

## Q1 2009 Results of the ORLEN Group

### Performance – General Overview

Financial highlights, PLNm	Q1 2009	Q1 2008	y/y +/- %	2009	2008	+/- %
1	2	3	4=(2-3)/3	5	6	7=(5-6)/6
<b>Revenue</b>	<b>14,702</b>	<b>17,938</b>	<b>-18.0</b>	<b>14,702</b>	<b>17,938</b>	<b>-18.0</b>
<b>Operating profit/loss plus depreciation &amp; amortisation (EBITDA)</b>	<b>331</b>	<b>1,152</b>	<b>-71.2</b>	<b>331</b>	<b>1,152</b>	<b>-71.2</b>
<b>Operating profit/loss, including:</b>	<b>-320</b>	<b>565</b>	<b>-</b>	<b>-320</b>	<b>565</b>	<b>-</b>
Refining	-116	330	-	-116	330	-
Petrochemical	-72	278	-	-72	278	-
Retail	87	70	24.3	87	70	24.3
Corporate Functions <sup>1</sup>	-219	-113	93.8	-219	-113	93.8
<b>Adjusted EBIT, including:<sup>2</sup></b>	<b>-171</b>	<b>565</b>	<b>-</b>	<b>-171</b>	<b>565</b>	<b>-</b>
Non-recurring events <sup>3</sup>	-149	0	-	-149	0	-
Refining	-87	0	-	-87	0	-
Petrochemical	0	0	-	0	0	-
Retail	0	0	-	0	0	-
Corporate Functions	-62	0	-	-62	0	-
<b>Net profit/loss</b>	<b>-1,092</b>	<b>644</b>	<b>-</b>	<b>-1,092</b>	<b>644</b>	<b>-</b>
<b>Profit/loss attributable to owners of the parent</b>	<b>-1,095</b>	<b>626</b>	<b>-</b>	<b>-1,095</b>	<b>626</b>	<b>-</b>
<b>Adjusted profit/loss attributable to owners of the parent<sup>3</sup></b>	<b>-963</b>	<b>626</b>	<b>-</b>	<b>-963</b>	<b>626</b>	<b>-</b>
<b>Assets</b>	<b>49,795</b>	<b>46,786</b>	<b>6.4</b>	<b>49,795</b>	<b>46,786</b>	<b>6.4</b>
<b>Equity</b>	<b>20,237</b>	<b>22,949</b>	<b>-11.8</b>	<b>20,237</b>	<b>22,949</b>	<b>-11.8</b>
<b>Net debt</b>	<b>14,309</b>	<b>8,446</b>	<b>69.4</b>	<b>14,309</b>	<b>8,446</b>	<b>69.4</b>
<b>Net cash provided by (used in) operating activities</b>	<b>1,151</b>	<b>986</b>	<b>16.7</b>	<b>1,151</b>	<b>986</b>	<b>16.7</b>
<b>CAPEX</b>	<b>717</b>	<b>577</b>	<b>24.3</b>	<b>717</b>	<b>577</b>	<b>24.3</b>
<b>ROACE (%)<sup>4</sup></b>	<b>-0.3</b>	<b>7.2</b>	<b>-</b>	<b>-0.3</b>	<b>7.2</b>	<b>-</b>
<b>Financial leverage (%)<sup>5</sup></b>	<b>65.9</b>	<b>37.9</b>	<b>27.9 pp</b>	<b>65.9</b>	<b>37.9</b>	<b>27.9 pp</b>
<b>Net debt/EBITDA for the last four Quarters<sup>6</sup></b>	<b>5.89</b>	<b>1.55</b>	<b>279.5</b>	<b>5.89</b>	<b>1.55</b>	<b>279.5</b>
<b>Net debt/EBITDA for the last four quarters, LIFO method<sup>7</sup></b>	<b>2.95</b>	<b>2.28</b>	<b>29.7</b>	<b>2.95</b>	<b>2.28</b>	<b>29.7</b>
<b>Net earnings/loss per share attributable to owners of the parent (EPS)</b>	<b>-2.56</b>	<b>1.46</b>	<b>-</b>	<b>-2.56</b>	<b>1.46</b>	<b>-</b>
<b>Dividend per share</b>	<b>0.00</b>	<b>0.00</b>	<b>-</b>	<b>0.00</b>	<b>0.00</b>	<b>-</b>

Financial data, LIFO method (PLNm)	Q1 2009	Q1 2008	y/y +/- %	2009	2008	+/- %
Operating profit/loss	-74	239	-	-74	239	-
Inventory valuation <sup>8</sup> with LIFO method at operating profit level, including:	246	-326	-	246	-326	-
at PKN ORLEN S.A.	333	-244	-	333	-244	-
at the Unipetrol Group	-35	15	-	-35	15	-
at the Mazeikiu Group	-54	-99	-45.3	-54	-99	-45.3
Net profit	-892	375	-	-892	375	-

1) Includes ORLEN Group's Corporate Functions and the companies not included in the segments specified above.

2) Adjusted profit is the profit adjusted by the effect of non-recurring events.

3) Non-recurring events in Q1 2009 relating to business risks and the effect of shutdowns.

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

5) Financial leverage = net debt / equity (computed for the average carrying values).

6) Debt (interest bearing) net of cash as at the end of period / (EBITDA + dividend received from Polkomtel) for the last four quarters.

(EBITDA excluding the effect of impairment losses of PLN 2,361m disclosed in the 2008 financial statements)

7) Debt (interest bearing) net of cash as at the end of period / (EBITDA + dividend received from Polkomtel) for the last four quarters, computed using the LIFO method.

(EBITDA excluding the effect of impairment losses of PLN 2,361m disclosed in the 2008 financial statements).

8) Computed as difference between operating profit under inventory valuation with the LIFO method and operating profit under inventory valuation with the weighted average method.

## Commentary

### Operating Result – Computed Using the LIFO Method and the Weighted Average Method of Inventory Valuation

In Q1 2009, the ORLEN Group (“the ORLEN Group”) recorded an operating loss of PLN (-) 74m, computed using the LIFO method, compared with an operating profit of PLN 239m posted in Q1 2008.

Operating result of the ORLEN Group, computed with the weighted average method of inventory valuation, fell by PLN (-) 885m year on year, to a loss of PLN (-) 320m.

### Operating Result at the ORLEN Group Companies

Changes in operating result of the key ORLEN Group companies, relative to Q1 2008, are as follows:

- PKN ORLEN S.A. – operating result decreased by PLN (-) 858m year on year, mainly due to the impact of changing crude prices on the valuation of inventories, a drop in the Ural/Brent differential, and lower sales volumes and margins on petrochemical products;
- the Mazeikiu Group – operating loss decreased by PLN 47m year on year, mainly due to higher volumes with the negative effect of the Ural/Brent differential;
- the Unipetrol Group – operating result decreased by PLN (-) 107m year on year, mainly as a result of lower sales volumes and declining margins on petrochemical products;
- Basell Orlen Polyolefins – operating profit dropped by PLN (-) 20m year on year, mainly as a result of lower margins on polyolefins and lower sales volumes;
- the Anwil Group – operating profit amounted to PLN 90m and remained unchanged on the Q1 2008 figure, mainly as a result of high margins on fertilisers;
- other companies of the ORLEN Group – operating profit increased by PLN 53m year on year.

The declining prices of Brent crude represented the major driver of the year-on-year change in operating result in Q1 2009. Compared with Q1 2008, the negative effect of inventory valuation was higher by PLN (-) 572m. It affected primarily the results of PKN ORLEN S.A. (PLN (-) 577m).

The negative effect of macroeconomic factors, such as the changes in the Ural/Brent differential, refining and petrochemical margins and foreign exchange rates, amounted to PLN (-) 236m year on year. This figure also comprises effects of the revaluation of items denominated in foreign currencies, not connected directly with the core business, such as provisions for business risks.

The increase in sales volumes by 61 thousand tonnes year on year, mainly in the refining segment, contributed approx. 69m to operating result year on year. The Q1 2009 sales figure also reflected the impact of non-recurring events, which eroded the Q1 2009 result by approx. PLN (-) 87m (y-o-y). The non-recurring events were primarily related to temporary technical problems at PKN ORLEN S.A.’s Hydrogen Plant, as well as shutdowns of the Reforming, Visbreaking and Diesel Oil Hydrotreating units at Mazeikiu Nafta and shutdowns of the Reforming, Hydrocracking and Visbreaking units at the Unipetrol Group.

The Q1 2009 results were further reduced by higher depreciation and amortisation charges and higher costs of meeting the bio-component standards for fuels (higher levels of bio-components relative to the previous year), as laid down in the 2009 National Indicative Target.

### Financial Expenses and Net Profit/(Loss)

Net financial expenses in Q1 2009 stood at PLN (-) 1,003m, of which PLN (-) 842m represented net foreign exchange losses. The main item was a PLN 785m foreign exchange loss on loans, related mainly to unrealised foreign exchange losses on the revaluation of EUR-denominated loans.

In Q1 2009, the ORLEN Group reported a net loss after tax of PLN (-) 1,092m.

### Financial Indebtedness

As a result of revaluation of foreign-currency loans, the balance of debt increased by PLN 1,925m in Q1 2009. Considering the positive balance of cash provided by operating activities, after deduction of net cash used in investing activities, the increase in net debt during the period was limited to PLN 1,760m. As a result, net debt reached PLN 14,309m as at the end of Q1 2009.

Foreign exchange gains/losses of PLN 652m on revaluation of the USD-denominated loans, secured with the Group’s investment in Mazeikiu Nafta, and the PLN 488m change in the debt balance of foreign undertakings

## Q1 2009 Results of the ORLEN Group

following its translation into the Polish zloty at the exchange rates as at the end of the reporting period, performed as part of the consolidation procedures, are recognised in equity under foreign exchange gains/losses on consolidation.

Other foreign exchange gains/losses comprise mainly unrealised foreign exchange gains/losses on revaluation of EUR-denominated loans.

The Group uses EUR-denominated loans to finance its operations as they provide a natural hedge against volatility of operating results related to fluctuations in the zloty exchange rates.

### Loan Agreements

In the financial statements, the amount of PLN 11,469,891 thousand relating to non-current liabilities under loan agreements is disclosed under current liabilities. The liabilities arise under loan agreements containing a clause specifying the required Net debt / EBITDA ratio (operating result plus depreciation and amortisation), which as at December 31st 2008 was exceeded.

The contractually-provided ratio of net debt to EBITDA was exceeded as at December 31st 2008 mainly because of the impact of the accounting effects related to the valuation of inventories (following the decline in prices of crude and refinery products), as well as the revaluation of loans denominated in foreign currencies due to the weakening of the zloty.

In accordance with the requirements of IAS 1, a breach of the terms and provisions of loan agreements, which as at the end of the reporting period may result in limiting the absolute availability of loans over the following 12 months, requires that such liabilities be posted under current liabilities.

On April 27th 2009, PKN ORLEN S.A. concluded negotiations with the lenders who are parties to the aforementioned agreements concerning loans for a total value of PLN 11,003,460 thousand as at March 31st 2009, and obtained their approval for temporary exceeding of the maximum allowed debt ratio; the lenders agreed to continue the existing financing with the limits and repayment schedules as originally contracted.

As at the date of this report, PKN Orlen S.A. had access to unused funds under the loans. In the financial statements for the second quarter of 2009, liabilities under bank loans will be presented under non-current liabilities.

With respect to bank loans of PLN 466,431 thousand contracted by the ORLEN Group's subsidiaries, negotiations concerning the terms of continued financing are in progress.

In the period covered by the report and subsequent to the balance-sheet date, PKN Orlen S.A. was not in default with repayment of principal or interest under loans or borrowings.

### Changes in the Presentation of Information on Operating Segments

In connection with the new segment reporting requirements, introduced as of January 1st 2009 by IFRS 8 *Operating Segments*, the ORLEN Group presents its new segment structure.

The Group's operations are allocated to the following operating segments:

- Refining Segment – refinery production and wholesale, production and sales of oils and auxiliary production;
- Retail Segment – sales at fuel stations;
- Petrochemical Segment – petrochemical production and wholesale and production and sale of chemicals;
- Corporate Functions.

Major changes compared with the Group's previous segment structure:

- Wholesale and logistics, previously presented entirely in the Refining Segment, were allocated to the Petrochemical Segment,
- Auxiliary production, previously presented in the Other Activities Segment, was allocated to the respective segments by type of services provided,
- Corporate Functions were separated; they cover management and administration tasks, other support functions and other activities not allocated to individual segments.

Details of the revenue and operating results in the individual segments are discussed further on in this report.

## Commentary on Macroeconomics

### Crude Oil Prices and Price Differential

In Q1 2009, the average price of Brent dropped by 54.0% year on year, to USD 44.46/bbl.

The average Ural/Brent differential was 58.6% lower than in Q1 2008, and stood at USD 1.2/bbl.

### Refining Products

Q1 2009 saw declining margins (crack spreads) on gasoline (by 29.1% year on year, to USD 88.08 per tonne), diesel oil (by 37.5% year on year, to USD 110.23 per tonne), light fuel oil (by 41.2%, to USD 88.59 per tonne), and A-1 jet fuel (by 45.8%, to USD 118.42 per tonne). The negative margins on heavy fuel oil dropped by 62.7%, to USD (-) 106.97 per tonne.

### Petrochemical Products

Compared with Q1 2008, the margins on ethylene, propylene, polypropylene and polyethylene fell by, respectively, 43.8%, 60.9%, 3.1% and 38.2% year on year, to USD 451.52, USD 267.71, EUR 307.07 and EUR 207.11 per tonne year on year.

### Exchange Rates

In Q1 2009, the average PLN/EUR exchange rate rose by 25.7% year on year, to 4.50, and the average PLN/USD exchange rate by 44.4%, to 3.45. The average LTL/EUR exchange rate remained flat in comparison with Q1 2008 and stood at 3.45, while the LTL/USD went up by 14.7%, to 2.65. The average CZK/EUR exchange rate grew by 29.0% year on year, to 27.6 and the average CZK/USD rate rose by 24.2%, to 21.2.

### Fuel Consumption

According to estimates based on data provided by Agencja Rynku Energii S.A., in Q1 2009 gasoline consumption in Poland was approx. 974 thousand tonnes, down by 4.1% year on year. Diesel oil consumption went up by 2.4% in Q1 2009 year on year, and amounted to 2,426 thousand tonnes. At the same time, consumption of light fuel oil rose by 9.3% year on year, to 401 thousand tonnes.

Based on estimates for the Lithuanian market, gasoline consumption in Q1 2009 went down by 3.1% year on year, to 83 thousand tonnes, while the consumption of diesel oil dropped by 23.8% year on year, and stood at 180 thousand tonnes.

According to estimates for the German retail market, gasoline consumption in Q1 2009 decreased by 5.7% year on year, to 4,670 thousand tonnes, while diesel oil consumption fell by 0.3% year on year, to 2,782 thousand tonnes.

## Q1 2009 Results of the ORLEN Group

### Commentary - Refining Segment

Q1 2009	Q1 2008	Item, PLNm	3 months 2009	3 months 2008	y/y +/- %
1	2	3	4	5	6=(1-2)/2
<b>10,563</b>	<b>13,454</b>	<b>Revenue, including:</b>	<b>10,563</b>	<b>13,454</b>	<b>-21.5</b>
7,906	10,046	Sales to third parties	7,906	10,046	-21.3
2,657	3,408	Intra-company sales	2,657	3,408	-22.0
<b>-10,700</b>	<b>-13,134</b>	<b>Costs</b>	<b>-10,700</b>	<b>-13,134</b>	<b>-18.5</b>
40	32	Other operating income	40	32	25.0
-19	-22	Other operating expenses	-19	-22	-13.6
<b>-116</b>	<b>330</b>	<b>Operating profit/ loss</b>	<b>-116</b>	<b>330</b>	<b>-</b>
<b>177</b>	<b>-13</b>	<b>Operating profit/ loss under LIFO</b>	<b>177</b>	<b>-13</b>	<b>-</b>
<b>212</b>	<b>627</b>	<b>EBITDA</b>	<b>212</b>	<b>627</b>	<b>-66.2</b>
<b>263</b>	<b>341</b>	<b>CAPEX</b>	<b>263</b>	<b>341</b>	<b>-22.9</b>
<b>5,630</b>	<b>5,579</b>	<b>Sales of products (thousand tonnes)</b>	<b>5,630</b>	<b>5,579</b>	<b>0.9</b>

In Q1 2009, the Refining Segment of the ORLEN Group recorded operating loss of PLN (-) 116m, relative to operating profit of PLN 330m posted in Q1 2008. The deterioration may be explained by the negative impact of rapid crude price decline on inventory valuation, which eroded operating result by approx. PLN 636m year on year (this factor affected mainly the results of PKN ORLEN S.A., which were PLN 589m lower year on year). Changes in the macroeconomic environment drove operating profit up by PLN 93m year on year. The major contributing factors included depreciation of the Polish zloty against the US dollar and the euro, which added PLN 184m to the segment's operating result, and higher refining margins, which contributed another PLN 104m to the operating profit. By contrast, a drop in the Ural/Brent differential reduced the result of the Refining Segment by PLN (-) 195m year on year, with the result of PKN ORLEN S.A. alone being lower by PLN (-) 112m year on year.

A PLN 251m year-on-year improvement in the operating profit was attributable to larger volumes of refining products sold, especially gasolines (up by 197 thousand tonnes year on year) and diesel oil (up by 252 thousand tonnes year on year). The level of sales volumes was affected by technical difficulties experienced by PKN ORLEN S.A. at the Hydrogen Plant, which resulted in lower load levels at the Diesel Oil and Gudron Hydrorefining unit. In addition, planned shutdowns of the Reforming and Diesel Oil and Gasoline Hydrorefining units at the Mazeikiu Group, and the Reforming, Hydrocracking and Visbreaking units at the Unipetrol Group.

The segment's financial performance was additionally affected by an increase in depreciation/amortisation charges, as well as by logistics costs and the costs incurred to ensure adequate content of bio-components (in order to meet the required National Indicative Target), which were higher than the comparable data.

Compared with Q1 2008, in Q1 2009 the segment's capex decreased by PLN 78m, to PLN 263m. The main projects executed in Q1 2009 included the construction of the diesel oil hydrorefining unit VII and Hydrogen Plant II and Claus II, along with associated infrastructure, at PKN ORLEN S.A., the construction of a new Hydrogen Plant and modernisation of the second Diesel Oil Hydrorefining unit at the Mazeikiu Group and modernisation of the LPG Catalytic Cracking unit at the Unipetrol Group.

## Q1 2009 Results of the ORLEN Group

### Commentary – Retail Segment

Q1 2009	Q1 2008	Item, PLNm	3 months 2009	3 months 2008	y/y +/-%
1	2	3	4	5	6=(1-2)/2
4,739	4,884	<b>Revenue, including:</b>	4,739	4,884	-3.0
4,726	4,874	Sales to third parties	4,726	4,874	-3.0
13	10	Intra-company sales	13	10	30.0
-4,626	-4,817	<b>Costs</b>	-4,626	-4,817	-4.0
18	28	Other operating income	18	28	-35.7
-44	-25	Other operating expenses	-44	-25	76.0
87	70	<b>Operating profit/ loss</b>	87	70	24.3
174	148	<b>EBITDA</b>	174	148	17.6
43	82	<b>CAPEX</b>	43	82	-47.6
1,340	1,284	<b>Sales of products (thousand tonnes)</b>	1,340	1,284	4.4

In Q1 2009, operating profit of the Retail Segment reached PLN 87m, relative to PLN 70m recorded in the corresponding period of the previous year. The improvement resulted from higher volumes of fuels sold (by 2.2% year on year), which contributed PLN 6m to the operating result. The most visible increase in the fuel sales volume was observed on the Polish market: PKN ORLEN S.A. was able to improve its sales by 2.8% year on year. Stronger sales were reported also in Germany (by 1.7%). On the contrary, the volume of fuel sold at fuel stations in Lithuania and Czech Republic dropped by 8.2% and 2.5%, respectively.

The effect of lower unit margins on gasoline was set off by stronger margins on diesel oil and LPG, which improved operating profit of the ORLEN Group by PLN 29m year on year, of which a major chunk (PLN 12m) was attributable to PKN ORLEN S.A.

The Q1 2009 non-fuel margin was PLN 32m higher than in the corresponding period of last year.

Factors adversely impacting the results of the segment included higher operating costs of fuel stations, stemming from an increase in volumes of fuel and non-fuel products sold, and the revaluation of fuel stations' assets down by PLN (-) 36m (relative to Q1 2008).

In Q1 2009, capex dropped by PLN 39m year on year, to PLN 43m. In Q1 2009, 11 new fuel stations were opened, while 12 were upgraded and reconstructed.

## Q1 2009 Results of the ORLEN Group

### Commentary – Petrochemical Segment

Q1 2009	Q1 2008	Item, PLNm	3 months 2009	3 months 2008	y/y +/- %
1	2	3	4	5	6=(1-2)/2
2,954	4,075	<b>Revenue, including:</b>	2,954	4,075	-27.5
2,050	2,992	Sales to third parties	2,050	2,992	-31.5
904	1,083	Intra-company sales	904	1,083	-16.5
-3,048	-3,807	<b>Costs</b>	-3,048	-3,807	-19.9
28	21	Other operating income	28	21	33.3
-6	-11	Other operating expenses	-6	-11	-45.5
-72	278	<b>Operating profit/ loss</b>	-72	278	-
-119	295	<b>Operating profit/ loss under LIFO</b>	-119	295	-
132	468	<b>EBITDA</b>	132	468	-71.8
401	129	<b>CAPEX</b>	401	129	210.9
1,245	1,291	<b>Sales of products (thousand tonnes)</b>	1,245	1,291	-3.6

In Q1 2009, the segment recorded an operating loss of PLN (-) 72m, compared with a profit of PLN 278m in Q1 2008.

Lower sales volume of products, notably olefins and polyolefins, recorded by the segment drove operating result down by PLN (-) 188m year on year. A visible decrease in margins on petrochemical products squeezed segment results by PLN (-) 397m. On the other hand, depreciation of the Polish zloty against the US dollar and the euro had a positive effect and contributed PLN 143m to operating results of the segment.

The effect of changes in the prices of petrochemical products on the valuation of inventories increased operating profit by PLN 63m year on year.

Year on year, in Q1 2009, the segment's capex increased by PLN 272m year on year, to PLN 401m. The main projects executed in Q1 2009 included construction of a paraxylene unit and terephthalic acid unit at PKN ORLEN S.A., expansion of the polypropylene production unit at the Unipetrol Group, connecting the terephthalic acid unit to the utilities and modernisation of production lines at the PVC complex of the Anwil Group.

## Q1 2009 Results of the ORLEN Group

### Commentary – Corporate Functions

Q1 2009	Q1 2008	Item, PLNm	3 months 2009	3 months 2008	y/y +/- %
1	2	3	4	5	6=(1-2)/2
65	68	<b>Revenue, including:</b>	65	68	-4.4
20	26	Sales to third parties	20	26	-23.1
45	42	Intra-company sales	45	42	7.1
-233	-166	<b>Costs</b>	-233	-166	40.4
39	35	Other operating income	39	35	11.4
-90	-50	Other operating expenses	-90	-50	80.0
-219	-113	<b>Operating profit/ loss</b>	-219	-113	93.8
-187	-91	<b>EBITDA</b>	-187	-91	105.5
9	25	<b>CAPEX</b>	9	25	-64.0

The operating result was affected mainly by revaluation of items in foreign currencies (provisions for economic risks and costs of consolidated foreign entities) in the amount of PLN (-) 78m and unification of accounting rules mainly in relation to allocation of costs to reporting periods in the amount of PLN (-) 36m.



Condensed Consolidated Financial Statements

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

Q1 2009	Q1 2008	ITEM, PLNm	3 months 2009	3 months 2008	y/y +/- %
1	2	3	4	5	6=(1-2)/2
15,665	17,892	Revenue on sales of products	15,665	17,892	-12.4
-4,391	-3,982	Excise tax and other charges	-4,391	-3,982	10.3
11,274	13,910	Net revenue on sales of products	11,274	13,910	-19.0
3,927	4,506	Revenue on sales of goods for resale and materials	3,927	4,506	-12.8
-499	-478	Excise tax and other charges	-499	-478	4.4
3,428	4,028	Net revenue on sales of goods for resale and materials	3,428	4,028	-14.9
<b>14,702</b>	<b>17,938</b>	<b>Sales revenue</b>	<b>14,702</b>	<b>17,938</b>	<b>-18.0</b>
-10,464	-12,506	Cost of products sold	-10,464	-12,506	-16.3
-3,268	-3,789	Cost of goods for resale and materials sold	-3,268	-3,789	-13.8
<b>-13,732</b>	<b>-16,295</b>	<b>Cost of products, goods for resale and materials sold</b>	<b>-13,732</b>	<b>-16,295</b>	<b>-15.7</b>
<b>970</b>	<b>1,643</b>	<b>Gross profit on sales</b>	<b>970</b>	<b>1,643</b>	<b>-41.0</b>
-875	-741	Selling costs	-875	-741	18.1
-381	-345	General and administrative expenses	-381	-345	10.4
125	115	Other operating income	125	115	8.7
-159	-107	Other operating expenses	-159	-107	48.6
<b>-320</b>	<b>565</b>	<b>Operating profit/ loss</b>	<b>-320</b>	<b>565</b>	<b>-</b>
293	442	Financial income	293	442	-33.7
-1,296	-286	Financial expenses	-1,296	-286	353.1
<b>-1,003</b>	<b>156</b>	<b>Financial income/expenses</b>	<b>-1,003</b>	<b>156</b>	<b>-</b>
52	70	Share in net profit/loss of undertakings valued with equity method	52	70	-25.7
<b>-1,271</b>	<b>791</b>	<b>Profit/ loss before tax</b>	<b>-1,271</b>	<b>791</b>	<b>-</b>
179	-147	Corporate income tax	179	-147	-
<b>-1,092</b>	<b>644</b>	<b>Net profit/ loss</b>	<b>-1,092</b>	<b>644</b>	<b>-</b>
		<b>Other comprehensive income, including:</b>			
-133	10	Valuation of hedging instruments	-133	10	-
44	-27	Settlement of hedging instruments	44	-27	-
895	-300	Foreign exchange gains/losses from consolidation	895	-300	-
17	3	Deferred tax on other comprehensive income	17	3	466.7
<b>823</b>	<b>-314</b>	<b>Total other comprehensive income</b>	<b>823</b>	<b>-314</b>	<b>-</b>
<b>-269</b>	<b>330</b>	<b>Total comprehensive income</b>	<b>-269</b>	<b>330</b>	<b>-</b>
		Net profit/(loss) attributable to:			
-1,095	626	owners of the parent	-1,095	626	-
3	17	minority interests	3	17	-82.4
		Comprehensive income attributable to:			
-477	242	owners of the parent	-477	242	-
208	88	minority interests	208	88	136.4
<b>-2.56</b>	<b>1.46</b>	<b>Net profit/(loss) and diluted net earnings/(loss) per share attributable to owners of the parent (PLN/share)</b>	<b>-2.56</b>	<b>1.46</b>	<b>-</b>

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

Mar 31 2009	ITEM, PLNm	Dec 31 2008	+/- %
1	2	3	4=(1-3)/3
	<b>ASSETS</b>		
	<b>Non-current assets</b>		
28,149	Property, plant and equipment	26,269	7.2
607	Intangible assets	557	9.0
92	Goodwill	88	4.5
64	Financial assets available for sale	62	3.2
1,616	Shares in undertakings consolidated with equity method	1,561	3.5
876	Deferred tax asset	485	80.6
76	Investment property	72	5.6
99	Perpetual usufruct right to land	99	0.0
98	Long-term loans and receivables	88	11.4
<b>31,677</b>	<b>Total non-current assets</b>	<b>29,281</b>	<b>8.2</b>
	<b>Current assets</b>		
8,832	Inventories	9,089	-2.8
6,635	Trade and other receivables	6,356	4.4
176	Income taxes receivable	392	-55.1
356	Current financial assets	258	38.0
235	Prepayments and accrued income	204	15.2
1,827	Cash	1,344	35.9
57	Assets held for sale	52	9.6
<b>18,118</b>	<b>Total current assets</b>	<b>17,695</b>	<b>2.4</b>
<b>49,795</b>	<b>Total assets</b>	<b>46,976</b>	<b>6.0</b>
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
535	Share capital	535	0.0
523	Share capital revaluation adjustment	523	0.0
<b>1,058</b>	<b>Share capital</b>	<b>1,058</b>	<b>0.0</b>
1,058	Share premium account	1,058	0.0
169	Share premium revaluation adjustment	169	0.0
<b>1,227</b>	<b>Share premium account</b>	<b>1,227</b>	<b>0.0</b>
-172	Hedging capital	-100	72.0
614	Currency-translation differences	-77	-
14,619	Retained profit	15,705	-6.9
<b>17,346</b>	<b>Equity attributable to owners of the parent</b>	<b>17,813</b>	<b>-2.6</b>
<b>2,891</b>	<b>Equity attributable to minority interests</b>	<b>2,719</b>	<b>6.3</b>
<b>20,237</b>	<b>Total equity</b>	<b>20,532</b>	<b>-1.4</b>
	<b>Non-current liabilities</b>		
2,795	Loans and borrowings	2,611	7.0
721	Provisions	747	-3.5
1,231	Deferred tax liability	1,135	8.5
151	Other non-current liabilities	141	7.1
<b>4,898</b>	<b>Total non-current liabilities</b>	<b>4,634</b>	<b>5.7</b>
	<b>Current liabilities</b>		
8,656	Trade and other payables	8,377	3.3
863	Provisions	753	14.6
30	Income tax expense	35	-14.3
13,342	Loans and borrowings	11,282	18.3
146	Deferred income	150	-2.7
1,623	Other financial liabilities	1,213	33.8
<b>24,660</b>	<b>Total current liabilities</b>	<b>21,810</b>	<b>13.1</b>
<b>49,795</b>	<b>Total equity and liabilities</b>	<b>46,976</b>	<b>6.0</b>

**POLSKI KONCERN NAFTOWY ORLEN S.A.**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for 3 months ended March 31st 2009 and March 31st 2008**

Q1 2009	Q1 2008	ITEM, PLNm	3 months 2009	3 months 2008	y-o-y +/- %
1	2	3	4	5	6=(1-2)/2
		<b>Cash flows from operating activities</b>			
<b>-1,092</b>	<b>644</b>	<b>Net profit/ loss</b>	<b>-1,092</b>	<b>644</b>	<b>-</b>
		Adjustments:			
-53	-69	Share in net profit/(loss) of undertakings valued with equity method	-53	-69	-23.2
651	587	Depreciation and amortisation	651	587	10.9
845	-183	Foreign exchange gains/ (losses)	845	-183	-
96	131	Interest	96	131	-26.7
16	-4	(Profit)/loss on investing activities	16	-4	-
-25	-294	Increase in receivables	-25	-294	-91.5
531	-910	Decrease/ (increase) in inventories	531	-910	-
103	1,079	Increase in liabilities	103	1 079	-90.5
46	-20	(Decrease)/ increase in provisions	46	-20	-
-180	147	Income tax on (loss)/profit before tax	-180	147	-
191	-119	Income tax received/(paid)	191	-119	-
22	-3	Other adjustments	22	-3	-
<b>1,151</b>	<b>986</b>	<b>Net cash provided by/(used in) operating activities</b>	<b>1,151</b>	<b>986</b>	<b>16.7</b>
		<b>Cash flows from investing activities</b>			
-885	-873	Acquisition of property, plant and equipment and intangible assets	-885	-873	1.4
34	24	Disposal of property, plant and equipment and intangible assets	34	24	41.7
0	166	Disposal of shares	0	166	-
2	3	Interest received	2	3	-33.3
0	0	Dividend paid to minority interests	0	0	-
-3	-2	Other	-3	-2	50.0
<b>-852</b>	<b>-682</b>	<b>Net cash used in investing activities</b>	<b>-852</b>	<b>-682</b>	<b>24.9</b>
		<b>Cash flows from financing activities</b>			
3,494	1,331	Increase in loans and borrowings	3,494	1,331	162.5
0	237	Issue of debt securities	0	237	-
-3,160	-1,305	Repayment of loans and borrowings	-3,160	-1,305	-142.1
0	-366	Redemption of debt securities	0	-366	-
-116	-126	Interest paid	-116	-126	7.9
-45	-8	Payment of liabilities under financial lease agreements	-45	-8	462.5
1	-1	Other	1	-1	200.0
<b>174</b>	<b>-238</b>	<b>Net cash used in financing activities</b>	<b>174</b>	<b>-238</b>	<b>-</b>
<b>473</b>	<b>66</b>	<b>Net increase in cash</b>	<b>473</b>	<b>66</b>	<b>616.7</b>
10	0	Change in foreign-exchange gains/(losses)	10	0	-
<b>1,344</b>	<b>1,498</b>	<b>Cash at beginning of period</b>	<b>1,344</b>	<b>1,498</b>	<b>-10.3</b>
<b>1,827</b>	<b>1,564</b>	<b>Cash at end of period, including</b>	<b>1,827</b>	<b>1,564</b>	<b>16.8</b>
211	58	restricted cash	211	58	263.8

Q1 2009 Results of the ORLEN Group

**POLSKI KONCERN NAFTOWY ORLEN S.A.**  
**DEPRECIATION/AMORTISATION BY SEGMENTS**  
**for 3 months ended March 31st 2009 and March 31st 2008**

Q1 2009	Q1 2008	Depreciation/amortisation, PLNm	3 months 2009	3 months 2008	y-o-y +/- %
1	2	3	4	5	6 = (4-5)/4
<b>328</b>	<b>296</b>	<b>Refining</b>	<b>328</b>	<b>296</b>	<b>11</b>
		<i>including:</i>			
125	120	PKN ORLEN S.A.	125	120	4
48	42	Unipetrol Group	48	42	13
119	100	Mazeikiu Group	119	100	19
<b>87</b>	<b>78</b>	<b>Retail</b>	<b>87</b>	<b>78</b>	<b>10</b>
		<i>including:</i>			
46	37	PKN ORLEN S.A.	46	37	22
15	23	Unipetrol Group	15	23	-34
3	1	Mazeikiu Group	3	1	69
<b>204</b>	<b>190</b>	<b>Petrochemical</b>	<b>204</b>	<b>190</b>	<b>7</b>
		<i>including:</i>			
53	54	PKN ORLEN S.A.	53	54	-2
94	82	Unipetrol Group	94	82	15
39	36	Anwil Group	39	36	10
18	18	Basell Orlen Polyolefins Sp. z o.o.	18	18	-4
<b>32</b>	<b>22</b>	<b>Corporate Functions</b>	<b>32</b>	<b>22</b>	<b>45</b>
		<i>including:</i>			
16	14	PKN ORLEN S.A.	16	14	10
4	1	Unipetrol Group	4	1	437
12	4	Mazeikiu Group	12	4	172
<b>651</b>	<b>587</b>	<b>ORLEN Group</b>	<b>651</b>	<b>587</b>	<b>11</b>

## Q1 2009 Results of the ORLEN Group

### Operating Data

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

Output (‘000 tonnes)	Q1 2009	Q1 2008	y-o-y change %	Q1 2009	% share	Q1 2009	% share	Q1 2009	% share		
1	2	3	4=(2-3)/3	5	6=5/ total for segment	7	8=7/ total for segment	9	10=9/ total for segment		
Refining	ORLEN Group	ORLEN Group		PKN ORLEN S.A.		Unipetrol Group		Mazeikiu Group			
Crude oil throughput	6,848	6,501	5.3	3,573	-	1,018	-	2,158	-		
Gasoline	1,640	1,493	9.8	763	26.1	194	18,5	683	34.2		
Diesel fuel	2,571	2,232	15.2	1,349	46.2	425	40,5	809	40.5		
Light fuel oil	266	284	-6.3	236	8.1	9	0,9	2	0.1		
A-1 jet fuel	83	171	-51.5	39	1.3	17	1,6	27	1.4		
Heavy fuel oil	755	853	-11.5	299	10.2	49	4,7	375	18.8		
LPG	147	154	-4.5	46	1.6	39	3,7	77	3.9		
Bitumens	56	67	-16.4	0	0.0	26	2,5	4	0.2		
Engine oils	56	61	-8.2	0	0.0	18	1,7	0	0.0		
Other	248	266	-6.8	187	6.4	272	25,9	23	1.2		
Total products	5,822	5,581	4.3	2,919	-	1,049	-	2,000	-		
Petrochemical	ORLEN Group	ORLEN Group		PKN ORLEN S.A.		Unipetrol Group		BOP		Anwil Group	
Polyethylene	115	138	-16.7	0	0.0	73	8.3	42	50.6	0	0.0
Polypropylene	98	108	-9.3	0	0.0	56	6.4	41	49.4	0	0.0
Ethylene	56	78	-28.2	114	36.9	104	11.8	0	0.0	0	0.0
Propylene	47	62	-24.2	84	27.2	62	7.1	0	0.0	0	0.0
Toluene	21	36	-41.7	22	7.1	0	0.0	0	0.0	0	0.0
Benzene	62	77	-19.5	19	6.1	43	4.9	0	0.0	0	0.0
Paraxylene	0	7	-100.0	0	0.0	0	0.0	0	0.0	0	0.0
Ortoxylene	5	7	-28.6	5	1.6	0	0.0	0	0.0	0	0.0
Acetone	5	8	-37.5	5	1.6	0	0.0	0	0.0	0	0.0
Butadiene	10	16	-37.5	10	3.2	0	0.0	0	0.0	0	0.0
Glycol	17	36	-52.8	17	5.5	0	0.0	0	0.0	0	0.0
Ethylene oxide	4	4	0.0	4	1.3	0	0.0	0	0.0	0	0.0
Phenol	9	13	-30.8	9	2.9	0	0.0	0	0.0	0	0.0
PVC	93	102	-8.8	0	0.0	0	0.0	0	0.0	92	16.2
PVC granulate	10	18	-44.4	0	0.0	0	0.0	0	0.0	10	1.8
CANWIL	90	123	-26.8	0	0.0	0	0.0	0	0.0	90	15.8
Ammonium nitrate	128	137	-6.6	0	0.0	0	0.0	0	0.0	128	22.5
Other	807	867	-6.9	20	6.5	541	61.5	0	0.0	249	43.8
Total products	1,577	1,837	-14.2	309	-	879	-	83	-	569	-
Total output	7,399	7,418	-0.3	3,228	-	1,928	-	-	-	569	-

\*) Change of data relative to that published in the Q1 2008 report, due to consolidation of production in the IT platform).

**POLSKI KONCERN NAFTOWY ORLEN S.A.**  
**SALES OF KEY PRODUCTS**  
**for 3 months ended March 31st 2009 and March 31st 2008**

Q1 2009	Q1 2008	Sales (‘000 tonnes)	3 months 2009	3 months 2008	y-o-y change %
1	2	3	4	5	6=(1-2)/2
<b>Refining</b>					
1,388	1,191	Gasoline	1,388	1,191	16.5
2,227	1,975	Diesel fuel	2,227	1,975	12.8
288	302	Light fuel oil	288	302	-4.6
126	182	Jet A-1 fuel	126	182	-30.8
626	769	Heavy fuel oil	626	769	-18.6
76	96	LPG	76	96	-20.8
48	63	Bitumens	48	63	-23.8
27	28	Engine oils	27	28	-3.6
824	973	Other	824	973	-15.3
<b>5,630</b>	<b>5,579</b>	<b>Total products</b>	<b>5,630</b>	<b>5,579</b>	<b>0.9</b>
<b>Retail</b>					
538	539	Gasoline	538	539	-0.2
654	613	Diesel fuel	654	613	6.7
52	65	LPG	52	65	-20.0
96	67	Other	96	67	-
<b>1,340</b>	<b>1,284</b>	<b>Total products</b>	<b>1,340</b>	<b>1,284</b>	<b>4.4</b>
<b>6,972</b>	<b>6,863</b>	<b>Refining + Retail</b>	<b>6,972</b>	<b>6,863</b>	<b>1.6</b>
<b>Petrochemical</b>					
115	118	Polyethylene	115	118	-2.5
94	95	Polypropylene	94	95	-1.1
67	76	Ethylene	67	76	-11.8
49	61	Propylene	49	61	-19.7
18	36	Toluene	18	36	-50.0
61	72	Benzene	61	72	-15.3
0	6	Paraxylene	0	6	-100.0
4	8	Ortoxylene	4	8	-50.0
5	9	Acetone	5	9	-44.4
11	16	Butadiene	11	16	-31.3
17	69	Glycol	17	69	-75.4
4	4	Ethylene oxide	4	4	0.0
8	13	Phenol	8	13	-38.5
88	82	PVC	88	82	7.3
12	17	PVC granulate	12	17	-29.4
111	132	CANWIL	111	132	-15.9
175	152	Ammonium nitrate	175	152	15.1
406	325	Other	406	325	24.9
<b>1,245</b>	<b>1,291</b>	<b>Total products</b>	<b>1,245</b>	<b>1,291</b>	<b>-3.6</b>
<b>8,215</b>	<b>8,154</b>	<b>ORLEN Group – total</b>	<b>8,215</b>	<b>8,154</b>	<b>0.7</b>

## Q1 2009 Results of the ORLEN Group

### Information on the Effect of Inventory Valuation with the LIFO Method

The Management Board of PKN ORLEN S.A. hereby reports on the impact of the LIFO inventory valuation on PKN ORLEN's non-consolidated financial performance and the ORLEN Group's consolidated financial performance for Q1 2009. Profit before tax and net profit (i.e. including the effect of taxation), as estimated by the Company for PKN ORLEN and the ORLEN Group using the LIFO method, are as follows:

Q1 2009		Q1 2008		Profit, PLNm	3 months 2009		3 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
-1,953	-1,620	788	544	Non-consolidated gross profit	-1,953	-1,620	788	544
-1,599	-1,329	665	467	Non-consolidated net profit	-1,599	-1,329	665	467
-1,271	-1,025	791	464	Consolidated gross profit	-1,271	-1,025	791	464
-1,092	-892	644	375	Consolidated net profit	-1,092	-892	644	375

PKN ORLEN S.A. and the ORLEN Group apply the inventory valuation method based on the weighted average production or acquisition cost. This method defers the recognition of oil price increase or decrease on the prices of final products. Therefore, the reported results benefit from increases in crude oil prices and suffer 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 results in accordance with LIFO method.