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

Selected consolidated financial data

	2007	2006
Total sales revenues for the 1st quarter	13 408 224	11 330 649
Operating expense and other operating revenues for the 1st quarter	13 033 462	10 913 263
Profit from operations for the 1st quarter	374 762	417 386
EBITDA for the 1st quarter	994 386	983 696
Net profit for the 1st quarter	140 429	372 799

1. MAIN MACROECONOMIC FACTORS

- fall in differential from 3.59 USD/bbl in the 1st quarter 2006 to 3.38 USD/bbl in the 1st quarter 2007 decreased EBIT of the Parent by PLN 16 million,
- positive impact of increasing crack margins on refining products on EBIT of the Parent in the amount of PLN 44 million and higher sales volume of PLN 43 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 (-) 63 million.

2. INTERNAL FACTORS

- high demand on fertilizers as well as prosperity in construction business had a positive impact on the financial results of Anwil S.A. – PLN 83 million in the 1st quarter 2007 as compared to PLN 52 million in the comparable period of 2006,
- increase in sales volume of polyolefins by 11% favorably influenced the financial results of Basell ORLEN Polyolefins Sp. z o.o., which increased by PLN 38 million to the level of PLN 48 million,
- significant operating loss in Mazeikiu Group in the amount of PLN 334 million caused by the consequences of fire which took place in October 2006. As a result of this event, the refinery in Mazeikiu utilized only about 50% of nominal production capacity. Moreover, the fire contributed to the increase of production of low margin products, especially heavy heating oil. Mazeikiu's results were also negatively influenced by the breakdown of "Druzhba" pipeline in July 2006. The breakdown contributed to the visible interference of crude oil supplies system. Currently all crude oil is delivered by the sea supplies via Butinge marine terminal, what generates higher cost that traditional means of supply.
- increase in retail sales volume of engine fuels in the Parent (CODO petrol stations) of 23% contributed to an increase in EBIT by PLN 44 million, whereas increase in retail sales volume of non-fuel merchandise and services increased profit from operations by PLN 8 million,
- fall in retail margins on gasoline and LPG contributed to a decrease in profit from operations of the Parent by PLN 5 million,
- considerable cost cutting results of OPTIMA program in the 1st quarter 2007 in the amount of PLN 88 million – the highest savings noted in refining (wholesale and retail) and chemical segment – PLN 49 million and PLN 20 million, respectively,
- fixed costs of the Parent on the level slightly higher (0.9%) than in the 1st quarter 2006, after elimination of costs of strategic projects.