34 million (y/y).

In the I quarter of 2010 the following significant repair standstills of production installations occurred:

- PKN ORLEN S.A. – planned 7 and 16-day repair standstills of Reforming V and VI Installations and 21-day repair standstill of HON VI Installation;
- ORLEN Lietuva Group – planned 12-day repair standstill of the refinery.

Lower operating expenses in the areas of fixed costs, payroll costs as well as depreciation and amortisation expense increased reported result from operations by PLN 133 million (y/y).

Positive impact of revaluation of provisions recognized in other operating activities amounted to PLN 89 million (y/y). Main components of this change are lack of negative influence connected with recognition of business risk

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provision in the amount of PLN 63 million in the I quarter of 2009 and decrease of provision for CO₂ emissions in the amount of PLN 26 million due to its revaluation in the I quarter of 2010.

Financial revenues and expenses and net result

In the I quarter of 2010 the net result on financial activities was positive and amounted to PLN 288 million, of which the major item concerned net foreign exchange gains in the amount of PLN 342 million. This amount includes mainly positive unrealized foreign exchange differences on translation of loans of PLN 319 million.

Negative foreign exchange differences on translation of loans denominated in USD in the amount of PLN (-) 30 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 PKN ORLEN Group for the I quarter of 2010 amounted to PLN 610 million whereas net loss for the I quarter of 2009 amounted to PLN (-) 1,092 million.

Debt and cash flows

As at the end of March 2010 net debt amounted to PLN 10,291 million and remained on similar level as compared to the end of 2009.

Net cash provided by operating activities amounted to PLN 416 million in the I quarter of 2010.

Operating cash flows included mainly profit from operations for the reporting period increased by depreciation and amortisation in the total amount of PLN 1,065 million and negative change in the level of net working capital amounting to PLN (-) 595 million.

Increase of receivables and decrease of liabilities in the total amount of PLN (-) 849 million concerns mainly the effect of change in deferred payments for crude oil in comparison to the end of 2009 of approximately PLN (-) 1,000 million.

Decrease of inventories by PLN 254 million is a net effect of selling part of mandatory reserves of approximately PLN 800 million balanced by increase of inventory value due to higher crude oil prices.

In the analysed period net cash used in investing activities amounted to PLN (-) 575 million and included mainly expenditures on realization of investment programs of PLN (-) 597 million. These expenditures concerned mainly continued developmental investments in PKN ORLEN.

In the I quarter of 2010 net cash used in financing activities amounted to PLN (-) 354 million and included mainly net repayment of loans and borrowings of PLN (-) 196 million and debt costs in the amount of PLN (-) 147 million.

Consequently, the balance of cash and cash equivalents decreased in comparison to the end of 2009 by PLN 513 million.

Sale of part of mandatory reserves of crude oil

According to the legally binding regulations in Poland entities trading in fuel products are obliged to maintain the required level of mandatory reserves. This obligation may be fulfilled either by maintaining mandatory reserves in the entity's balance sheet or by outsourcing this service.

On 29 March 2010 PKN ORLEN S.A. concluded an agreement with Lambourn Sp. z o.o. for the sale of crude oil in the approximate amount of PLN 800 million.

Simultaneously PKN ORLEN S.A. concluded an agreement with Lambourn Sp. z o.o. for the services of maintaining the sold crude oil as a mandatory reserve for the PKN ORLEN's account in the period of one year. The agreement may be prolonged for the further periods.

This transaction fulfills legal requirements in respect of maintaining mandatory reserves, as the concluded agreement guarantees PKN ORLEN S.A. the possibility to buy crude oil back at the market prices, in the circumstances when states authorities demand to make mandatory reserves available. The above agreements were concluded by PKN ORLEN S.A. after prior acceptance of the Material Reserves Agency.

Revenues from sale of mandatory reserves were recognized as revenues from sale of merchandise and raw materials. Cost of crude oil sold was recognized as cost of merchandise and raw materials sold.

In the period when the concluded agreement is in force, PKN ORLEN S.A. will pay fees to Lambourn Sp. z o.o. for the services of maintaining mandatory reserves on PKN ORLEN's account. These fees are recognized as operating expenses of the period.

Lambourn Sp. z o.o. will pay fees to PKN ORLEN S.A. for the lease of warehouse capacity used for the purpose of storage of purchased crude oil.

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

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Macroeconomic Commentary

Crude oil prices, Ural/Brent differential and model margins

Table 2

Item	Quarter			% change
	Q4 2009	Q1 2010	Q1 2009	
1	2	3	4	5=(3-4)/4
Brent crude oil (USD/bbl)	74.5	76.4	44.5	71.7
Brent / Ural differential (USD/bbl)	0.7	1.4	1.2	16.7
Model refining margin (USD/bbl)	2.2	4.0	5.3	-24.5
Model petrochemical margin (EUR/t)	600	629	500	25.8
Quotations of margins (crack spreads) (USD/t)				
Refining products				
Gasoline	122.8	157.6	88.1	78.9
Diesel fuel	68.7	76.6	110.2	-30.5
Light heating oil	53.7	62.8	88.6	-29.1
A-1 jet fuel	103.0	110.0	118.4	-7.1
Heavy heating oil	-129.5	-132.8	-107.0	24.1
Petrochemical products				
Polyethylene	307.3	281.6	276.5	1.9
Polypropylene	413.9	363.6	404.2	-10.0
Ethylene	689.5	696.8	451.5	54.3
Propylene	545.3	627.3	267.7	134.3
Toluene	190.3	276.9	123.0	125.1
Benzene	233.5	445.6	-12.1	-
Butadiene	773.5	769.7	524.8	46.7

Exchange rates

Table 3

Currency	Average exchange rate ¹			% change	Year end exchange rate ¹			% change
	Q4 2009	Q1 2010	Q1 2009		Q4 2009	Q1 2010	Q1 2009	
1	2	3	4	5=(3-4)/4	6	7	8	9=(7-8)/8
PLN/USD	2.82	2.88	3.45	-16.5	2.85	2.87	3.54	-18.9
PLN/EUR	4.17	3.99	4.50	-11.3	4.11	3.86	4.70	-17.9
PLN/CZK	0.1610	0.1542	0.1628	-5.3	0.1554	0.1517	0.1708	-11.2
LTL/USD	2.34	2.49	2.64	-5.7	2.41	2.55	2.61	-2.3
LTL/EUR	3.45	3.45	3.45	-	3.45	3.45	3.45	-
CZK/USD	17.5	18.7	21.2	-11.8	18.4	18.9	20.6	-8.3
CZK/EUR	25.9	25.9	27.6	-6.2	26.5	25.4	27.4	-7.3

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. consumption of fuel in Poland in the I quarter of 2010 decreased by 5.6% (y/y) and amounted to approximately 922 thousand tonnes.

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Consumption of diesel oil increased by 0.4% (y/y) in the I quarter of 2010, and amounted to 2,384 thousand tonnes.

Based on estimates from the Lithuanian market, consumption of gasoline in the I quarter of 2010 decreased by (-) 20.5% (y/y) and amounted to 66 thousand tonnes, while the consumption of diesel oil increased by 12.0% (y/y), and amounted to 194 thousand tonnes.

Based on estimates from the Czech market, consumption of gasoline in the I quarter of 2010 decreased by (-) 12.1% (y/y) and amounted to 386 thousand tonnes, while the consumption of diesel oil dropped by (-) 12.5% (y/y), and amounted to 794 thousand tonnes.

According to estimates from the German retail market, consumption of gasoline in the I quarter of 2010 decreased by (-) 4.7% (y/y) and amounted to 4,475 thousand tonnes. The consumption of diesel oil decreased by (-) 0.2% (y/y), to 7,057 thousand tonnes.

Presentation change

In segment data relating to statement of comprehensive income for the 3-month period ended 31 March 2009 (disclosed in note 2 of the Consolidated Quarterly Report for I Quarter 2010) a reclassification adjustment of PLN 231million was made from the position of sales revenues and operating expenses of the refining segment to the position of sales revenues and operating expenses of the retail segment. The adjustment reflects sales volumes generated through DOFO channel, previously presented in the refining segment.

According to the Management Board the above mentioned changes will ensure better presentation of effects of the activities.

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Segment commentary – Refining Segment

Table 4

Q4 2009	Q1 2010	Q1 2009	% change	Item, PLNm	3 months 2010	3 months 2009	% change
1	2	3	4=(2-3)/3	5	6	7	8=(6-7)/7
13 435	13 383	10 563	26.7	Total sales revenues, including:	13 383	10 563	26.7
9 677	9 266	7 674	20.7	Sales to external customers	9 266	7 674	20.7
3 758	4 117	2 889	42.5	Transactions with other segments	4 117	2 889	42.5
-13 112	-12 972	-10 700	21.2	Total operating expenses	-12 972	-10 700	21.2
10	15	21	-28.6	Other operating revenues/expenses, net	15	21	-28.6
333	426	-116	-	Profit/loss from operations	426	-116	-
173	51	177	-71.2	Profit/loss from operations under LIFO	51	177	-71.2
644	733	212	245.8	EBITDA	733	212	245.8
254	132	263	-49.8	CAPEX	132	263	-49.8
5 471	4 737	5 488	-13.7	Sales of products (thousand tonnes)	4 737	5 488	-13.7

In the I quarter of 2010, the Refining Segment of the ORLEN Group recorded profit from operations of PLN 426 million, as compared to loss from operations of PLN (-) 116 million recognized in the I quarter of 2009.

The effect of rising crude oil prices on inventory valuation increased reported result from operations by PLN 668 million (y/y).

Change of macroeconomic factors such as Ural/Brent differential, refining margin and changes of exchange rates led to a decline in profit from operations by PLN (-) 185 million (y/y).

Noticeable decrease in fuel consumption in the I quarter of 2010 on ORLEN Group markets, reflecting unfavorable weather conditions and higher tax charges in the Czech Republic and Poland since the beginning of 2010 led to lower sales volumes by (-) 14% (y/y). Consequently, reported profit from operations of the segment decreased by PLN (-) 99 million (y/y).

Lower fixed costs, payroll costs and depreciation and amortisation expense in the amount of 92 million (y/y) and reversal of provision for CO₂ emission rights of PLN 17 million in the I quarter of 2010, additionally improved reported result from operations.

In the I quarter of 2010, as compared to the I quarter of the prior year, the segment CAPEX decreased by PLN (-) 131 million (y/y) to PLN 132 million.

The key CAPEX projects executed in the I quarter of 2010 included: construction of the Diesel Oil Hydrodesulphurisation Unit (HON-VII) and Claus II Unit together with auxiliary infrastructure, modernization of Alkylation installation, construction of natural gas pipeline for Heat and Power station and Hydrogen Plant II as well as continuation of fuel pipeline development between Ostrów Wielkopolski and Wrocław at PKN ORLEN S.A.

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Segment commentary – Retail Segment

Table 5

Q4 2009	Q1 2010	Q1 2009	% change	Item, PLNm	3 months 2010	3 months 2009	% change
1	2	3	4=(2-3)/3	5	6	7	8=(6-7)/7
5 744	5 586	4 970	12.4	Total sales revenues, including:	5 586	4 970	12.4
5 720	5 559	4 957	12.1	Sales to external customers	5 559	4 957	12.1
24	27	13	107.7	Transactions with other segments	27	13	107.7
-5 537	-5 506	-4 857	13.4	Total operating expenses	-5 506	-4 857	13.4
0	-5	-26	-80.8	Other operating revenues/expenses, net	-5	-26	-80.8
207	75	87	-13.8	Profit/loss from operations	75	87	-13.8
297	156	174	-10.3	EBITDA	156	174	-10.3
161	21	43	-51.2	CAPEX	21	43	-51.2
1 712	1 541	1 482	4.0	Sales of products (thousand tonnes)	1 541	1 482	4.0

In the I quarter of 2010 the Retail Segment of the ORLEN Group reported profit from operations of PLN 75 million as compared to PLN 87 million in the similar period of the previous year.

Intensified trade activity led once again to the increase in sales volumes of 4% (y/y) despite the decrease in fuel consumption on the ORLEN Group markets. Increased sales had a positive effect on the reported result from operations of PLN 9 million (y/y).

Strong economic pressure on fuel margins particularly noticeable on the Polish and German market led to a decrease of segment result from operations by PLN (-) 48 million (y/y). Negative impact of fuel margins was partially compensated by higher non-fuel margins in the amount of PLN 8 million (y/y). This effect was particularly noticeable on the Polish and German market, where higher sales of merchandise and increasing demand for catering services (Stop Café and Stop Café Bistro) occurred. At the end of the I quarter of 2010 the number of catering points such as Stop Café and Stop Café Bistro amounted to 497, reflecting an increase of 106 (y/y).

Lower level of fixed costs, payroll costs and depreciation and amortisation expense led to improvement of segment reported profit from operations by PLN 17 million (y/y).

As compared to the I quarter of 2009, the segment CAPEX decreased by PLN (-) 22 million (y/y) to PLN 21 million.

In the analyzed period, 4 new petrol stations were launched within the ORLEN Group (3 in Poland and 1 in Germany) and 9 petrol stations were upgraded and reconstructed (6 in Poland, 1 in Germany and 2 in the Czech Republic).

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Segment commentary – Petrochemical Segment

Table 6

Q4 2009	Q1 2010	Q1 2009	% change	Item, PLNm	3 months 2010	3 months 2009	% change
1	2	3	4=(2-3)/3	5	6	7	8=(6-7)/7
3 452	3 274	2 954	10.8	Total sales revenues, including:	3 274	2 954	10.8
2 373	2 598	2 050	26.7	Sales to external customers	2 598	2 050	26.7
1 079	676	904	-25.2	Transactions with other segments	676	904	-25.2
-3 520	-3 190	-3 048	4.7	Total operating expenses	-3 190	-3 048	4.7
51	21	22	-4.5	Other operating revenues/expenses, net	21	22	-4.5
-17	105	-72	-	Profit/loss from operations	105	-72	-
-20	65	-119	-	Profit/loss from operations under LIFO	65	-119	-
185	290	132	119.7	EBITDA	290	132	119.7
512	619	401	54.4	CAPEX	619	401	54.4
1 249	1 239	1 245	-0.5	Sales of products (thousand tonnes)	1 239	1 245	-0.5

In the I quarter of 2010 the segment profit from operations amounted to PLN 105 million as compared to loss from operations of PLN (-) 72 million in the I quarter of 2009.

Impact of macroeconomic factors connected with the increase of petrochemical margins (y/y) together with changes in foreign exchange rates increased the segment result from operations by PLN 128 million (y/y).

Higher sales volumes of olefins, polyolefins and aromas exceeded the effect of lower sales of fertilizers and PVC. Consequently, the reported result from operations amounted to PLN 25 million (y/y).

The effect of changes in prices of petrochemical products on inventory valuation decreased reported profit from operations of the segment by PLN (-) 7 million (y/y).

Lower level of fixed costs, payroll costs and depreciation and amortisation expense led to improvement of segment reported result from operations of the segment by PLN 23 million (y/y).

In the I quarter of 2010 the segment CAPEX increased by PLN 218 million (y/y) to PLN 619 million.

The largest projects executed in the I quarter of 2010 included: construction of Paraxylene and Terephthalic Acid Units (PX/PTA) at PKN ORLEN S.A., new butadiene unit, exchange of transformers T101 and T101, reconstruction of Carbonization Furnace at the Unipetrol Group and the connection of the Terephthalic Acid Unit to utilities at the Anwil Group.

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Segment commentary – Corporate Functions

Table 7

Q4 2009	Q1 2010	Q1 2009	% change	Item, PLNm	3 months 2010	3 months 2009	% change
1	2	3	4=(2-3)/3	5	6	7	8=(6-7)/7
73	65	65	0.0	Total sales revenues, including:	65	65	0.0
36	19	20	-5.0	Sales to external customers	19	20	-5.0
37	46	45	2.2	Transactions with other segments	46	45	2.2
-244	-211	-234	-9.8	Total operating expenses	-211	-234	-9.8
-18	4	-50	-	Other operating revenues/expenses, net	4	-50	-
-189	-142	-219	-35.2	Profit/loss from operations	-142	-219	-35.2
-159	-114	-187	-39.0	EBITDA	-114	-187	-39.0
37	5	9	-44.4	CAPEX	5	9	-44.4

The improvement of the segment result by PLN 77 million (y/y) was driven mainly by optimization of operating expenses and lack of negative influence of one-offs that occurred in the I quarter of 2009 related to revaluation of business risk provisions in the amount of PLN 63 million.

In the I quarter of 2010 the segment CAPEX of PLN 5 million related mainly to development of retail sales system for petrol stations and data recovery center.

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Interim Condensed Consolidated Financial Statements

POLSKI KONCERN NAFTOWY ORLEN S.A. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for 3 months ended 31 March 2010 and 31 March 2009

Table 8

Q4 2009	Q1 2010	Q1 2009	% change	Item, PLNm	3 months 2010	3 months 2009	% change
1	2	3	4=(2-3)/3	5	6	7	8=(6-7)/7
17 807	17 442	14 702	18.6	Sales revenues	17 442	14 702	18.6
-16 178	-15 895	-13 732	15.8	Cost of sales	-15 895	-13 732	15.8
1 629	1 547	970	59.5	Gross profit on sales	1 547	970	59.5
-929	-797	-875	-8.9	Distribution expenses	-797	-875	-8.9
-410	-320	-381	-16.0	General and administrative expenses	-320	-381	-16.0
838	102	125	-18.4	Other operating revenues	102	125	-18.4
-794	-68	-159	-57.2	Other operating expenses	-68	-159	-57.2
334	464	-320	-	Profit/Loss from operations	464	-320	-
96	518	293	76.8	Financial revenues	518	293	76.8
-204	-230	-1 296	-82.3	Financial expenses	-230	-1 296	-82.3
-108	288	-1 003	-	Financial revenues and expenses, net	288	-1 003	-
43	39	52	-25.0	Share in profit from investments accounted for under equity method	39	52	-25.0
269	791	-1 271	-	Profit/Loss before tax	791	-1 271	-
14	-181	179	-	Income tax expense	-181	179	-
283	610	-1 092	-	Net profit/loss	610	-1 092	-
				Items of other comprehensive income:			
-29	-49	-133	-63.2	Hedging instruments valuation	-49	-133	-63.2
42	29	44	-34.1	Hedging instruments settlement	29	44	-34.1
-511	-170	895	-	Foreign exchange differences on consolidation	-170	895	-
-3	4	17	-76.5	Deferred tax on other comprehensive income	4	17	-76.5
-500	-186	823	-	Total items of other comprehensive income	-186	823	-
-217	423	-269	-	Total comprehensive income	423	-269	-
				Net profit/(loss) attributable to:			
302	593	-1 095	-	equity holders of the parent	593	-1 095	-
-19	17	3	466.7	non-controlling interest	17	3	466.7
283	610	-1 092	-		610	-1 092	-
				Total comprehensive income attributable to:			
-40	459	-477	-	equity holders of the parent	459	-477	-
-177	-36	208	-	non-controlling interest	-36	208	-
-217	423	-269	-		423	-269	-
0.71	1.39	-2.56	-	Net profit/(loss) and diluted net profit/(loss) per share attributable to equity holders of the parent (in PLN per share)	1.39	-2.56	-

Results of the PKN ORLEN Group for the I quarter of 2010
(Translation of a document originally issued in Polish)

POLSKI KONCERN NAFTOWY ORLEN S.A.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2010 and 31 December 2009

Table 9

31.03.10	Item, PLNm	31.12.09	% change
1	2	3	4=(1-3)/3
	ASSETS		
27 048	Property, plant and equipment	27 070	-0.1
70	Investment property	71	-1.4
1 078	Intangible assets	690	56.2
98	Perpetual usufruct of land	96	2.1
1 440	Investments in associates	1 402	2.7
189	Deferred tax assets	291	-35.1
56	Financial assets available for sale	60	-6.7
49	Non-current loans and receivables	47	4.3
30 028	Total non-current assets	29 727	1.0
10 327	Inventory	10 620	-2.8
5 940	Trade and other receivables	5 418	9.6
196	Short-term financial assets	181	8.3
31	Income taxes receivable	34	-8.8
229	Short-term prepayments	207	10.6
2 427	Cash and cash equivalents	2 941	-17.5
34	Non-current assets classified as held for sale	32	6.3
19 184	Total current assets	19 433	-1.3
49 212	Total assets	49 160	0.1
	LIABILITIES AND SHAREHOLDERS' EQUITY		-
1 058	Share capital	1 058	0.0
1 227	Share premium	1 227	0.0
-2	Hedging reserve	15	-
-384	Foreign exchange differences on subsidiaries from consolidation	-267	43.8
17 598	Retained earnings	17 005	3.5
19 497	Total equity attributable to equity holders of the parent	19 038	2.4
2 634	Non-controlling interest	2 669	-1.3
22 131	Total equity	21 707	2.0
9 654	Interest-bearing loans and borrowings	11 611	-16.9
649	Provisions	662	-2.0
832	Deferred tax liabilities	836	-0.5
129	Other long-term liabilities	133	-3.0
11 264	Total long-term liabilities	13 242	-14.9
10 923	Trade and other liabilities	11 495	-5.0
3 064	Interest-bearing loans and borrowings	1 594	92.2
56	Income tax liability	24	133.3
960	Provisions	847	13.3
715	Deferred income	134	433.6
99	Other financial liabilities	117	-15.4
15 817	Total short-term liabilities	14 211	11.3
27 081	Total liabilities	27 453	-1.4
49 212	Total liabilities and shareholders' equity	49 160	0.1

Results of the PKN ORLEN Group for the I quarter of 2010
(Translation of a document originally issued in Polish)

POLSKI KONCERN NAFTOWY ORLEN S.A.
CONSOLIDATED STATEMENT OF CASH FLOWS
for 3 months ended
31 March 2010 and 31 March 2009

Table 10

Q4 2009	Q1 2010	Q1 2009	% change	Item, PLNm	3 months 2010	3 months 2009	% change
1	2	3	4=(2-3)/3	5	6	7	8=(6-7)/7
Cash flows – operating activities							
283	610	-1 092	-	Net profit/(loss)	610	-1 092	-
				Adjustments for:			
-44	-39	-52	-25.0	Share in profit from investments accounted for under equity method	-39	-52	-25.0
633	601	651	-7.7	Depreciation and amortisation	601	651	-7.7
-180	-337	845	-	Foreign exchange losses/(gains)	-337	845	-
55	122	96	27.1	Interest	122	96	27.1
-697	14	16	-12.5	(Profit)/Loss on investing activities	14	16	-12.5
984	-428	-25	1 612.0	Change in receivables	-428	-25	1 612.0
281	254	531	-52.2	Change in inventories	254	531	-52.2
1 250	-421	103	-	Change in liabilities	-421	103	-
549	110	45	144.4	Change in provisions	110	45	144.4
-14	181	-180	-	Income tax expense	181	-180	-
-133	-35	191	-	Income tax received/(paid)	-35	191	-
-51	-216	22	-	Other adjustments	-216	22	-
2 916	416	1 151	-63.9	Net cash provided by operating activities	416	1 151	-63.9
Cash flows - investing activities							
-371	-597	-885	-32.5	Acquisition of property, plant and equipment and intangible assets	-597	-885	-32.5
762	53	34	55.9	Disposal of property, plant and equipment and intangible assets	53	34	55.9
1	0	0	-	Disposal of shares	0	0	-
-1	0	0	-	Acquisition of shares	0	0	-
0	-30	0	-	Acquisition of short-term securities	-30	0	-
112	1	2	-50.0	Interest and dividend received	1	2	-50.0
-78	0	0	-	Loans granted	0	0	-
-5	0	0	-	Dividends paid to non-controlling interest	0	0	-
-12	-2	-3	-33.3	Other	-2	-3	-33.3
408	-575	-852	-32.5	Net cash (used in)/provided by investing activities	-575	-852	-32.5
Cash flows - financing activities							
2 471	4 790	3 494	37.1	Proceeds from loans and borrowings	4 790	3 494	37.1
-3 532	-4 986	-3 160	57.8	Repayment of loans and borrowings	-4 986	-3 160	57.8
-189	-147	-116	26.7	Interest paid	-147	-116	26.7
-15	-7	-45	-84.4	Payment of liabilities under finance lease agreements	-7	-45	-84.4
-6	-4	1	-	Other	-4	1	-
-1 271	-354	174	-	Net cash (used in)/provided by financing activities	-354	174	-
2 053	-513	473	-	Net change in cash and cash equivalents	-513	473	-
-3	-1	10	-	Effect of exchange rate changes	-1	10	-
891	2 941	1 344	118.8	Cash and cash equivalents, beginning of the period	2 941	1 344	118.8
2 941	2 427	1 827	32.8	Cash and cash equivalents, end of the period	2 427	1 827	32.8
24	107	211	-49.3	incl. cash and cash equivalents not available for use	107	211	-49.3

Results of the PKN ORLEN Group for the I quarter of 2010
(Translation of a document originally issued in Polish)

POLSKI KONCERN NAFTOWY ORLEN S.A.
DEPRECIATION AND AMORTISATION BY SEGMENT
for 3 months ended
31 March 2010 and 31 March 2009

Table 11

Q4 2009	Q1 2010	Q1 2009	% change	Item, PLNm	3 months 2010	3 months 2009	% change
1	2	3	4=(2-3)/3	5	6	7	8=(6-7)/7
311	307	327	-6.1	Refining Segment	307	327	-6.1
				<i>including:</i>			
135	113	125	-9.6	PKN ORLEN S.A.	113	125	-9.6
45	45	48	-6.3	Unipetrol Group	45	48	-6.3
89	113	119	-5.0	ORLEN Lietuva	113	119	-5.0
90	81	87	-6.9	Retail Segment	81	87	-6.9
				<i>including:</i>			
48	48	46	4.3	PKN ORLEN S.A.	48	46	4.3
14	11	15	-26.7	Unipetrol Group	11	15	-26.7
2	2	3	-33.3	ORLEN Lietuva	2	3	-33.3
202	185	204	-9.3	Petrochemical Segment	185	204	-9.3
				<i>including:</i>			
59	41	53	-22.6	PKN ORLEN S.A.	41	53	-22.6
90	90	94	-4.3	Unipetrol Group	90	94	-4.3
37	36	39	-7.7	Grupa Anwil	36	39	-7.7
17	18	18	0.0	Basell Orlen Polyolefins Sp. z o.o.	18	18	0.0
30	28	34	-17.6	Corporate Functions	28	34	-17.6
				<i>including:</i>			
19	18	16	12.5	PKN ORLEN S.A.	18	16	12.5
5	4	4	0.0	Unipetrol Group	4	4	0.0
3	5	12	-58.3	ORLEN Lietuva	5	12	-58.3
633	601	652	-7.8	ORLEN Group	601	652	-7.8

Results of the PKN ORLEN Group for the I quarter of 2010

(Translation of a document originally issued in Polish)

Operating Data

POLSKI KONCERN NAFTOWY ORLEN S.A. PRODUCTION VOLUMES for 3 months ended 31 March 2010 and 31 March 2009

Table 12

Output (‘000 tonnes)	Q1 2010	Q1 2009	y/y change %	Q1 2010	% share	Q1 2010	% share	Q1 2010	% 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	6 233	6 848	-9.0	3 495	-	948	-	1 706	-		
Gasoline	1 326	1 640	-19.1	613	23.6	171	17.4	542	33.9		
Diesel fuel	2 178	2 571	-15.3	1 152	44.3	377	38.3	666	41.7		
Light heating oil	258	266	-3.0	217	8.3	18	1.8	2	0.1		
A-1 jet fuel	115	83	38.6	67	2.6	16	1.6	32	2.0		
Heavy heating oil	682	755	-9.7	304	11.7	36	3.7	299	18.7		
LPG	95	147	-35.4	36	1.4	32	3.2	42	2.6		
Bitumens	50	56	-10.7	0	0.0	29	2.9	0	0.0		
Engine oils	73	56	30.4	0	0.0	25	2.5	0	0.0		
Other	259	248	4.4	211	8.1	281	28.5	14	0.9		
Total products	5 036	5 822	-13.5	2 600	-	985	-	1 597	-		
Petrochemical Segment	ORLEN Group	ORLEN Group		PKN ORLEN S.A.		Unipetrol Group		BOP		Anwil Group	
Polyethylene	119	115	3.5	0	0.0	72	7.9	47	52.8	0	0.0
Polypropylene	108	98	10.2	0	0.0	66	7.2	42	47.2	0	0.0
Ethylene	74	56	32.1	126	34.3	114	12.5	0	0.0	0	0.0
Propylene	51	47	8.5	89	24.3	67	7.3	0	0.0	0	0.0
Toluene	17	21	-19.0	26	7.1	0	0.0	0	0.0	0	0.0
Benzene	76	62	22.6	25	6.8	51	5.6	0	0.0	0	0.0
Ortoxylyene	5	5	0.0	5	1.4	0	0.0	0	0.0	0	0.0
Acetone	6	5	20.0	6	1.6	0	0.0	0	0.0	0	0.0
Butadiene	17	10	70.0	17	4.6	0	0.0	0	0.0	0	0.0
Glycol	18	17	5.9	18	4.9	0	0.0	0	0.0	0	0.0
Ethylene oxide	5	4	25.0	5	1.4	0	0.0	0	0.0	0	0.0
Phenol	9	9	0.0	9	2.5	0	0.0	0	0.0	0	0.0
PVC	91	93	-2.2	0	0.0	0	0.0	0	0.0	91	14.8
PVC granulate	12	10	20.0	0	0.0	0	0.0	0	0.0	12	2.0
CANWIL	104	90	15.6	0	0.0	0	0.0	0	0.0	104	16.9
Ammonium nitrate	147	128	14.8	0	0.0	0	0.0	0	0.0	147	23.9
Other	826	807	2.4	41	11.2	542	59.4	0	0.0	260	42.3
Total products	1 685	1 577	6.8	367	-	912	-	89	-	614	-
Total output	6 721	7 399	-9.2	2 967	-	1 897	-	-	-	614	-

Results of the PKN ORLEN Group for the I quarter of 2010
(Translation of a document originally issued in Polish)

POLSKI KONCERN NAFTOWY ORLEN S.A.
SALES OF KEY PRODUCTS
for 3 months ended
31 March 2010 and 31 March 2009

Table 13

Q4 2009 *	Q1 2010	Q1 2009 *	% change	Sales (‘000 tonnes)	3 months 2010	3 months 2009 *	% change
1	2	3	4=(2-3)/3	5	6	7	8=(6-7)/7
Refining Segment							
1 264	1 038	1 346	-22.9	Gasoline	1 038	1 346	-22.9
1 989	1 760	2 126	-17.2	Diesel fuel	1 760	2 126	-17.2
281	285	288	-1.0	Light heating oi	285	288	-1.0
168	140	126	11.1	A-1 jet fuel	140	126	11.1
590	668	626	6.7	Heavy heating oil	668	626	6.7
101	97	76	27.6	LPG	97	76	27.6
266	42	48	-12.5	Bitumens	42	48	-12.5
42	34	27	25.9	Engine oils	34	27	25.9
770	673	825	-18.4	Other	673	825	-18.4
5 471	4 737	5 488	-13.7	Total products	4 737	5 488	-13.7
Retail Segment							
630	556	579	-4.0	Gasoline	556	579	-4.0
919	812	755	7.5	Diesel fuel	812	755	7.5
76	86	52	65.4	LPG	86	52	65.4
87	87	96	-9.4	Other	87	96	-9.4
1 712	1 541	1 482	4.0	Total products	1 541	1 482	4.0
7 183	6 278	6 970	-9.9	(Refining + Retail) Segment	6 278	6 970	-9.9
Petrochemical Segment							
114	106	115	-7.8	Polyethylene	106	115	-7.8
95	106	94	12.8	Polypropylene	106	94	12.8
68	74	67	10.4	Ethylene	74	67	10.4
59	55	49	12.2	Propylene	55	49	12.2
23	17	18	-5.6	Toluene	17	18	-5.6
72	75	61	23.0	Benzene	75	61	23.0
5	5	4	25.0	Ortoxylyene	5	4	25.0
5	6	5	20.0	Acetone	6	5	20.0
16	17	11	54.5	Butadiene	17	11	54.5
18	17	17	0.0	Glycol	17	17	0.0
5	4	4	0.0	Ethylene oxide	4	4	0.0
9	9	8	12.5	Phenol	9	8	12.5
58	65	88	-26.1	PVC	65	88	-26.1
19	13	12	8.3	PVC granulate	13	12	8.3
87	111	111	0.0	CANWIL	111	111	0.0
179	140	175	-20.0	Ammonium nitrate	140	175	-20.0
417	419	406	3.2	Other	419	406	3.2
1 249	1 239	1 245	-0.5	Total products	1 239	1 245	-0.5
8 432	7 517	8 215	-8.5	ORLEN Group – total	7 517	8 215	-8.5

*) In the volume data regarding Q1 2009 and Q4 2009 reclassification adjustment of sales volumes between the Refining Segment and the Retail Segment in the amount of 142 and 188 thousand tones had been performed. The adjustment reflects sales volumes made through DOFO, previously presented in the refining segment.

Results of the PKN ORLEN Group for the I quarter of 2010

(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.A.'s financial results and the ORLEN Group's consolidated financial results for the I quarter of 2010 and for 3 months of 2010.

Estimated profit before tax and net profit (i.e. after including the effect in deferred income tax) of PKN ORLEN S.A. and the ORLEN Group using the LIFO method of inventory valuation were as follows (PLNm):

Table 14

Q1 2010		Q1 2009		Results, PLNm	3 months '10		3 months '09	
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
766	447	-1 953	-1 620	Unconsolidated profit/loss before tax	766	447	-1 953	-1 620
618	360	-1 599	-1 329	Unconsolidated net profit/loss	618	360	-1 599	-1 329
791	376	-1 271	-1 025	Consolidated profit/loss before tax	791	376	-1 271	-1 025
610	273	-1 092	-892	Consolidated net profit/loss	610	273	-1 092	-892

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 crude oil prices relative to the prices of finished products. Therefore, the reported results benefit from increases in the crude 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 crude 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.