CONSOLIDATED QUARTERLY REPORT FOR IV QUARTER 2009

ORLEN

POLISH FINANCIAL SUPERVISION AUTHORITY
Consolidated Quarterly Report QSr IV/ 2009

quarter / (year)

(in accordance with § 82 section 2 and § 83 section 1 of the Minister of Finance Regulation of 19 February 2009, Official Journal No.33, item 259)
(for issuers of securities whose business activity embraces manufacture, construction, trade and services)

for the fourth quarter of the reporting year 2009, that is for the period from 01.10.2009 to 31.12.2009 which includes condensed consolidated financial statements prepared in accordance with International Financial Reporting Standards with amounts stated in the Polish functional currency (PLN) and condensed financial statements prepared in accordance with International Financial Reporting Standards with amounts stated in the Polish functional currency (PLN).

on 25 February 2010
(submission date)

KPMG Audyt Sp. z.o.o.
(Entity authorized to conduct audit)
==========

POLSKI KONCERN NAFTOWY ORLEN SPÓŁKA AKCYJNA		
	(full name of the issuer)	
PKN ORLEN		**CHEMICAL (che)**
(abbreviated name of the issuer)		(industrial sector in line with classification of Warsaw Stock Exchange)
09-411		**PŁOCK**
(zip code)		(location)
CHEMIKÓW		**7**
(street)		(number)
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SELECTED FINANCIAL DATA	PLN thousand		EUR thousand	
	4 quarters (cummulative data) period from 1.01.2009 to 31.12.2009	4 quarters (cummulative data) period from 1.01.2008 to 31.12.2008	4 quarters (cummulative data) period from 1.01.2009 to 31.12.2009	4 quarters (cummulative data) period from 1.01.2008 to 31.12.2008
Data in respect of condensed consolidated financial statements				
I. Total sales revenues	67 927 990	79 533 225	15 649 447	18 323 095
II. Profit/(Loss) from operations	1 097 076	(1 603 322)	252 748	(369 378)
III. Profit/(Loss) before tax	1 440 652	(2 915 403)	331 902	(671 659)
IV.Net profit/(loss) attributable to equity holders of the parent	1 308 521	(2 505 242)	301 461	(577 165)
V. Net profit/(loss)	1 300 167	(2 526 626)	299 536	(582 091)
VI. Total comprehensive income attributable to equity holders of the parent	1 233 166	(1 419 748)	284 100	(327 086)
VII. Total comprehensive income	1 211 414	(1 137 168)	279 089	(261 984)
VIII. Net cash provided by operating activities	5 161 793	3 616 760	1 189 188	833 240
IX. Net cash (used in) investing activities	(2 539 997)	(4 384 957)	(585 172)	(1 010 219)
X. Net cash (used in)/ provided by financing activities	(1 021 584)	612 573	(235 355)	141 126
XI. Net change in cash and cash equivalents	1 600 212	(155 624)	368 661	(35 853)
XII. Net profit and diluted net profit per share attributable to equity holders of the parent (in PLN/EUR per share)	3,06	(5,86)	0,70	(1,35)
	as at 31 December 2009	as at 31 December 2008	as at 31 December 2009	as at 31 December 2008
XIII. Non-current assets	29 727 329	29 280 856	7 236 096	7 127 417
XIV. Current assets	19 433 046	17 694 894	4 730 307	4 307 213
XV. Total assets	49 160 375	46 975 750	11 966 403	11 434 631
XVI. Long-term liabilities	13 242 204	4 634 178	3 223 359	1 128 031
XVII. Short-term liabilities	14 210 960	21 809 925	3 459 169	5 308 876
XVIII. Equity	21 707 211	20 531 647	5 283 874	4 997 723
XIX. Equity attributable to equity holders of the parent	19 037 903	17 813 091	4 634 123	4 335 984
XX. Share capital *	1 057 635	1 057 635	257 445	257 445
XXI. Number of issued ordinary shares	427 709 061	427 709 061	427 709 061	427 709 061
XXII. Book value and diluted book value per share attributable to equity holders of the parent (in PLN/EUR per share)	44,51	41,65	10,83	10,14
	PLN thousand		EUR thousand	
	4 quarters (cummulative data) period from 1.01.2009 to 31.12.2009	4 quarters (cummulative data) period from 1.01.2008 to 31.12.2008	4 quarters (cummulative data) period from 1.01.2009 to 31.12.2009	4 quarters (cummulative data) period from 1.01.2008 to 31.12.2008
Data in respect of condensed unconsolidated financial statement of the Parent Company PKN ORLEN				
I. Total sales revenues	47 481 278	57 224 864	10 938 874	13 183 630
II. Profit from operations	790 306	636 354	182 073	146 605
III. Profit/(Loss) before tax	1 907 812	(2 063 057)	439 527	(475 293)
IV. Net profit/(loss)	1 635 885	(1 570 947)	376 880	(361 919)
V. Total comprehensive income	1 751 022	(1 758 818)	403 406	(405 202)
VI. Net cash provided by operating activities	2 806 414	1 292 773	646 550	297 833
VII. Net cash (used in) investing activities	(1 615 776)	(1 993 857)	(372 247)	(459 351)
VIII. Net cash provided by financing activities	335 897	975 898	77 385	224 830
IX. Net change in cash and cash equivalents	1 526 535	274 814	351 688	63 312
X. Net profit and diluted net profit per ordinary share (in PLN/EUR per share)	3,82	(3,67)	0,88	(0,85)
	as at 31 December 2009	as at 31 December 2008	as at 31 December 2009	as at 31 December 2008
XI. Non-current assets	23 006 696	20 427 025	5 600 189	4 972 257
XII. Current assets	14 009 655	11 572 579	3 410 169	2 816 946
XIII. Total assets	37 016 351	31 999 604	9 010 358	7 789 203
XIV. Long-term liabilities	10 368 702	1 216 318	2 523 904	296 071
XV. Short-term liabilities	9 514 751	15 401 410	2 316 039	3 748 944
XVI. Equity	17 132 898	15 381 876	4 170 415	3 744 189
XVII Share capital *	1 057 635	1 057 635	257 445	257 445
XVIII. Number of issued ordinary shares	427 709 061	427 709 061	427 709 061	427 709 061
XIX. Book value and diluted book value per share (in PLN/EUR per share)	40,06	35,96	9,75	8,75

* share capital after revaluation in accordance with IAS 29 as at 1 January 2005

The above data for IV quarter of 2009 and IV quarter of 2008 were translated into EUR by the following exchange rates:

- specific items of assets, equity and liabilities – by the average exchange rate published by the National Bank of Poland as of 31 December 2009 – 4.1082 PLN / EUR;
- specific items of statement of comprehensive income and statement of cash flows – by the arithmetic average of average exchange rates published by the National Bank of Poland as of every last day of month during the period 1 January – 31 December 2009 – 4.3406 PLN / EUR.

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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2009 PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

ORLEN

Polski Koncern Naftowy ORLEN
Spółka Akcyjna

A. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

Consolidated statement of financial position

	Note	31 December 2009 (unaudited)	31 December 2008
ASSETS			
Non-current assets			
Property, plant and equipment		27 070 437	26 268 757
Intangible assets		600 565	557 048
Goodwill		89 811	87 633
Financial assets available for sale		59 633	62 174
Investments in associates		1 401 586	1 561 132
Deffered tax assets		290 820	485 362
Investment property		71 487	71 757
Perpetual usufruct of land		96 043	99 247
Non-current loans and receivables		46 947	87 746
Total non-current assets		**29 727 329**	**29 280 856**
Current assets			
Inventory		10 619 859	9 089 047
Trade and other receivables		5 417 486	6 356 174
Income tax receivable		34 032	392 042
Short-term financial assets	3.2.	181 005	257 832
Short-term prepayments		207 447	204 088
Cash and cash equivalents		2 941 039	1 344 224
Non-current assets classified as held for sale		32 178	51 487
Total current assets		**19 433 046**	**17 694 894**
Total assets		**49 160 375**	**46 975 750**
LIABILITIES AND SHAREHOLDER'S EQUITY			
Equity			
Share capital		534 636	534 636
Share capital revaluation adjustment		522 999	522 999
Share capital *		**1 057 635**	**1 057 635**
Nominal share premium		1 058 450	1 058 450
Share premium revaluation adjustment		168 803	168 803
Share premium		**1 227 253**	**1 227 253**
Hedging reserve		14 849	(99 793)
Foreign exchange differences on subsidiaries from consolidation		(266 789)	(76 792)
Retained earnings		17 004 955	15 704 788
Total equity attributable to equity holders of the parent		**19 037 903**	**17 813 091**
Non - controling interest		**2 669 308**	**2 718 556**
Total equity		**21 707 211**	**20 531 647**
Long-term liabilities			
Interest-bearing loans and borrowings	3.4.	11 610 532	2 610 651
Provisions	3.3.	661 921	747 287
Deferred tax liabilities		836 330	1 134 686
Other long-term liabilities		133 421	141 554
Total long-term liabilities		**13 242 204**	**4 634 178**
Short-term liabilities			
Trade and other liabilities		11 497 895	8 377 167
Provisions	3.3.	847 117	753 060
Income tax liability		24 169	35 454
Interest-bearing loans and borrowings	3.4.	1 593 695	11 282 114
Deferred income		130 610	149 521
Other financial liabilities		117 474	1 212 609
Total short-term liabilities		**14 210 960**	**21 809 925**
Total liabilities and shareholder's equity		**49 160 375**	**46 975 750**

* share capital after revaluation in accordance with IAS 29 as at 1 January 2005

The accompanying notes disclosed on pages 10 -18 are an integral part of the foregoing interim condensed consolidated financial statements.

Consolidated statement of comprehensive income

	Note	for 12 months ended 31 December 2009 (unaudited)	for 3 months ended 31 December 2009 (unaudited)	for 12 months ended 31 December 2008	for 3 months ended 31 December 2008 (unaudited)
Sales of finished goods		71 273 401	18 782 999	80 230 439	18 386 651
Excise tax and other charges		(19 829 406)	(4 989 638)	(18 312 878)	(5 442 091)
Revenues from sale of finished goods, net		51 443 995	13 793 361	61 917 561	12 944 560
Sales of merchandise and raw materials		17 310 483	4 247 394	19 730 227	3 965 043
Excise tax and other charges		(826 488)	(233 816)	(2 114 563)	(464 872)
Revenues from sale of merchandise and raw materials, net		16 483 995	4 013 578	17 615 664	3 500 171
Total sales revenues		**67 927 990**	**17 806 939**	**79 533 225**	**16 444 731**
Cost of finished goods sold		(46 825 709)	(12 364 183)	(56 685 848)	(13 036 866)
Cost of merchandise and raw materials sold		(15 022 992)	(3 813 504)	(17 313 474)	(3 913 813)
Cost of finished goods, merchandise and raw materials sold	**3.5.**	**(61 848 701)**	**(16 177 687)**	**(73 999 322)**	**(16 950 679)**
Gross profit/(loss) on sales		**6 079 289**	**1 629 252**	**5 533 903**	**(505 948)**
Distribution expense		(3 507 700)	(929 413)	(3 323 721)	(893 268)
General and administrative expenses		(1 504 707)	(409 835)	(1 462 477)	(504 107)
Other operating revenues	3.6.	1 263 759	838 221	747 930	297 600
Other operating expenses	3.6.	(1 233 565)	(794 539)	(3 098 957)	(2 721 251)
Profit/(Loss) from operations		**1 097 076**	**333 686**	**(1 603 322)**	**(4 326 974)**
Financial revenues	3.7.	1 094 275	96 168	702 800	280 768
Financial expenses	3.7.	(1 023 074)	(204 377)	(2 281 414)	(1 955 464)
Net financial revenues and expenses		**71 201**	**(108 209)**	**(1 578 614)**	**(1 674 696)**
Share in profit from investments accounted for under equity method		272 375	43 600	266 533	33 784
Profit/(Loss) before tax		**1 440 652**	**269 077**	**(2 915 403)**	**(5 967 886)**
Income tax expense	3.8.	(140 485)	13 957	388 777	956 056
Net profit/(loss)		**1 300 167**	**283 034**	**(2 526 626)**	**(5 011 830)**
Items of other comprehensive income:					
Hedging instruments valuation		(4 491)	(28 907)	(120 954)	(59 650)
Hedging instruments settlement		146 024	42 154	(108 125)	(5 391)
Foreign exchange differences on consolidation		(203 395)	(510 573)	1 572 553	1 710 379
Deferred tax on other comprehensive income		(26 891)	(2 517)	45 984	14 817
Total items of other comprehensive income		**(88 753)**	**(499 843)**	**1 389 458**	**1 660 155**
Total comprehensive income		**1 211 414**	**(216 809)**	**(1 137 168)**	**(3 351 675)**
Net profit/(loss) attributable to:					
equity holders of the parent		1 308 521	302 128	(2 505 242)	(4 893 228)
non-controlling interest		(8 354)	(19 094)	(21 384)	(118 602)
Total comprehensive income attributable to:					
equity holders of the parent		1 233 166	(26 691)	(1 419 748)	(3 487 843)
non-controlling interest		(21 752)	(190 118)	282 580	136 168
Net profit/(loss) and diluted net profit/(loss) per share attributable to equity holders of the parent (in PLN per share).		3,06	0,71	(5,86)	(11,44)

The accompanying notes disclosed on pages 10 -18 are an integral part of the foregoing interim condensed consolidated financial statements.

Consolidated statement of cash flows

	for 12 months ended 31 December 2009 (unaudited)	for 12 months ended 31 December 2008
Cash flows - operating activities		
Net profit/(loss)	**1 300 167**	**(2 526 626)**
Adjustments for:		
Share in profit from investments accounted for under equity method	(272 375)	(266 533)
Depreciation	2 567 646	2 491 383
Foreign exchange (gains)/losses	(122 715)	731 385
Interest	383 602	533 187
(Profit)/Loss on investing activities	(714 716)	2 310 714
Change in receivables	656 332	986 782
Change in inventories	(1 662 679)	1 778 832
Change in liabilities	2 820 956	(1 409 397)
Change in provisions	(2 086)	(21 945)
Income tax expense	140 485	(388 777)
Income tax received / (paid)	19 255	(594 971)
Other adjustments	47 921	(7 274)
Net cash provided by operating activities	**5 161 793**	**3 616 760**
Cash flows - investing activities		
Acquisition of property, plant and equipment and intangible assets	(2 670 628)	(3 969 409)
Disposal of property, plant and equipment and intangible assets	827 802	125 478
Disposal of shares	1 354	199 654
Acquisition of shares	(1 019 488)	(736 860)
Interest and dividend received	423 922	199 269
Loans granted	(83 023)	(2 732)
Repayment of loans	7 375	5 072
Dividends paid to minority shareholders	(13 382)	(185 858)
Other	(13 929)	(19 571)
Net cash (used in) investing activities	**(2 539 997)**	**(4 384 957)**
Cash flow - financing activities		
Proceeds from loans and borrowings	11 192 817	10 962 933
Debt securitities issued	-	479 172
Repayment of loans and borrowings	(11 461 010)	(8 714 481)
Redemption of debt securities	-	(825 498)
Interest paid	(666 133)	(563 576)
Dividends paid	-	(692 888)
Payment of liabilities under finance lease agreements	(80 384)	(35 682)
Other	(6 874)	2 593
Net cash (used in)/provided by financing activities	**(1 021 584)**	**612 573**
Net change in cash and cash equivalents	**1 600 212**	**(155 624)**
Effect of exchange rate changes	(3 397)	1 616
Cash and cash equivalents, beginning of the period	**1 344 224**	**1 498 232**
Cash and cash equivalents, end of the period	**2 941 039**	**1 344 224**
incl. cash and cash equivalents not available for use	24 459	115 136

The accompanying notes disclosed on pages 10 -18 are an integral part of the foregoing interim condensed consolidated financial statements.

Statement of changes in consolidated equity

	Equity attributable to equity holders of the parent						
	Share capital and share premium	Hedging reserve	Foreign exchange differences on subsidiaries from consolidation	Retained earnings	Total	Non-controlling interest	Total equity
1 January 2009	**2 284 888**	**(99 793)**	**(76 792)**	**15 704 788**	**17 813 091**	**2 718 556**	**20 531 647**
Total comprehensive income	-	114 642	(189 997)	1 308 521	1 233 166	(21 752)	1 211 414
Change in non-controlling interest's structure in equity	-	-	-	(8 354)	(8 354)	(16 702)	(25 056)
Dividends	-	-	-	-	-	(10 794)	(10 794)
31 December 2009 (unaudited)	**2 284 888**	**14 849**	**(266 789)**	**17 004 955**	**19 037 903**	**2 669 308**	**21 707 211**

	Equity attributable to equity holders of the parent						
	Share capital and share premium	Hedging reserve	Foreign exchange differences on subsidiaries from consolidation	Retained earnings	Total	Non-controlling interest	Total equity
1 January 2008	**2 284 888**	**83 302**	**(1 327 936)**	**18 895 081**	**19 935 335**	**2 637 425**	**22 572 760**
Total comprehensive income	-	(183 095)	1 251 144	(2 487 797)	(1 419 748)	282 580	(1 137 168)
Change in non-controlling interest's structure in equity	**-**	**-**	**-**	**(9 608)**	**(9 608)**	**(6 056)**	(15 664)
Dividends	**-**	**-**	**-**	**(692 888)**	**(692 888)**	**(195 393)**	(888 281)
31 December 2008	**2 284 888**	**(99 793)**	**(76 792)**	**15 704 788**	**17 813 091**	**2 718 556**	**20 531 647**

The accompanying notes disclosed on pages 10 -18 are an integral part of the foregoing interim condensed consolidated financial statements.

Explanatory notes to interim condensed consolidated financial statements

1. Information on principles adopted for preparation of interim condensed consolidated financial statements for IV quarter 2009

1.1. Statement of compliance and general principles for preparation

The foregoing interim condensed consolidated financial statements („financial statements") were prepared in accordance with all requirements of IAS 34 "Interim financial reporting" and in the scope required under the Minister of Finance Regulation of 19 February 2009 on current and periodic information provided by issuers of securities and conditions of recognition as equivalent information required by the law of a non-Member State (Official Journal no. 33, item 259) ("Regulation") and present the PKN Orlen S.A. Capital Group's ("Group") financial position as at 31 December 2009 and 31 December 2008, results of its operations for the 3 and 12-month period ended 31 December 2009 and 31 December 2008 as well as its cash flows for the 12-month period ended 31 December 2009 and 31 December 2008.

The financial statements were prepared assuming that the Group will continue to operate as a going concern in the foreseeable future. As at the date of approval of these financial statements there is no evidence indicating that the Group will not be able to continue its operations as a going concern.

1.2. Statement of the Management Board

The Management Board of PKN ORLEN declares that to the best of their knowledge, the foregoing interim condensed consolidated financial statements and comparative data were prepared in compliance with the Group accounting principles in force and that they reflect true and fair view on financial status and financial result of the Group.

The Management Board of PKN ORLEN declares that the entity authorized to audit and conducting the review of interim condensed consolidated financial statements, was selected in compliance with the law and that the entity and auditors conducting the review met the conditions to issue an independent review report in compliance with relevant regulations and professional standards.

1.3. Applied accounting principles and presentation changes

The foregoing interim condensed consolidated financial statements were prepared according to principles described in PKN ORLEN Group's consolidated financial statements for the year ended 31 December 2008, except for e.g. changes in the International Financial Reporting Standards („IFRS"), presented below:

- presentation of the statement of comprehensive income, according to the requirements of the amended IAS 1 – Presentation of Financial Statements,
- presentation of information regarding operating segments according to the new standard IFRS 8 – Operating Segments (note 2),
- capitalisation of borrowing costs, attributable to acquisition, construction or production of a qualifying asset as part of the cost of that asset according to IAS 23 – Borrowing Costs (note 3.7).

According to IFRIC 13 – Customer Loyalty Programs, the value of loyalty programs of PLN 72,845 thousand was reclassified as at 31 December 2008 from short-term provisions as well as trade and other liabilities to deferred income.

Financial statements are not influenced by amendments to "International Financial Reporting Standards" and changes of the following standards and interpretations effective from 1 January 2009 and later:

- IFRS 1 „First-time adoption of International Financial Reporting Standards",
- IFRS 2 „Share-based Payment",
- IFRS 3 „Business Combinations",
- IFRS 7 „Financial Instruments: Disclosures",
- IAS 27 „Consolidated and Separate Financial Statements",
- IAS 32 „Financial Instruments: Presentation",
- IAS 39 „Financial Instruments: Recognition and Measurement",
- IAS 19 „The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction",
- IFRIC 9 „Reassessment of Embedded Derivatives",
- IFRIC 14 „Prepayments of a Minimum Funding Requirements"
- IFRIC 15 „Agreements for the Construction of Real Estate",
- IFRIC 17 „Distributions of Non-Cash Assets to Owners" and
- IFRS 18 „Transfer of Assets from Customers"

As at the date of preparation of these condensed consolidated financial statements the following standards, interpretations, amendments and updates were published but are yet not effective:

- IFRS1 „First-time adoption of International Financial Reporting Standards",
- IFRS 2 „Share-based Payment",
- IFRS 9 „Financial Instruments",

– IAS 24 „Related Party Disclosures",
– IAS 32 „Financial Instruments: Presentation",
– IAS 19 „The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction",
– IFRIC 14 „Prepayments of a Minimum Funding Requirements",
– IFRIC 19 „Extinguishing Financial Liabilities with Equity Instruments"

The above mentioned IFRS, except for IFRS 9, will not influence future financial statements.

In the explanatory note 3.5. "Cost by kind" the data for the 12-month period ended 31 December 2008 and the 3-month period ended 31 December 2008 was changed due to reclassification of changes in prepayments and accruals of PLN 4,552 thousand and PLN 148,101 thousand respectively from line "Change in inventory" to respective cost by kind.

In the 9 – month period ended 30 September 2009 a reclassification adjustment of PLN 375,143 thousand has been made from excise tax and other charges to sales of merchandise and raw materials.

In the 12 – month period ended 31 December 2008 a reclassification adjustment of PLN 347,757 thousand has been made from excise tax and other charges to sales of finished goods.

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

1.4. Functional currency and presentation currency of financial statements and methods applied to translation of data denominated in foreign currencies

a) functional currency and presentation currency

Functional currency and presentation currency of the foregoing interim condensed consolidated financial statements and quarterly financial information of the Parent Company is PLN.

b) methods applied to translation of data denominated in foreign currencies

Financial statements of foreign entities, for consolidation purposes, are translated into PLN using the following methods:
– assets and liabilities of each presented statement of financial position are translated at the closing rate published by the National Bank of Poland at the given balance sheet date,
– respective items of statement of comprehensive income and statement of cash flows are translated at the arithmetic average of average exchange rates published by the National Bank of Poland as of every last day of month in the reporting period.

All resulting exchange differences are recognized as a separate component of equity.

The financial data denominated in EUR was translated in line with the following methods:
– particular assets and liabilities – at the closing rate for 31 December 2009 – 4.1082 PLN/EUR and for 31 December 2008 – 4.1724 PLN/EUR,
– particular items of statement of comprehensive income and statement of cash flows for the IV quarter – at the arithmetic average of exchange rates for the period from 1 October 2009 to 31 December 2009 – 4.1648 PLN/EUR. For the period from 1 October 2008 to 31 December 2008 the rate was 3.8542 PLN/EUR.

The financial data denominated in CZK was translated in line with the following methods:
– particular assets and liabilities – at the closing rate for 31 December 2009 – 0.1554 PLN/CZK and for 31 Dember 2008 – 0.1566 PLN/CZK,
– particular items of statement of comprehensive income and statement of cash flows for the IV quarter – at the arithmetic average of exchange rates for the period from 1 October 2009 to 31 December 2009 – 0.1581 PLN/CZK. For the period from 1 October 2008 to 31 December 2008 the rate was 0.1518 PLN/CZK.

The financial data denominated in USD was translated in line with the following methods:
– particular assets and liabilities – at the closing rate for 31 December 2009 – 2.8503 PLN/USD and for 31 December 2008 – 2.9618 PLN/USD,
– particular items of statement of comprehensive income and statement of cash flows for the IV quarter – at the arithmetic average of exchange rates for the period from 1 October 2009 to 31 December 2009 – 2.8212 PLN/USD. For the period from 1 October 2008 to 31 December 2008 the rate was 2.9095 PLN/USD.

2. Segment data

Changes in principles concerning presentation of information about operating segments

Due to new requirements concerning segment reporting, which were implemented starting from 1 January 2009 by IFRS 8 – Operating Segments, the Capital Group presents new segment division.
Group's activities are allocated to the following:

- Refining Segment – refining production and wholesale, production and sale of oils and supporting production
- Retail Segment – sale at petrol stations
- Petrochemical Segment – petrochemical production and wholesale, chemical production and sale
- Corporate Functions.

Allocation of PKN ORLEN Group's entities to operating segments is presented in note B.2.

The most significant changes in comparison to the previously presented segment division are as follows:

- wholesale and logistics, which were previously included as whole in the Refining Segment, are now in the appropriate part recognized in the Petrochemical Segment,
- sale at petrol stations previously presented in the Refining Segment is now presented as a separate segment,
- supporting production, which was previously included in Other operations segment, is now allocated to appropriate segments according to type of services provided,
- Corporate Functions containing management, administration and other supporting functions as well as other activities not allocated to any other segment, is now distinguished as a separate segment.

Revenues, expenses and financial result by operating segments

for the period ended 31 December 2009

	Refining Segment		Retail Segment		Petrochemical Segment		Corporate Functions		Adjustments		Total	
	for 12 months	for 3 months	for 12 months	for 3 months	for 12 months	for 3 months	for 12 months	for 3 months	for 12 months	for 3 months	for 12 months	for 3 months
Sales to external customers	36 569 602	9 677 565	22 383 703	5 720 482	8 877 040	2 373 176	97 645	35 716			67 927 990	17 806 939
Transactions with other segments	13 525 606	3 757 874	92 372	23 666	4 178 774	1 078 491	181 375	37 058	(17 978 127)	(4 897 089)	-	-
Total sales revenues	50 095 208	13 435 439	22 476 075	5 744 148	13 055 814	3 451 667	279 020	72 774	(17 978 127)	(4 897 089)	67 927 990	17 806 939
Total operating expenses	(49 084 705)	(13 112 081)	(21 558 413)	(5 537 498)	(13 321 873)	(3 520 289)	(874 269)	(244 181)	17 978 152	4 897 114	(66 861 108)	(17 516 935)
Other operating revenues	686 034	488 740	102 181	43 304	328 781	269 801	147 023	36 633	(260)	(257)	1 263 759	838 221
Other operating expenses	(572 432)	(479 086)	(139 821)	(43 262)	(259 073)	(217 933)	(262 499)	(54 515)	260	257	(1 233 565)	(794 539)
Segment result	**1 124 105**	**333 012**	**880 022**	**206 692**	**(196 351)**	**(16 754)**	**(710 725)**	**(189 289)**	**25**	**25**	**1 097 076**	**333 686**
Financial revenues											1 094 275	96 168
Financial expenses											(1 023 074)	(204 377)
Share in profit from investments accounted for under equity method	1 696	581	-	-	958	(165)	269 721	43 184			272 375	43 600
Profit before tax											**1 440 652**	**269 077**
Income tax expense											(140 485)	13 957
Net profit											**1 300 167**	**283 034**

for the period ended 31 December 2008

	Refining Segment		Retail Segment		Petrochemical Segment		Corporate Functions		Adjustments		Total	
	for 12 months	for 3 months	for 12 months	for 3 months	for 12 months	for 3 months	for 12 months	for 3 months	for 12 months	for 3 months	for 12 months	for 3 months
Sales to external customers	46 033 371	8 735 847	22 479 537	5 421 767	10 934 614	2 263 628	85 703	23 489			79 533 225	16 444 731
Transactions with other segments	15 498 017	4 381 860	48 326	12 980	3 958 198	916 893	119 528	20 172	(19 624 069)	(5 331 905)	-	-
Total sales revenues	61 531 388	13 117 707	22 527 863	5 434 747	14 892 812	3 180 521	205 231	43 661	(19 624 069)	(5 331 905)	79 533 225	16 444 731
Total operating expenses	(61 330 028)	(14 973 022)	(21 910 109)	(5 254 848)	(14 309 676)	(3 163 487)	(859 776)	(288 602)	19 624 069	5 331 905	(78 785 520)	(18 348 054)
Other operating revenues	166 732	55 165	159 681	102 465	88 489	18 732	333 028	121 238			747 930	297 600
Other operating expenses	(2 525 751)	(2 425 111)	(137 182)	(72 992)	(109 148)	(84 132)	(326 876)	(139 016)			(3 098 957)	(2 721 251)
Segment result	**(2 157 659)**	**(4 225 261)**	**640 253**	**209 372**	**562 477**	**(48 366)**	**(648 393)**	**(262 719)**	**-**	**-**	**(1 603 322)**	**(4 326 974)**
Financial revenues											702 800	280 768
Financial expenses											(2 281 414)	(1 955 464)
Share in profit from investments accounted for under equity method	(1 025)	(535)	-	-	1 040	(133)	266 518	34 452			266 533	33 784
Profit before tax											**(2 915 403)**	**(5 967 886)**
Income tax expense											388 777	956 056
Net profit											**(2 526 626)**	**(5 011 830)**

Assets by operating segments

	Refining Segment		Retail Segment		Petrochemical Segment		Corporate Functions		Adjustments		Total	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008	31 December 2009	31 December 2008	31 December 2009	31 December 2008	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Consolidated segment assets	26 447 353	26 681 137	5 416 802	5 348 138	12 265 878	11 021 204	5 492 775	4 889 199	(462 433)	(963 928)	49 160 375	46 975 750

Revenues, expenses and financial result by operating segments according to previously valid standard IAS 14 – Segment reporting for the period ended 31 December 2008

	Refining Segment		Retail Segment		Petrochemical Segment		Other operations		Adjustments		Total	
	for 12 months	for 3 months	for 12 months	for 3 months	for 12 months	for 3 months	for 12 months	for 3 months	for 12 months	for 3 months	for 12 months	for 3 months
Sales to external customers	68 072 961	14 009 575	8 393 542	1 810 803	2 575 855	487 732	492 847	140 798			79 535 205	16 448 908
Transactions with other segments	8 815 180	2 986 694	3 904 535	849 866	195 042	79 134	1 377 813	327 060	(14 292 570)	(4 242 754)	-	-
Total sales revenues	76 888 141	16 996 269	12 298 077	2 660 669	2 770 897	566 866	1 870 660	467 858	(14 292 570)	(4 242 754)	79 535 205	16 448 908
Total operating expenses	(76 120 236)	(18 612 326)	(12 053 583)	(2 760 916)	(2 504 646)	(544 320)	(1 810 798)	(482 187)	14 288 665	4 237 220	(78 200 598)	(18 162 529)
Other operating revenues	380 911	183 454	68 278	14 970	28 145	7 831	150 162	68 621	(391)	(310)	627 105	274 566
Other operating expenses	(2 775 564)	(2 484 724)	(37 813)	(10 127)	(80 806)	(68 477)	(69 163)	(17 535)	0		(2 963 346)	(2 580 863)
Segment result	**(1 626 748)**	**(3 917 327)**	**274 959**	**(95 404)**	**213 590**	**(38 100)**	**140 861**	**36 757**	**(4 296)**	**(5 844)**	**(1 001 634)**	**(4 019 918)**
Unallocated revenues of the Group											120 825	12 830
Unallocated expenses of the Group											(722 513)	(319 886)
Profit from operations											**(1 603 322)**	**(4 326 974)**
Financial revenues											702 800	280 768
FInancial expenses											(2 281 414)	(1 955 464)
Share in profit from investments accounted for under equity method	(1 025)	(535)	-	-	1 040	(133)	266 518	34 452	0		266 533	33 784
Profit before tax											**(2 915 403)**	**(5 967 886)**
Income tax expense											388 777	956 056
Net profit											**(2 526 626)**	**(5 011 830)**

Assets by operating segments according to previously valid standard IAS 14- Segment reporting

	Refining Segment	Petrochemical Segment	Chemical Segment	Other operations	Adjustments	Total
	31 December 2008	31 December 2008	31 December 2008	31 December 2008	31 December 2008	31 December 2008
Segment assets	29 096 794	8 098 121	2 526 843	6 129 341	(1 027 653)	44 823 446
Unallocated assets of the Group						2 152 304
Total consolidated assets						46 975 750

3. Other explanatory notes

3.1. Impairment allowances of assets

	for 12 months ended 31 December 2009 (unaudited)	for 3 months ended 31 December 2009 (unaudited)	for 12 months ended 31 December 2008	for 3 months ended 31 December 2008 (unaudited)
Property, plant and equipment				
Recognition	(110 007)	(24 885)	(2 484 494)	(2 455 233)
Reversal	173 867	34 578	137 216	94 528
Intangible assets				
Recognition	(7 325)	(674)	(14 195)	(13 025)
Reversal	8 693	20	1 269	91
Financial assets available for sale				
Recognition	(869)	(684)	(21 215)	(3 734)
Reversal	2 650	2 286	5 908	3 825
Receivables				
Recognition	(161 794)	(47 848)	(154 881)	(51 015)
Reversal	112 361	36 885	161 848	42 143
Inventory				
Recognition	(138 672)	(28 068)	(572 366)	(438 150)
Reversal	70 971	9 733	155 598	145 899
Non-current assets classified as held for sale				
Recognition	(1 748)	(1 016)	-	-
Reversal	6 152	6 147	-	-

3.2. Short-term financial assets

	31 December 2009 (unaudited)	31 December 2008
Financial assets at fair value through profit and loss	41 279	123 698
Derivatives recognized in financial assets designated as hedging instruments- hedge accounting	83 595	132 550
Available for sale	247	178
Loans and receivables	55 884	1 406
Total	**181 005**	**257 832**

3.3. Provisions

Long-term

	31 December 2009 (unaudited)	31 December 2008
Environmental provision	335 263	341 378
Jubilee and retirement benefits provision	229 831	246 229
Business risk provision	63 917	83 400
Shield programmes provision	-	49 266
Other	32 910	27 014
Total	**661 921**	**747 287**

Short-term

	31 December 2009 (unaudited)	31 December 2008
Environmental provision	37 365	50 331
Jubilee and retirement benefits provision	31 700	37 759
Business risk provision	78 256	555 512
Shield programmes provision	51 369	40 762
Other	648 427	68 696
Total	**847 117**	**753 060**

Decrease of business risk provision results mainly from settlement of dispute with Agrofert a.s and Energa Operator – described in more details in note B5.

Increase of other provisions results mainly from creation of provision in the amount of PLN 588,869 thousand for purchase of CO_2 emission rights necessary to settle the emission for the year 2009.

3.4. Interest – bearing loans and borrowings

Long-term

	31 December 2009 (unaudited)	31 December 2008
Bank loans and borrowings	10 475 021	1 445 052
Debt securities	1 135 511	1 165 599
Total	**11 610 532**	**2 610 651**

Short-term

	31 December 2009 (unaudited)	31 December 2008
Bank loans and borrowings	1 555 657	11 242 325
Debt securities	38 038	39 789
Total	**1 593 695**	**11 282 114**

In the foregoing financial statements bank loans of PLN 9,475,449 thousand were reclassified as at 31 December 2008 from long-term liabilities to short-term liabilities. The amount relates to liabilities resulting from bank loan agreements containing provisions specifying the required level of net debt to EBITDA ratio (profit from operations increased by depreciation) which was exceeded as at 31 December 2008. Detailed description is included in the consolidated financial statements for 2008 (note 7.16).
In April 2009 negotiations between Parent Company and lenders being the parties of the agreements mentioned above had been finalized. The consent to a temporary breach of the maximum debt ratio and the continuation of cooperation within previously set bank loan limits and maturity dates had been received. In December 2009 other entity belonging to the Capital Group restructured its bank loan agreement which resulted in extension of the period of financing.

3.5. Cost by kind

	for 12 months ended 31 December 2009 (unaudited)	for 3 months ended 31 December 2009 (unaudited)	for 12 months ended 31 December 2008	for 3 months ended 31 December 2008 (unaudited)
Materials and energy	(43 380 026)	(11 606 026)	(52 235 477)	(11 137 985)
Cost of merchandise and raw materials sold	(15 022 992)	(3 813 504)	(17 313 474)	(3 913 813)
External services	(3 699 892)	(802 158)	(3 952 554)	(1 266 931)
Payroll, social securities and other employee benefits	(2 003 670)	(494 902)	(1 959 754)	(632 872)
Depreciation	(2 567 646)	(632 779)	(2 491 383)	(689 617)
Taxes and charges	(421 907)	(97 969)	(437 282)	(117 718)
Other	(1 634 767)	(925 271)	(3 457 125)	(2 791 000)
Total	**(68 730 900)**	**(18 372 609)**	**(81 847 048)**	**(20 549 936)**
Change in inventory	480 187	(42 653)	(101 990)	(453 376)
Cost of products and services for own use	156 040	103 788	64 561	(65 993)
Operating expenses	**(68 094 673)**	**(18 311 474)**	**(81 884 477)**	**(21 069 305)**
Distribution expenses	3 507 700	929 413	3 323 721	893 268
General and administrative expenses	1 504 707	409 835	1 462 477	504 107
Other operating expenses	1 233 565	794 539	3 098 957	2 721 251
Cost of finished goods, merchandise and raw materials sold	**(61 848 701)**	**(16 177 687)**	**(73 999 322)**	**(16 950 679)**

3.6. Other operating revenues and expenses

Other operating revenues

	for 12 months ended 31 December 2009 (unaudited)	for 3 months ended 31 December 2009 (unaudited)	for 12 months ended 31 December 2008	for 3 months ended 31 December 2008 (unaudited)
Profit on sale of non-financial non-current assets	773 714	737 076	95 997	47 204
Reversal of provisions	46 714	15 049	125 562	48 705
Reversal of receivables allowances	99 261	32 755	149 027	37 983
Reversal of impairment allowances of property, plant and equipment and intangible assets	184 153	35 500	136 833	84 528
Penalties and compensations earned	55 870	10 236	150 200	43 301
Grants	6 526	1 528	7 004	3 068
Inventory count differences	12 845	6 077	12 458	6 086
Other	84 676	-	70 849	26 725
Total	**1 263 759**	**838 221**	**747 930**	**297 600**

Other operating expenses

	for 12 months ended 31 December 2009 (unaudited)	for 3 months ended 31 December 2009 (unaudited)	for 12 months ended 31 December 2008	for 3 months ended 31 December 2008 (unaudited)
Loss on sale of non-financial non-current assets	(50 579)	(14 711)	(49 655)	(15 062)
Creation of provisions	(696 427)	(609 477)	(196 745)	(111 389)
Receivables allowances	(152 971)	(53 852)	(137 455)	(46 342)
Impairment allowances of property, plant and equipment and intangible assets	(118 120)	(25 615)	(2 512 935)	(2 481 985)
Costs and losses on removal of damages	(19 055)	(3 505)	(20 369)	(6 962)
Liquidations and shortages in current assets	(29 936)	(12 746)	(27 175)	(15 336)
Donations	(13 480)	(8 795)	(15 749)	(2 112)
Other	(152 997)	(65 838)	(138 874)	(42 063)
Total	**(1 233 565)**	**(794 539)**	**(3 098 957)**	**(2 721 251)**

As a consequence of sale of CO_2 emission rights in the 12-month period ended 31 December 2009 the line “profit on sale of non – financial non – current assets” includes the amount of PLN 717,177 thousand and the line “creation of provisions” includes the amount of PLN 588,869 thousand resulting from the provision for purchase of CO_2 emission rights necessary to settle the emission for the year 2009. Total impact of the above on the profit from operations amounts to PLN 128,308 thousand.

3.7. Financial revenues and expenses

Financial revenues	for 12 months ended 31 December 2009 (unaudited)	for 3 months ended 31 December 2009 (unaudited)	for 12 months ended 31 December 2008	for 3 months ended 31 December 2008 (unaudited)
Interest income	58 799	9 853	127 630	22 015
Positive foreign exchange surplus	679 407	50 434	139 837	74 954
Profit from sale of shares and other securities	316	131	934	848
Decrease in receivables allowances	13 100	4 130	11 507	3 007
Settlement and valuation of financial instruments	330 222	26 598	359 083	167 504
Other	12 431	5 022	63 809	12 440
Total	**1 094 275**	**96 168**	**702 800**	**280 768**
Financial expenses				
Interest expense	(463 148)	(143 963)	(541 765)	(156 173)
Negative foreign exchange surplus	(183 348)	(57 591)	(1 240 529)	(1 560 816)
Loss on sale of shares and other securities	(41)	-	(1 104)	(828)
Investment impairment allowances	(870)	(684)	-	-
Increase in receivables allowances	(8 823)	(79)	(14 837)	(4 347)
Settlement and valuation of financial instruments	(318 219)	-	(451 927)	(221 047)
Other	(48 625)	(2 060)	(31 252)	(12 253)
Total	**(1 023 074)**	**(204 377)**	**(2 281 414)**	**(1 955 464)**

According to IAS 23, starting from 1 January 2009, the Group capitalizes those borrowing costs, that are directly attributable to the acquisition, construction or production of a qualifying asset, as part of the cost of that asset.
Borrowing costs capitalized as part of costs of assets during 12 - month period ended 31 December 2009 and during 3 - month period ended 31 December 2009 amounted to PLN 126,367 thousand and PLN 37,389 thousand respectively.
Capitalization rate that was used to calculate borrowing costs' capitalization for the period of 12 months ended 31 December 2009 amounted to 3.52% per annum.

3.8. Income tax expense

	for 12 months ended 31 December 2009 (unaudited)	for 3 months ended 31 December 2009 (unaudited)	for 12 months ended 31 December 2008	for 3 months ended 31 December 2008 (unaudited)
Current tax	(331 702)	(135 890)	(290 650)	207 517
Deffered tax	191 217	149 847	679 427	748 539
Total	**(140 485)**	**13 957**	**388 777**	**956 056**

3.9. Finance lease

As at 31 December 2009, the Group possessed as a lessee, the finance lease agreements, concerning mainly buildings, machinery and equipment as well as means of transportation.

Future minimum lease payments under finance lease agreements mentioned above as at 31 December 2009 and 31 December 2008 were as follows:

	31 December 2009 (unaudited)	31 December 2008
Up to 1 year	26 969	64 789
Between 1 and 5 years	52 668	55 515
Above 5 years	27 539	21 968
Total minimum lease payments:	**107 176**	**142 272**

Present value of future minimum lease payments under finance lease agreements mentioned above as at 31 December 2009 and 31 December 2008 was as follows:

	31 December 2009 (unaudited)	31 December 2008
Up to 1 year	23 831	52 636
Between 1 and 5 years	43 197	50 631
Above 5 years	18 163	15 418
Total present value of minimum lease payments:	**85 191**	**118 685**

3.10. Information concerning seasonal or cyclical character of the Capital Group operations in the presented period

The PKN ORLEN Capital Group does not report any material seasonal/cyclical character of its operations.

3.11. Future liabilities resulting from signed investment contracts

As at 31 December 2009 and 31 December 2008 the value of future liabilities resulting from investment contracts signed until this day amounts to PLN 969,098 thousand and PLN 1,969,908 thousand respectively.

3.12. Issue, redemption and repayment of debt and capital securities

In the period covered by the foregoing financial statements, there were only the issues of the short-term bonds for the Group entities to optimize liquidity management in the PKN ORLEN Capital Group.

3.13. Payment of dividends

The General Shareholders' Meeting of the Coompany dated 30 June 2009 decided not to pay out dividend in 2009.

3.14. Contingent assets and liabilities

Contingent liabilities of PKN ORLEN Group in the 12-month period ended 31 December 2009	31 December 2008	Increase/ (Decrease)	31 December 2009 (unaudited)
Legal cases related to real estates with undefined legal status	306	(306)	-
Anti-trust proceedings of the OCCP	18 500	-	18 500
Other legal cases	17 396	(11 743)	5 653
Total	**36 202**	**(12 049)**	**24 153**

In 2008 one of the Capital Group companies accomplished the investment in Nitric Acid Installation reducing nitrous suboxides emission, as according to regulation in law, that gives the possibility to obtain ERU 1,314 thousand of (Emission Reduction Unit) starting from the investment launch date till the balance sheet date. The value of 1 ERU as at 31 December 2009 is estimated to approximately PLN 43 (based on CER quotations - Certified Emission Reduction). Currently the company is in the process of obtaining further opinions and acceptances of external authorities who decide on units allocation.

3.15. Significant events after the end of the reporting period that were not presented in the condensed consolidated financial statements

There were no significant events after the balance sheet date that were not presented in the financial statements.

3.16. Supplementary information

Excise tax guarantees and excise tax on goods and merchandise under the excise tax suspension procedure amounted to PLN 1,289,169 thousand as at 31 December 2009.
Guarantees and sureties amounted to PLN 224,765 thousand as at 31 December 2009.

OTHER INFORMATION RELATING TO CONSOLIDATED QUARTERLY REPORT

Polski Koncern Naftowy ORLEN
Spółka Akcyjna

B. OTHER INFORMATION RELATING TO CONSOLIDATED QUARTERLY REPORT

1. Principal activity

The Parent Company of Polski Koncern Naftowy ORLEN S.A. Capital Group ("Group", "Capital Group") is Polski Koncern Naftowy ORLEN S.A. ("Company", "PKN ORLEN", "Parent") seated in Płock, 7 Chemików Street.

The principle activity of the Group includes processing of crude oil and manufacturing of wide variety of refinery, petrochemical and chemical products as well as their transport, wholesale and retail sale.

2. Organization of the Capital Group

The Capital Group include PKN ORLEN as the Parent Company and entities located mainly in Poland, Germany, Czech Republic and Lithuania.

CONSOLIDATION SCHEME OF THE CAPITAL GROUP – first level

- the Parent Company PKN ORLEN, was adequately allocated to all business segments
- the scheme presents information about direct and indirect share in equity of related parties

Fully consolidated entities | Entities consolidated under proportionate method | Entities consolidated under equity method

The list of entities belonging to the Capital Groups on lower levels presented on the Capital Group scheme of the first level

	Share of the Parent of the particular group in equity
	(in full%)
1. Capital Group of ORLEN PetroTank Sp. z o.o.	**100%**
Petro-Mawi Sp. z o.o. in liquidation	60% 3)
2. Capital Group of Rafineria Trzebinia S.A.	**77%**
Energomedia Sp. z o.o.	100%
Euronaft Trzebinia Sp. z o.o.	100%
Fabryka Parafin NaftoWax Sp. z o.o.	100%
Zakładowa Straż Pożarna Sp. z o.o.	100% 3)
EkoNaft Sp. z o.o.	99%
3. Capital Group of Ship Service S.A.	**61% 1)**
Ship-Service Agro Sp. z o.o.	100% 3)
4. Capital Group of Rafineria Nafty Jedlicze S.A.	**75%**
Raf-Koltrans Sp. z o.o.	100%
Raf-Służba Ratownicza Sp. z o.o.	100% 3)
Raf-Bit Sp. z o.o.	100% 3)
Konsorcjum Olejów Przepracowanych – Organizacja Odzysku S.A.	81%
Ran-Watt Sp. z o.o. in liquidation	51% 3)
5. Capital Group of ORLEN Oil Sp. z o.o.	**89%**
ORLEN Oil Cesko s.r.o.	100%
Platinum Oil Sp. z o.o.	100%
Petro-Oil Pomorskie Centrum Sprzedaży Sp. z o.o.	100%
Petro-Oil Łódzkie Centrum Sprzedaży Sp. z o.o. in liquidation	25% 3)
Petro-Oil Seewax Sp. z o.o. in bankruptcy	25% 3)
Petro-Oil Małopolskie Centrum Sprzedaży Sp. z o.o.	24%
Petro-Oil Podlaskie Centrum Sprzedaży Sp. z o.o.	24%
Petro-Oil Śląskie Centrum Sprzedaży Sp. z o.o.	100%
Petro-Oil Zachodniopomorskie Centrum Sprzedaży Sp. z o.o.	24%
Petro-Oil Wielkopolskie Centrum Sprzedaży Sp. z o.o.	22%
6. Capital Group of ORLEN Lietuva	**100%**
UAB Mazeikiu naftos sveikatos prieziuros centras	100%
UAB Uotas in liquidation	100%
UAB PASLAUGOS TAU	100% 2)
UAB Remonto mechanicos centras in liquidation	100%
AB Ventus-Nafta	100%
UAB Naftelf	34%
Capital Group of UAB Mazeikiu naftos prekybos namai	100%
- SIA Mazeikiu Nafta Tirdzniecibas nams	100%
- OU Mazeikiu Nafta Trading House	100%
- Mazeikiu Nafta Trading House Sp. z o.o.	100%
7. Capital Group of UNIPETROL a.s.	**63%**
Capital Group of UNIPETROL RPA s.r.o	100%
- UNIPETROL DOPRAVA a.s.	100%
- CHEMOPETROL a.s	100% 3)
- UNIRAF SLOVENSKO s.r.o.	100%
- POLYMER INSTITUTE BRNO spol. s.r.o.	100% 3)
- HC Litvinov a.s.	71% 3)
- CELIO a.s.	51% 3)
Capital Group of UNIPETROL TRADE a.s.	100%
- CHEMAPOL (SCHWEIZ) AG	100%
- UNIPETROL AUSTRIA HmbH in liquidation	100% 3)
- UNIPETROL DEUTSCHLAND GmbH	100%
Výzkumný ústav anorganické chemie a.s.	100% 3)
Capital Group of BENZINA s.r.o.	100%
- PETROTRANS s.r.o.	100%
UNIPETROL SERVICES s.r.o.	100%
UNIPETROL RAFINERIE s.r.o.	100% 3)
Capital Group of PARAMO a.s.	100%
- MOGUL SLOVAKIA s.r.o.	100% 3)
CESKA RAFINERSKA a.s.	51%
Butadien Kralupy s.r.o.	51%
8. Capital Group of "Anwil" S.A.	**85%**
Przedsiębiorstwo Inwestycyjno-Remontowe Remwil Sp. z o.o.	100%
Przedsiębiorstwo Produkcyjno-Handlowo-Usługowe Pro-Lab Sp. z o.o.	99%
Spolana a.s.	100%
Zakład Usługowo Produkcyjny EKO-Dróg Sp. z o.o.	49%
Przedsiębiorstwo Usług Technicznych Wircom Sp. z o.o.	49%
Apex-Elzar Sp. z o.o.	47%

The list of entities belonging to the Capital Groups on lower levels presented on the Capital Group scheme of the first level - continued

	Share of the Parent of the particular group in equity
Specjalistyczna Przychodnia Przemysłowa Prof-Med Sp. z o.o.	46%
Przedsiębiorstwo Produkcyjno-Handlowo-Usługowe Arbud Sp. z o.o.	45%
9. Capital Group of Basell ORLEN Polyolefins Sp. z o.o.	**50%**
Basell ORLEN Polyolefins Sprzedaż Sp. z o.o.	100%
10. Capital Group of ORLEN Medica Sp. z o.o.	**100%**
Sanatorium Uzdrowiskowe "KRYSTYNKA" Sp. z o.o.	99% [3)]
11. Capital Group of ORLEN Holding Malta Ltd.	**100%**
ORLEN Insurance Ltd.	100%
12. Capital Group of Płocki Park Przemysłowo-Technologiczny S.A.	**50%**
Centrum Edukacji Sp. z o.o.	69%
13. Capital Group of ORLEN International Exploration & Production Company BV	**100%**
SIA Balin Energy	50% [3)]

[1] share in total voting rights is equal to 56%.
[2)] entities founded in the 12-month period ended 31 December 2009
[3)] entities not consolidated in the 12-month period ended 31 December 2009

There were no significant changes in the Group structure during the reporting period.

3. Capital Group's achievements accompanied by circumstances and events which have significant impact on the financial result

Results from operations

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 consolidated 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.

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 CO_2 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 as 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 CO_2 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 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 for the IV quarter 2009 by PLN 160 million (y/y).
Sales of surpluses of CO_2 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.

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 CO_2 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 test 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 period until the date of approval of the financial statements, particularly relating to risk assessment.

Factors and events which may influence future results

Similar macroeconomic factors as described above will significantly influence results in the following quarters of 2010.

The Parent Company is collecting and analyzing binding offers from potential buyers invited to the next phase of the process of sales of its shares in Anwil S.A. Capital Group included in the consolidated financial statements. As at 31 December 2009 total assets of Anwil S.A. Capital Group amounted to PLN 2,699,293 thousand, net assets to PLN 1,942,963 thousand and net profit for the 12-month period ended 31 December 2009 amounted to PLN 66,679 thousand.

The Parent Company started preparatory works concerning sales of shares in Polkomtel S.A. which were presented in the consolidated financial statements of the PKN ORLEN Capital Group under equity method in the amount of PLN 1,347,403 thousand.

At this point it is not possible to determine the final results of these processes.

4. Information on related parties

Information on significant related party transactions

a) Information on material transactions concluded by the Group Companies or subsidiaries with related parties on other than market terms

In the 12-month period ended 31 December 2009, there were no significant related party transactions concluded within the Group on other than market terms.

b) Transactions with members of the Management Board, Supervisory Board, their spouses, siblings descendants, ascendants and their other relatives

During the 12-month period ended 31 December 2009 the Group companies did not grant to managing and supervising persons and their relatives any advances, borrowings, loans, guarantees and sureties, or concluded other agreements obliging to render services to the Company and its related parties.
As at 31 December 2009 there are no loans granted by the Group companies to managing and supervising persons and their relatives.
During the 12-month period ended 31 December 2009 there were no significant transactions concluded with members of the Management Board, Supervisory Board, their spouses, siblings, descendants, ascendants or their other relatives.

c) Transactions with related parties concluded through the key executive personnel of the Company and key executive personnel of the Group companies

During the 12-month period ended 31 December 2009 key executive personnel of the Company and Group companies issued statements on transactions with related parties that disclosed the following types of transactions:

Type of relation through key executive personnel of the Company and the Group companies	Type of transaction			
	Sales	Purchase	Receivables	Liabilities
Supervising persons	442 266	244 639	18 072	2 414
Managing persons	68	16	-	-
Other key executive personnel	16	-	-	-
Total	**442 350**	**244 655**	**18 072**	**2 414**

d) Parent Company's transactions with related parties in the period from 1 January to 31 December 2009 and the settlement balances as at 31 December 2009

	Subsidiaries	Jointly controlled entities	Associates	Adjustments	Total related parties
Sales	22 263 291	1 835 038	18 155	(23 180 810)	935 674
Purchase	3 101 129	15 636	121 564	(3 108 947)	129 382
Interest income	6 622	1 344	8	(7 294)	680
Dividends received	199 106	-	418 222	(617 328)	-
Interest expense	9 331	-	3	(9 331)	3
Current receivables (net)	2 323 570	426 025	2 665	(2 536 583)	215 677
Short-term liabilities	630 545	1 837	10 738	(631 464)	11 656
Non-current receivables	14 721	41 082	-	(35 262)	20 541
Long-term liabilities	24 617	-	-	(24 617)	-

5. Information concerning significant proceedings in front of court, body appropriate for arbitration proceedings or in front of public administration bodies

As at 31 December 2009 the PKN ORLEN S.A. Capital Group is a party in the following proceedings in front of court, body appropriate for arbitration proceedings or in front of public administration bodies:

5.1. Proceedings in which the PKN ORLEN S.A. Capital Group entities act as a defendant

5.1.1. Proceedings with the total value exceeding 10% of the Issuer's equity

a) Risk connected with the disposal of assets and liabilities related to purchase of Unipetrol shares

On 30 June 2009 the Court of Arbitration in Prague:

- issued a statement in which it adjudged from PKN ORLEN to Agrofert Holding a.s. the amount of EUR 77,266,500 with interests and costs of proceedings, claimed in the law suit dated 16 December 2005. The statement was executed by PKN ORLEN on 3 July 2009,

- dismissed the law suit of Agrofert Holding a.s. against PKN ORLEN concerning payment of EUR 77,266,500, claimed in the law suit dated 3 April 2006, cancelling simultaneously costs of both parties,

- dismissed the law suit of Agrofert Holding a.s. concerning payment of CZK 409,102,494 claimed in the law suit dated 25 May 2006 and adjudged for PKN ORLEN a return of part of the proceedings costs.

At present arbitration proceedings initiated in December 2006 with a law suit in which Agrofert Holding a.s. claims the payment of a compensation for losses related among others to unfair competition and illegal violation of reputation of Agrofert Holding a.s. are in progress. The value of the dispute amounts of CZK 19,464,473,000 with interests. PKN ORLEN S.A. considers this claim as groundless.

5.1.2. Other significant proceedings with the total value not exceeding 10% of the Issuer's equity

a) Tax proceedings in Rafineria Trzebinia S.A.

Tax proceedings concern reliability of excise tax settlement for the period May-September 2004 and value added tax for August 2003.

On 25 August 2009 the Supreme Administrative Court overruled the annulment of the Director of the Customs Chamber in Kraków concerning determination of excise tax liability amount for September 2004.
On 25 September 2009 the Head of the Customs Office in Krakow issued a decision determining the amount of excise tax liability for the months: May, June, July and August 2004 in the amount PLN 80 million. On 14 October 2009 Rafineria Trzebinia S.A. raised a complaint to the Director of the Customs Chamber in Krakow regarding the above mention decision.

On 22 January 2010 the Director of the Customs Chamber in Krakow issued decisions for the months May, June, July and August 2004 dismissing entirely the first instance authority's decisions and decided to revoke it to reexamination by the first instance authority.

b) The proceedings of the Energy Regulatory Office („ERO") in Rafineria Trzebinia S.A.

The proceedings concern imposing a fine in connection with violating of concession terms regarding production of liquid fuels.

c) Claim of Tankpol Sp. z o.o.

The claim concerns the return of 253 shares in ORLEN PetroTank, that were transferred by Tankpol to PKN ORLEN as a security of receivables acquired by PKN ORLEN from ORLEN PetroTank based on the trust receivable transfer.

In its sentence dated 8 January 2010 the District Court dismissed the suit of Tankpol related to the return of 227 shares in ORLEN PetroTank. The sentence is not legally binding. The return of the remaining 26 shares was already sentenced in favor of PKN ORLEN, which is legally binding.

d) Claim of ENERGA – OPERATOR S.A.

The proceedings concern settlement of contentious system fee between PKN ORLEN and ENERGA – OPERATOR for the period from 5 July 2001 to 30 June 2002.

On 10 September 2009 after analysis of Energa Operator S.A. appeal, the Court of Appeals in Warsaw announced a change in the sentence of the District Court in Warsaw dated 25 June 2008. Payment of PLN 46,232 thousand increased by interest and refund of proceedings' costs was adjudged to the benefit of Energa Operator. On 30 September 2009 PKN ORLEN made the payment. The Company also issued a legal request for justification, since an annulment to the Supreme Court against a sentence is possible within the 2-month period since delivery of a sentence with justification.

The Supreme Court sentence with justification was delivered to PKN ORLEN's attorney on 4 December 2009. On 4 February 2010 the Company submitted an annulment.

e) Penalty imposed by the European Commission on Unipetrol a.s.

The penalty concerns an alleged cartel in the area of production of emulsion of polymerized styrene-butadiene rubber.

Court proceedings regarding UNIPETROL's appeal against the European Commission decision took place on 20 October 2009 in front of the European Union First Instance Court.

f) Anti-trust proceedings:

Anti–trust proceedings concern:

- an allegation that PKN ORLEN concluded an agreement with Lotos S.A. Group which limited competition on the domestic market of trading in universal petrol U95
- an allegation that in the years 2000-2004 PKN ORLEN was using practice limiting competition on the domestic market of trading in glycol
- an allegation that PKN ORLEN, Petrol Station Kogut Sp. j. and MAGPOL B. Kułakowski i Wspólnicy Sp. j. were using practice limiting competition on the domestic market of trading in engine liquid fuels by setting resell prices of engine liquid fuels.

Detailed information on the proceedings mentioned in the point 5.1 was presented in note 18. b-h to the consolidated financial statements of the PKN ORLEN S.A. Capital Group prepared in accordance with IFRS for the year ended 31 December 2008.

5.2. Court proceedings in which PKN ORLEN acts as plaintiff

a) Arbitration proceedings against Yukos International UK B.V.

On 15 July 2009 PKN ORLEN submitted in the Court of Arbitration by the International Chamber of Commerce in London the request for arbitration proceedings against Yukos International UK B.V., seated in the Netherlands, in connection with transaction of purchase of AB Mazeikiu Nafta shares. Claims of PKN ORLEN concern inconsistency of Yukos International's statements with the actual state of AB Mazeikiu Nafta at the closing date of the purchase of AB Mazeikiu Nafta shares by PKN ORLEN, i.e. on 14 December 2006.

On current stage of the case, demands of PKN ORLEN concern reimbursement of the amount of USD 250 million deposited in the escrow account as a part of the payment for AB Mazeikiu Nafta shares in order to secure the potential claims of PKN ORLEN towards Yukos International. PKN ORLEN reserved a right to increase its demands or to make additional claims on further stage of the case.

On 14 September 2009 Yukos International submitted to the Court of Arbitration by the International Chamber of Commerce a response to PKN ORLEN's request for arbitration proceedings. In its response Yukos International appealed to dismiss all PKN ORLEN's claims and adjudge it with proceeding costs refund.

The arbitration proceedings are carried on in front of the Court of Arbitration in London, based on Rules of Arbitration Proceedings of the International Chamber of Commerce.

On 4 December 2009 first seating took place in front of the Court of Arbitration in London. On the seating PKN ORLEN and Yukos International agreed above all proceedings schedule and extent of competence of the Court of Arbitration. According to the schedule PKN ORLEN's deadline for submitting a suit passes on 3 May 2010.

6. Other information

a) Shareholders holding directly or indirectly via related parties at least 5% of total votes at the Parent's General Shareholders Meeting as at the date of filing the report

Shareholder	% of votes at the GSM at the date of the report filling**	Change p.p.	% of votes at the GSM as at the date of the prior quarter report filling*	Number of shares at the date of the report filing**	Change	Number of shares as at the date of the prior quarter report filling*
Nafta Polska S.A.	-	-	-	-	-	-
State Treasury	27,52%	-	27,52%	117 710 196	-	117 710 196
ING OFE	5,17%	-	5,17%	22 118 813	-	22 118 813
Aviva OFE	5,08%	5,08%	-	21 744 036	21 744 036	-
Other	62,23%	-5,08%	67,31%	266 136 016	-21 744 036	287 880 052
Total	**100,00%**	**-**	**100,00%**	**427 709 061**	-	**427 709 061**

* According to the received confirmations as at 30 October 2009
** According to the received confirmations as at 16 February 2010

Percentage share in the share capital of the Company of the above mentioned shareholders is compatible with percentage share in total votes at the General Shareholders' Meeting as at the date of filing this report.

b) Changes in the number of the company's shares held by the Management Board and Supervisory Board Members

	Number of shares, options as at the date of the report filing**	Acquisition	Disposal	Increase due to changes in composition	Decrease due to changes in composition	Number of shares, options as at the date of the prior quarter report filing*
Management Board	**-**	**-**	**-**	**-**	**-**	**-**
Supervisory Board	**507**	**-**	**-**	**-**	**-**	**507**
Janusz Zieliński	407	-	-	-	-	407
Grzegorz Borowiec	100	-	-	-	-	100

* According to the received confirmations as at 30 October 2009
** According to the received confirmations as at 16 February 2010

c) Information on loan sureties and guarantees of at least 10% of the Company's entity granted by the Parent Company or its subsidiaries to one entity or its subsidiaries

Within the Group, in the period from 1 January to 31 December 2009, PKN ORLEN and its subsidiaries did not grant any loan sureties or guarantees to another entity or its subsidiary, where the value of sureties and guarantees constituted at least 10% of the Company's equity.

d) Statement of the Management Board regarding the possibility to realize previously published forecasts of the current year results

The Capital Group of PKN ORLEN S.A. has not published forecasts of the results.

QUARTERLY FINANCIAL INFORMATION OF PKN ORLEN SA

Polski Koncern Naftowy ORLEN
Spółka Akcyjna

C. QUARTERLY FINANCIAL INFORMATION OF PKN ORLEN S.A.

Unconsolidated statement of financial position

	31 December 2009 (unaudited)	31 December 2008
ASSETS		
Non-current assets		
Property, plant and equipment	11 080 017	9 477 906
Intangible assets	128 732	85 333
Financial assets available for sale	32 078	32 304
Shares in related entities	11 333 136	10 340 725
Deffered tax assets	286 421	389 190
Perpetual usufruct of land	90 209	86 446
Non-current loans and receivables	56 103	15 121
Total non-current assets	**23 006 696**	**20 427 025**
Current assets		
Inventory	7 298 656	6 330 282
Trade and other receivables	4 497 790	4 162 737
Income tax receivable	1 105	254 418
Short-term financial assets	127 925	305 134
Short-term prepayments	109 145	65 976
Cash and cash equivalents	1 964 403	442 938
Non-current assets classified as held for sale	10 631	11 094
Total current assets	**14 009 655**	**11 572 579**
Total assets	**37 016 351**	**31 999 604**
LIABILITIES AND SHAREHOLDER'S EQUITY		
Equity		
Share capital	534 636	534 636
Share capital revaluation adjustment	522 999	522 999
Share capital *	**1 057 635**	**1 057 635**
Nominal share premium	1 058 450	1 058 450
Share premium revaluation adjustment	168 803	168 803
Share premium	**1 227 253**	**1 227 253**
Hedging reserve	14 850	(100 287)
Retained earnings	14 833 160	13 197 275
Total equity	**17 132 898**	**15 381 876**
Long-term liabilities		
Interest-bearing loans and borrowings	9 971 765	767 723
Provisions	348 195	405 619
Other long-term liabilities	48 742	42 976
Total long-term liabilities	**10 368 702**	**1 216 318**
Short-term liabilities		
Trade and other liabilities	8 195 604	4 927 999
Provisions	471 257	604 014
Income tax liability	5 951	-
Interest-bearing loans and borrowings	547 261	9 462 675
Deferred income	67 070	74 501
Other financial liabilities	227 608	332 221
Total short-term liabilities	**9 514 751**	**15 401 410**
Total liabilities and shareholder's equity	**37 016 351**	**31 999 604**

* share capital after revaluation in accordance with IAS 29 as at 1 January 2005

Unconsolidated statement of comprehensive income

	for 12 months ended	for 3 months ended	for 12 months ended	for 3 months ended
	31 December 2009		31 December 2008	
	(unaudited)	(unaudited)		(unaudited)
Sales of finished goods	41 285 617	11 133 104	43 651 515	9 892 915
Excise tax and other charges	(14 367 019)	(3 620 951)	(13 110 236)	(3 351 615)
Revenues from sale of finished goods, net	26 918 598	7 512 153	30 541 279	6 541 300
Sales of merchandise and raw materials	20 865 504	5 411 296	27 803 762	4 686 041
Excise tax and other charges	(302 824)	(97 519)	(1 120 177)	(218 090)
Revenues from sale of merchandise and raw materials, net	20 562 680	5 313 777	26 683 585	4 467 951
Total sales revenues	**47 481 278**	**12 825 930**	**57 224 864**	**11 009 251**
Cost of finished goods sold	(24 202 263)	(6 679 837)	(28 025 456)	(7 070 246)
Cost of merchandise and raw materials sold	(19 956 919)	(5 092 050)	(26 150 903)	(4 325 179)
Cost of finished goods, merchandise and raw materials sold	**(44 159 182)**	**(11 771 887)**	**(54 176 359)**	**(11 395 425)**
Gross profit/(loss) on sales	**3 322 096**	**1 054 043**	**3 048 505**	**(386 174)**
Distribution expense	(1 777 646)	(474 484)	(1 712 405)	(471 511)
General and administrative expenses	(626 834)	(164 811)	(634 259)	(254 186)
Other operating revenues	638 428	494 071	359 612	107 460
Other operating expenses	(765 738)	(477 082)	(425 099)	(192 674)
Profit/(Loss) from operations	**790 306**	**431 737**	**636 354**	**(1 197 085)**
Financial revenues	1 756 368	270 367	1 255 679	280 016
Financial expenses	(638 862)	(111 788)	(3 955 090)	(3 788 709)
Net financial revenues and expenses	**1 117 506**	**158 579**	**(2 699 411)**	**(3 508 693)**
Profit/(Loss) before tax	**1 907 812**	**590 316**	**(2 063 057)**	**(4 705 778)**
Income tax expense	(271 927)	(71 268)	492 110	867 068
Net profit/(loss)	**1 635 885**	**519 048**	**(1 570 947)**	**(3 838 710)**
Items of other comprehensive income:				
Hedging instruments valuation	(3 879)	(28 908)	(123 813)	(63 057)
Hedging instruments settlement	146 024	42 155	(108 125)	(999)
Deferred tax on other comprehensive income	(27 008)	(2 517)	44 067	12 171
Total items of other comprehensive income	**115 137**	**10 730**	**(187 871)**	**(51 885)**
Total comprehensive income	**1 751 022**	**529 778**	**(1 758 818)**	**(3 890 595)**
Net profit/(loss) and diluted net profit/(loss) per share (in PLN per share)	3,82	1,21	(3,67)	(8,97)

Unconsolidated statement of cash flows

	for 12 months ended 31 December 2009 (unaudited)	for 12 months ended 31 December 2008
Cash flows - operating activities		
Net profit/(loss)	**1 635 885**	**(1 570 947)**
Adjustments for:		
Depreciation	970 265	947 919
Foreign exchange (gains)/losses	(375 987)	1 254 016
Interest	(291 829)	(348 769)
(Profit)/Loss on investing activities	(402 584)	1 624 188
Change in receivables	(629 644)	661 382
Change in inventories	(1 021 401)	423 204
Change in liabilities	2 738 748	(865 035)
Change in provisions	(190 181)	(334)
Income tax expense	271 927	(492 110)
Income tax received / (paid)	63 098	(370 273)
Other adjustments	38 117	29 532
Net cash provided by operating activities	**2 806 414**	**1 292 773**
Cash flows - investing activities		
Acquisition of property, plant and equipment and intangible assets	(1 661 048)	(2 074 800)
Disposal of property, plant and equipment and intangible assets	449 636	60 160
Proceeds from sale/liquidation of related entities	2 086	73 926
Acquisition of shares	(998 721)	(724 793)
Payments to subsidiaries' equity	(22 450)	(65)
Proceeds from sale of short-term securities	10 000	25 000
Acquisition of short-term securities	(1 000)	(10 000)
Interest and dividends received	620 585	715 384
Loans granted to related parties	(41 606)	(2 064)
Repayment of loans granted to related parties	47 000	5 424
Repayable payments to subsidiaries' equity	(6 510)	(57 963)
Proceeds from repayable payments to subsidiaries' equity	17 000	10 600
Expenditures due to cash pool system	(24 865)	-
Other	(5 883)	(14 666)
Net cash (used in) investing activities	**(1 615 776)**	**(1 993 857)**
Cash flow - financing activities		
Proceeds from loans	3 774 315	7 061 154
Debt securities issued	6 157 478	3 804 651
Repayment of loans	(3 235 267)	(4 677 258)
Redemptions of debt securities	(6 001 996)	(4 152 023)
Dividends paid	-	(692 888)
Interest paid	(490 996)	(366 800)
Payment of liabilities under finance lease agreements	(1 211)	(938)
Proceeds from cash pool system	133 574	-
Net cash provided by financing activities	**335 897**	**975 898**
Net increase in cash and cash equivalents	**1 526 535**	**274 814**
Effect of exchange rate changes	(5 070)	1 982
Cash and cash equivalents, beginning of the period	**442 938**	**166 142**
Cash and cash equivalents, end of the period	**1 964 403**	**442 938**

Statement of changes in unconsolidated equity

	Share capital and share premium	Hedging reserve	Retained earnings	Total equity
1 January 2009	**2 284 888**	**(100 287)**	**13 197 275**	**15 381 876**
Total comprehensive income	-	115 137	1 635 885	1 751 022
31 December 2009 (unaudited)	**2 284 888**	**14 850**	**14 833 160**	**17 132 898**

	Share capital and share premium	Hedging reserve	Retained earnings	Total equity
1 January 2008	**2 284 888**	**87 584**	**15 461 110**	**17 833 582**
Total comprehensive income	-	(187 871)	(1 570 947)	(1 758 818)
Dividends			(692 888)	(692 888)
31 December 2008	**2 284 888**	**(100 287)**	**13 197 275**	**15 381 876**

The foregoing quarterly report was authorized by the Management Board of the Parent Company on 23 February 2010.

……
Dariusz Krawiec
President of the Board

……
Sławomir Jędrzejczyk
Vice-President of the Board

……
Wojciech Kotlarek
Member of the Board

……
Krystian Pater
Member of the Board

……
Marek Serafin
Member of the Board