

Results of the PKN ORLEN Group for the III quarter of 2009

Summary of the results

Table 1

Q2 2009	Q3 2009	Q3 2008	% change	Key financial data, PLNm	2009	2008	% change
1	2	3	4 = (2-3) / 3	5	6	7	8 = (6-7) / 7
16 770	18 649	23 057	-19,1	Total sales revenues	50 121	63 088	-20,6
1 317	1 050	1 120	-6,3	Profit/loss from operations plus depreciation (EBITDA)	2 698	4 526	-40,4
661	423	512	-17,4	Profit/loss from operations, including:	763	2 724	-72,0
770	137	278	-50,7	Refining	791	2 068	-61,8
-172	65	213	-69,5	Petrochemical	-180	611	-
223	363	239	51,9	Retail	673	431	56,1
-160	-142	-218	34,9	Corporate Functions ¹	-521	-386	-35,0
1 169	940	71	1223,9	Net profit/ loss	1 017	2 485	-59,1
1 171	931	21	4333,3	Profit/ loss attributable to equity holders of the Parent	1 006	2 388	-57,9
50 120	49 095	49 607	-1,0	Assets	49 095	49 607	-1,0
21 296	21 924	23 897	-8,3	Equity	21 924	23 897	-8,3
13 264	13 697	9 840	39,2	Net debt	13 696	9 840	39,2
1 921	-827	238	-	Net cash provided by/(used in) operating activities	2 245	2 506	-10,4
-1 708	-388	-1 512	-74,3	Net cash used in investing activities	-2 948	-2 767	6,5
1 282	813	1 323	-38,5	Investment expenditures (CAPEX)	2 812	2 753	2,1
-2,6	-2,8	7,1	-	Return on capital employed ROACE (%) ²	-2,8	7,0	-
66,4	62,4	36,6	25,8p.p.	Financial leverage (%) ³	61,8	40,2	21,6p.p.
7,38	7,93	1,79	343,0	Net debt/ profit from operations plus depreciation for the last four quarters (EBITDA) ⁴	7,93	1,79	343,0
3,20	3,97	2,42	64,0	Net debt/profit from operations plus depreciation based on the LIFO method for the last four quarters (EBITDA) ⁵	3,97	2,42	64,0
2,74	2,18	0,05	4306,7	Profit/ loss attributable to equity holders of the Parent per share (EPS)	2,35	5,58	-57,9
0,00	0,00	1,62	-	Dividend per share	0,00	1,62	-
Q2 2009	Q3 2009	Q3 2008	% change	Financial data adjusted by the effect of inventory valuation based on the LIFO method, PLNm	2009	2008	% change
-267	116	828	-86,0	Profit/loss from operations	-226	1 855	-
-928	-307	316	-	Effect of Inventory valuation ⁶ based on the LIFO method on the profit from operations, including:	-989	-869	-13,8
-562	-286	-58	393,1	PKN ORLEN S.A.	-515	-859	40,0
-135	-18	40	-	Unipetrol Group	-187	-7	-2571,4
-216	4	335	-98,8	ORLEN Lietuva	-267	6	-
421	692	340	103,5	Net profit	220	1 781	-87,6

1) Includes Corporate Functions of the ORLEN Group companies, as well as companies not included in any of the above segments.

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

3) Financial leverage = net debt / equity - calculated using the average carrying values in the period.

4) (Interest bearing) debt net of cash and cash equivalents as at the end of the period / (EBITDA + dividend received from Polkomtel) for the last four quarters. (EBITDA excluding the effect of impairment losses on assets of PLN 2,361 million recognised in the financial statements for 2008).

5) (Interest bearing) debt net of cash and cash equivalents as at the end of the period / (EBITDA + dividend received from Polkomtel) based on the LIFO method for the last four quarters. (EBITDA excluding the effect of impairment losses on assets of PLN 2,361 million recognised in the financial statements for 2008).

6) Calculated as a difference between profit from operations determined using the LIFO method of inventory valuation and profit from operations determined using the weighted average method of inventory valuation.

Commentary

Result from operations determined using the weighted average method of inventory valuation and the LIFO method

Reported result from operations of the PKN ORLEN Capital Group ("the ORLEN Group") for the III quarter of 2009 was positive and amounted to PLN 423 million and accumulative result for 9 months of 2009 reached the level PLN 763 million.

Reported result for the III quarter is lower than the one earned in the comparable period of the previous year by PLN (-) 89 million (y/y), however using the LIFO method of inventory valuation, the PKN ORLEN Group reported profit from operations of PLN 116 million, whereas in the first half-year of 2009, there was a loss of PLN (-) 341 million.

Operating performance of the ORLEN Group companies

Changes of results reported by the most significant entities belonging to the ORLEN Group as compared to results for the III quarter of 2008 were as follows:

- PKN ORLEN S.A. - profit from operations increased by PLN 85 million (y/y), in consequence of the improvement in retail segment result by PLN 79 million (y/y) and savings in corporate functions segment of PLN 70 million (y/y), followed by lower results in refinery segment by PLN (-) 32 million (y/y) and petrochemical segment by PLN (-) 32 million (y/y) caused mainly by macroeconomic downturn,
- ORLEN Lietuva Group - profit from operations decreased by PLN (-) 83 million (y/y), mainly as a result of drastic deterioration of macroeconomic parameters and consequently lower sales volumes by 467 thousand tonnes (y/y) (17.8%),
- Unipetrol Capital Group - profit from operations decreased by PLN (-) 80 million (y/y). In spite of the increase in sales volumes by 124 thousand tonnes (y/y) (9.5%), lower refinery and petrochemical margins caused a decrease in segments' results by PLN (-) 127 million (y/y). Increasing profits of retail segment by PLN 29 million (y/y) and savings in corporate functions of PLN 18 million (y/y) positively affected the result.

Reported results from operations of the ORLEN Group in the III quarter of 2009 were mainly affected by macroeconomic factors. Total impact of lower Ural/ Brent differential, lower model margins and weakening of PLN against USD and EUR was negative and amounted to approximately PLN (-) 626 million (y/y).

Lower sales volumes being mainly a consequence of maintenance shutdowns and limited level of production due to unfavourable macroeconomic situation contributed to a decrease of profit from operations of the ORLEN Group by approximately PLN (-)195 million (y/y).

The most significant maintenance shutdowns concerned:

- PKN ORLEN S.A. – an annual plan of technological and maintenance shutdowns includes few short maintenance shutdowns of Gurdon Hydrodesulfurisation Installation (HOG), however in order to maximize efficiency of the installation only one 28-day shutdown was realized. Moreover, in consequence of inefficient work of catalyst a 26-day shutdown of Hydrocracking Installation, planned for October, was carried out one month earlier,
- Unipetrol Capital Group – reactor breakdown on polypropylene installation caused a 11-day shutdown of Olefins Installation and Polyolefins Installation in Litwinów. Additionally, there was a 5-day shutdown of Hydrocracking Installation in Kralupy due to exchange of catalyst.

Increase in retail margins on fuels and non-fuel goods and services noticeable on all markets resulted in increase in profit from operations of the ORLEN Group of PLN 71 million (y/y).

Upward trend in crude oil prices significantly affected change in the result of the III quarter of 2009 as compared to the similar period of 2008 with positive impact of inventory valuation of PLN 623 million (y/y).

Financial revenues and expenses and net result

In the III quarter of 2009 the net result of financial activities was positive and amounted to PLN 602 million. The major item was foreign exchange surplus of PLN 726 million, including PLN 376 million of unrealised foreign exchange gains on revaluation of foreign-currency loans. The remaining amount concerns mainly realised foreign exchange gains on trade liabilities payments.

Results of the PKN ORLEN Group for the III quarter of 2009

After consideration of share in profit from investments accounted for under equity method and tax charges net profit of the ORLEN Group for the III quarter of 2009 amounted to PLN 940 million and was higher than in the comparable period of 2008 by PLN 869 million.

Debt and cash flows

As at 30 September 2009 net debt of the ORLEN Group amounted to PLN 13,696 million and was higher as compared to the end of 2008 by PLN 1,147 million.

Net cash provided by operating activities in the 9-month period of 2009 amounted to PLN 2,245 million.

Investing activities included mainly payments connected with optimized investing program of PLN (-) 2,299 million and repurchase of ORLEN Lietuva's shares of PLN (-) 1,019 million. Taking into consideration received dividends and interest, cash and cash equivalents used in investing activities amounted to PLN (-) 2,948 million in the analyzed period.

Cash flows from financing activities including mainly increase of loans in the amount of PLN 793 million and cost of debt amounted to PLN 249 million.

Balance of cash and cash equivalents decreased as compared to the end of 2008 by PLN (-) 453 million.

In the III quarter of 2009 net debt increased by PLN 1,377 million due to new loans drawn and decrease of cash and cash equivalents.

Foreign exchange gains on revaluation decreased the balance of debt by PLN 962 million including PLN 376 million of unrealized foreign exchange gains recognized in the statement of comprehensive income.

The remaining amount of foreign exchange differences of PLN 586 million concerned revaluation of loans denominated in USD, in relation to which there is a hedging relationship with net investment in ORLEN Lietuva and translation of foreign entities' debt into Polish zloty in frame of consolidation procedures and was presented in equity in line "Foreign exchange differences on subsidiaries from consolidation".

In the III quarter of 2009 cash flows from operating activities were negative and amounted to PLN (-) 827 million.

These results were mostly affected by the change in net working capital of PLN (-) 2,182 million concerning mainly inventories and liabilities.

Increase in inventories of PLN 846 million was caused mainly by temporary necessity caused by ongoing repair works in PKN ORLEN S.A.

Decrease in liabilities in the presented period by PLN 1,327 million included one-off payments of PLN 564 million concerning settlement of law suits with Agrofert Holding a.s. and Energa Operator S.A. and repayment of liabilities concerning higher purchase of crude oil at the end of the II quarter of 2009 (by approximately 300 thousand tonnes) connected with maintaining the required level of mandatory reserves.

Net cash used in investing activities amounted to PLN (-) 388 million (y/y) and contained mainly expenditures for property, plant and equipment and intangible assets within ongoing investments in the amount of PLN (-) 630 million as well as received dividends and interests of PLN 233 million.

Net cash provided by financing activities reached the level of PLN 980 million and contained mainly net proceeds from loans of PLN 1,144 million.

Consequently, the balance of cash and cash equivalents in the III quarter of 2009 decreased by PLN (-) 234 million.

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

Macroeconomic Commentary

Crude oil prices and Ural/Brent differential

In the III quarter of 2009, the average price of Brent decreased by 40.9% (y/y) to USD 68.08 /bbl.

The average Ural/Brent differential fell from the reported in the III quarter of 2008 level by 82.9% (y/y) to USD 0.5 /bbl.

Refining products

In the III quarter of 2009 there was a decline in margins (crack spreads) on gasoline (by 3.2% year on year, to USD 137.21/tonne), diesel oil (by 73.0% year on year, to USD 62.40/tonne), light heating oil (by 78.0% year on year, to USD 46.60/tonne) and Jet A-1 fuel (by 70.6% year on year, to USD 91.45/tonne). The negative margin on heavy heating oil fell by 54.7%, to USD (-) 118.85/tonne.

Petrochemical products

Compared with the III quarter of 2008, margins on ethylene, propylene, polypropylene and polyethylene fell by, respectively, 28.7% year on year (to USD 656.60/tonne), 20.1% year on year (to USD 494.92/tonne), 13.5% year on year (to EUR 278.25/tonne) and 27.5% year on year (to EUR 224.25/tonne).

Exchange rates

In the III quarter of 2009 the average PLN/EUR exchange rate rose by 27.0% year on year (to 4.20 PLN/EUR), while the average PLN/USD exchange rate went up by 33.5% year on year (to 2.94 PLN/USD). At the same time, the average PLN/CZK exchange rate rose by 19.4% year on year (to 0.1640 PLN/CZK), and the average PLN/LTL exchange rate increased by 27.0% year on year (to 1.22 PLN/LTL). The average LTL/EUR exchange rate remained flat as compared to the III quarter of 2008 (at 3.45 LTL/EUR), while the LTL/USD went up by 5.4% year on year (to 2.42 LTL/USD). The average CZK/EUR exchange rate grew by 6.2% year on year (to 25.6 CZK/EUR), and the average CZK/USD exchange rate rose by 11.5% year on year (to 17.9 CZK/USD).

Fuel consumption

According to estimates based on data provided by Agencja Rynku Energii S.A. and PKN ORLEN S.A., consumption of gasoline in Poland in the III quarter of 2009 amounted to approx. 1,129 thousand tonnes (down by 0.7% year on year). Consumption of diesel oil in the III quarter of 2009 went up by 7.0% year on year, and amounted to 2,966 thousand tonnes. At the same time, consumption of light heating oil fell by 12.0% year on year, to 234 thousand tonnes.

Based on estimates from the Lithuanian market, consumption of gasoline in the III quarter of 2009 went down by 11.9% year on year, to 99 thousand tonnes, while the consumption of diesel oil dropped by 10.0% year on year, and stood at 273 thousand tonnes.

Based on estimates from the Czech Republic market, consumption of gasoline in the III quarter of 2009 decreased by 3% year on year down to 514 thousand tonnes, while the consumption of diesel oil dropped by 5.9% year on year, and stood at 991 thousand tonnes.

According to estimates from the German retail market, consumption of gasoline in the III quarter of 2009 went up by 2.4%, standing at 5,361 thousand tonnes, whereas consumption of diesel oil went up by 10.1% year on year, to 3,439 thousand tonnes.

Results of the PKN ORLEN Group for the III quarter of 2009

Segment commentary – Refining Segment

Table 2

Q1 2009	Q2 2009	Q3 2009	Q3 2008	% change	Item, PLNm	9 months 2009	9 months 2008	% change
1	2	3	4	5=(3-4)/4	6	7	8	9=(7-8)/8
10 563	12 109	13 987	17 783	-21,3	Total sales revenues, including:	36 660	48 414	-24,3
7 906	8 835	10 151	14 175	-28,4	Sales to external customers	26 892	37 298	-27,9
2 657	3 274	3 836	3 608	6,3	Transactions with other segments	9 768	11 116	-12,1
-10 700	-11 422	-13 850	-17 504	20,9	Total operating expenses	-35 973	-46 357	22,4
21	83	0	-1	-	Other operating revenues/expenses, net	104	11	845,5
-116	770	137	278	-50,7	Profit/ loss from operations	791	2 068	-61,8
177	-121	-134	595	-	Profit/ loss from operations under LIFO	-79	1 192	-
212	1 104	453	592	-23,5	EBITDA	1 769	2 991	-40,9
263	305	170	478	-64,4	CAPEX	738	1 247	-40,8
5 630	5 419	6 081	6 371	-4,6	Sales of products (thousand tonnes)	17 130	18 601	-7,9

In the III quarter of 2009, the Refining Segment of the ORLEN Group recorded profit from operations of PLN 137 million, as compared to profit from operation of PLN 278 million recognised in the III quarter of 2008. A significant deterioration of the macroeconomic situation as regards the level of refining margins and the Ural/Brent differential (expressed in foreign currencies) together with depreciation of Polish zloty against the US dollar and the euro led to a decline in profit from operations by PLN (-) 485 million year on year. The effect of rising crude oil prices on the valuation of inventories increased profit from operation by PLN 588 million year on year.

Lower sales volumes of the Segment's products (mainly gasoline and diesel oil), which fell by 305 thousand tonnes year on year, eroded result from operations by PLN (-) 225 million year on year. The sales volumes reflect certain events which occurred in the III quarter of 2009, related mainly to scheduled technological shutdowns of Hydrocracking and Hydrodesulphurisation Units at PKN ORLEN S.A.

In the III quarter of 2009 as compared to the III quarter of 2008, the Segment's CAPEX decreased by PLN (-) 308 million year on year, to PLN 170 million. The key CAPEX projects executed in the III quarter of 2009 included the construction of the Diesel Oil Hydrodesulphurisation Unit (HON-VII), the Claus II Unit together with auxiliary infrastructure and development of storehouse in Wrocław at PKN ORLEN S.A., the construction of a new Hydrogen Plant and modernization of the second Diesel Oil Hydrodesulphurisation Unit at ORLEN Lietuva as well as modernization of catalytic cracking Unit at the Unipetrol Group.

Results of the PKN ORLEN Group for the III quarter of 2009

Segment commentary – Retail Segment

Table 3

Q1 2009	Q2 2009	Q3 2009	Q3 2008	% change	Item, PLNm	9 months 2009	9 months 2008	% change
1	2	3	4	5=(3-4)/4	6	7	8	9=(7-8)/8
4 739	5 781	6 212	6 233	-0,3	Total sales revenues, including:	16 732	17 093	-2,1
4 726	5 766	6 171	6 221	-0,8	Sales to external customers	16 663	17 058	-2,3
13	15	41	12	241,7	Transactions with other segments	69	35	97,1
-4 626	-5 568	-5 827	-5 985	2,6	Total operating expenses	-16 021	-16 655	3,8
-26	10	-22	-9	-144,4	Other operating revenues/expenses, net	-38	-7	-442,9
87	223	363	239	51,9	Profit/ loss from operations	673	431	56,1
174	318	446	326	36,8	EBITDA	938	683	37,3
43	54	46	129	-64,3	CAPEX	143	330	-56,7
1 340	1 523	1 630	1 537	6,1	Sales of products (thousand tonnes)	4 493	4 271	5,2

In the III quarter of 2009 the Retail Segment of the ORLEN Group reported profit from operations of PLN 363 million as compared to PLN 239 million recognized in the III quarter of 2008. The improvement was driven by higher fuel margins, which added PLN 108 million to profit from operations year on year. The positive effect of the higher margins was seen on all markets.

Another driver behind the improvement was an increase in the volumes of fuels sold (by 9.0% year on year), which contributed PLN 53 million year on year to the profit from operations. The most visible increase in sales volumes of fuels occurred on the Polish market, where PKN ORLEN S.A. recorded a 11.8% year on year growth in sales.

In the III quarter of 2009 non-fuel margins rose by PLN 30 million year on year. The upward trend was particularly strong on the Polish and German markets.

Factors with an adverse effect on the Segment's result included higher operating costs of fuel stations, stemming from an increase in the volumes of fuels and non-fuel products sold and negative result on other operating activity connected with update of accounts receivable allowances in the total amount of PLN (-) 55 million year on year.

In the III quarter of 2009, as compared to the III quarter of the prior year the Segment's CAPEX fell by PLN (-) 83 million year on year, to PLN 46 million. In the III quarter of 2009, 6 new stations were opened, including 5 in franchise system and 9 ones were upgraded and reconstructed within the ORLEN Group.

Segment commentary – Petrochemical Segment

Tabela 4

Q1 2009	Q2 2009	Q3 2009	Q3 2008	% change	Item, PLNm	9 months 2009	9 months 2008	% change
1	2	3	4	5=(3-4)/4	6	7	8	9=(7-8)/8
2 954	3 201	3 450	3 561	-3,4	Total sales revenues, including:	9 604	11 712	-18,0
2 050	2 154	2 300	2 646	-13,1	Sales to external customers	6 504	8 671	-25,0
904	1 047	1 150	915	25,7	Transactions with other segments	3 100	3 041	1,9
-3 048	-3 363	-3 390	-3 359	-0,9	Total operating expenses	-9 802	-11 146	12,1
22	-10	5	11	-54,5	Other operating revenues/expenses, net	18	45	-60,0
-72	-172	65	213	-69,5	Profit/ loss from operations	-180	611	-
-119	-209	29	212	-86,3	Profit/ loss from operations under LIFO	-299	618	-
132	31	264	392	-32,7	EBITDA	425	1 170	-63,7
401	892	552	672	-17,9	CAPEX	1 844	1 088	69,5
1 245	1 197	1 126	1 144	-1,6	Sales of products (thousand tonnes)	3 568	3 680	-3,0

Observed deterioration in petrochemical margins was partially compensated by positive effect of depreciation of Polish zloty against the US dollar and the euro. In the effect the result of the segment was lower by PLN (-) 130 million year on year and amounted to PLN 65 million in the III quarter of 2009.

The effect of changes in the prices of petrochemical products on the valuation of inventories increased the Segment's result from operations by PLN 35 million year on year.

The decrease in the Segment's total sales volume is the result of lower sales of fertilizers (by more than 90 thousand tonnes year on year). After elimination of the effect of fertilizers sales, total Segment's sales increased by 75 thousand tonnes year on year. Estimated effect of net changes in volumes amounted to PLN (-) 23 million year on year.

Other factors with a bearing on the Segment's result included above all higher depreciation by PLN (-) 21 million year on year.

In the III quarter of 2009 as compared to the III quarter of the prior year, the Segment's CAPEX decreased by PLN (-) 120 million year on year, to PLN 552 million. The largest projects executed in the III quarter of 2009 included the construction of Paraxylene and Terephthalic Acid Units at PKN ORLEN S.A., the construction of a new Butadiene Unit at the Unipetrol Group, and the connection of the Terephthalic Acid Unit at the Anwil Group to utilities.

Results of the PKN ORLEN Group for the III quarter of 2009

Segment commentary – Corporate Functions

Table 5

Q1 2009	Q2 2009	Q3 2009	Q3 2008	% change	Item, PLNm	9 months 2009	9 months 2008	% change
1	2	3	4	5=(3-4)/4	6	7	8	9=(7-8)/8
65	68	73	55	32,7	Total sales revenues, including:	206	161	28,0
20	15	27	15	80,0	Sales to external customers	62	62	0,0
45	53	46	40	15,0	Transactions with other segments	144	99	45,5
-234	-198	-198	-249	20,5	Total operating expenses	-630	-571	-10,3
-50	-30	-17	-24	29,2	Other operating revenues/expenses, net	-97	24	-
-219	-160	-142	-218	34,9	Profit/ loss from operations	-521	-386	-35,0
-187	-136	-114	-191	40,3	EBITDA	-435	-318	-36,8
9	32	45	44	2,3	CAPEX	87	88	-1,1

The improvement of Segment's operating result year on year was driven mainly by savings of operating costs related to external marketing and consulting services and to costs of repair which amounted to PLN 32 million year on year. Moreover, the Segment's result was positively affected by absence of negative effects of one-off events mainly related to update of provisions for economic risks which occurred in the III quarter of 2008 and amounted to PLN 31 million.

In the III quarter of 2009 the Segment's CAPEX of PLN 45 million related mainly to IT projects.

Interim Condensed Consolidated Financial Statements

POLSKI KONCERN NAFTOWY ORLEN S.A.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for 3 and 9 months ended
30 September 2009 and 30 September 2008

Table 6

Q1 2009	Q2 2009	Q3 2009	Q3 2008	% change	Item, PLNm	9 months 2009	9 months 2008	% change
1	2	3	4	5=(3-4)/4	6	7	8	9=(7-8)/8
15 665	17 518	18 932	22 196	-14,7	Sales of finished goods	52 115	61 844	-15,7
-4 636	-4 919	-4 909	-4 467	-9,9	Excise tax and other charges	-14 465	-12 871	-12,4
11 029	12 599	14 023	17 729	-20,9	Revenues from sale of finished goods, net	37 650	48 973	-23,1
3 927	4 457	5 054	5 922	-14,7	Sales of merchandise and raw materials	13 439	15 765	-14,8
-254	-286	-428	-594	27,9	Excise tax and other charges	-968	-1 650	41,3
3 673	4 171	4 626	5 328	-13,2	Revenues from sales of merchandise and raw materials, net	12 471	14 115	-11,6
14 702	16 770	18 649	23 057	-19,1	Total sales revenue	50 121	63 088	-20,6
-10 464	-11 159	-12 838	-16 348	21,5	Cost of finished goods	-34 462	-43 649	21,0
-3 268	-3 785	-4 157	-5 089	18,3	Cost of merchandise and raw materials sold	-11 209	-13 399	16,3
-13 732	-14 944	-16 995	-21 437	20,7	Cost of finished goods, merchandise and raw materials sold	-45 671	-57 048	19,9
970	1 826	1 654	1 620	2,1	Gross profit on sales	4 450	6 040	-26,3
-875	-855	-848	-808	-5,0	Distribution expenses	-2 578	-2 430	-6,1
-381	-365	-349	-277	-26,0	General and administrative expenses	-1 095	-958	-14,3
125	210	91	145	-37,2	Other operating revenues	425	450	-5,6
-159	-155	-125	-168	25,6	Other operating expenses	-439	-378	-16,1
-320	661	423	512	-17,4	Profit/loss from operations	763	2 724	-72,0
293	743	764	144	430,6	Financial revenues	1 014	789	28,5
-1 296	-162	-162	-613	73,6	Financial expenses	-834	-693	-20,3
-1 003	581	602	-469	-	Net financial revenues and expenses	180	96	87,5
52	93	83	81	2,5	Share in profit from investments accounted for under equity method	229	233	-1,7
-1 271	1 335	1 108	124	793,5	Profit/loss before tax	1 172	3 053	-61,6
179	-166	-168	-53	-217,0	Income tax expense	-155	-568	72,7
-1 092	1 169	940	71	1 223,9	Net profit/loss	1 017	2 485	-59,1
					Items of other comprehensive income:			
-133	119	38	-27	-	Hedging instruments valuation	24	-61	-
44	41	20	-20	-	Hedging instruments settlement	104	-103	-
895	-230	-359	410	-	Foreign exchange differences from consolidation	307	-138	-
17	-30	-12	9	-	Deferred tax on other comprehensive income	-24	31	-
823	-99	-313	372	-	Total items of other comprehensive income	411	-271	-
-269	1 069	628	443	41,8	Total comprehensive income	1 428	2 215	-35,5
					Net profit/(loss) attributable to:			
-1 095	1 171	931	21	4 333,3	equity holders of the parent	1 006	2 388	-57,9
3	-2	10	50	-80,0	non-controlling interest	11	97	-88,7
					Total comprehensive income attributable to:			
-477	1 047	690	428	61,2	equity holders of the parent	1 260	2 068	-39,1
208	23	-62	14	-	non-controlling interest	168	146	15,1
-2,56	2,74	2,18	0,05	4 260,0	Net profit/(loss) and diluted net profit/(loss) per share attributable to equity holders of the parent (in PLN per share)	2,35	5,58	-57,9

Results of the PKN ORLEN Group for the III quarter of 2009

POLSKI KONCERN NAFTOWY ORLEN S.A.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 September 2009 and 31 December 2008

Table 7

31 March 2009	30 June 2009	30 September 2009	% change	ITEM, PLNm	31 December 2008	% Change
1	2	3	4=(3-2)/2	5	6	7=(3-6)/6
ASSETS						
Non-current assets						
28 149	28 067	27 362	-2,5	Property, plant and equipment	26 269	4,2
607	608	616	1,3	Intangible assets	557	10,6
92	93	91	-2,2	Goodwill	88	3,4
64	50	55	10,0	Financial assets available for sale	62	-11,3
1 616	1 405	1 474	4,9	Investments in associates	1 561	-5,6
876	485	312	-35,7	Deferred tax asset	485	-35,7
76	77	76	-1,3	Investment property	72	5,6
99	97	97	0,0	Perpetual usufruct of land	99	-2,0
98	78	68	-12,8	Non-current loans and receivables	88	-22,7
31 677	30 960	30 151	-2,6	Total non-current assets	29 281	3,0
Current assets						
8 832	10 378	11 069	6,7	Inventory	9 089	21,8
6 635	6 986	6 539	-6,4	Trade and other receivables	6 356	2,9
176	150	50	-66,7	Income tax receivable	392	-87,2
356	224	151	-32,6	Short-term financial assets	258	-41,5
235	241	192	-20,3	Short-term prepayments	204	-5,9
1 827	1 125	891	-20,8	Cash and cash equivalents	1 344	-33,7
57	56	52	-7,1	Non-current assets classified as held for sale	52	0,0
18 118	19 160	18 944	-1,1	Total current assets	17 695	7,1
49 795	50 120	49 095	-2,0	Total assets	46 976	4,5
LIABILITIES AND SHAREHOLDERS' EQUITY						
Equity						
535	535	535	0,0	Share capital	535	0,0
523	523	523	0,0	Share capital revaluation adjustment	523	0,0
1 058	1 058	1 058	0,0	Share capital	1 058	0,0
1 058	1 058	1 058	0,0	Nominal share premium	1 058	0,0
169	169	169	0,0	Share premium revaluation adjustment	169	0,0
1 227	1 227	1 227	0,0	Share premium	1 227	0,0
-172	-42	4	-	Hedging capital	-100	-
614	359	73	-79,7	Foreign exchange differences on subsidiaries from consolidation	-77	-194,8
14 619	15 771	16 702	5,9	Retained earnings	15 705	6,3
17 346	18 373	19 064	3,8	Total equity attributable to equity holders of the parent	17 813	7,0
2 891	2 923	2 860	-2,2	Non-controlling interest	2 719	5,2
20 237	21 296	21 924	2,9	Total equity	20 532	6,8
Long-term liabilities						
2 795	12 507	12 151	-2,8	Interest-bearing loans and borrowings	2 611	365,4
721	707	696	-1,6	Provisions	747	-6,8
1 231	1 108	1 024	-7,6	Deferred tax liabilities	1 135	-9,8
151	357	140	-60,8	Other long-term liabilities	141	-0,7
4 898	14 679	14 011	-4,6	Total long-term liabilities	4 634	202,4
Short-term liabilities						
8 656	11 456	10 101	-11,8	Trade and other liabilities	8 377	20,6
863	348	268	-23,0	Provisions	753	-64,4
30	28	46	64,3	Income tax liability	35	31,4
13 342	1 883	2 436	29,4	Interest-bearing loans and borrowings	11 282	-78,4
146	142	138	-2,8	Deferred income	150	-8,0
1 623	288	171	-40,6	Other financial liabilities	1 213	-85,9
24 660	14 145	13 160	-7,0	Total short-term liabilities	21 810	-39,7
49 795	50 120	49 095	-2,0	Total liabilities and shareholders' equity	46 976	4,5

Results of the PKN ORLEN Group for the III quarter of 2009

POLSKI KONCERN NAFTOWY ORLEN S.A.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for 3 and 9 months ended
September 30th 2009 and September 30th 2008

Table 8

Q1 2009	Q2 2009	Q3 2009	Q3 2008	% change	Item, PLNm	9 months 2009	9 months 2008	% change
1	2	3	4	5=(3-4)/4	6	7	8	9=(7-8)/8
Cash flows - operating activities								
-1 092	1 169	940	71	1 223,9	Net profit/ loss	1 017	2 485	-59,1
Adjustments:								
-53	-93	-83	-81	-2,5	Share in profit from investments accounted for under equity method	-229	-233	1,7
651	656	627	608	3,1	Depreciation	1 935	1 802	7,4
845	-381	-406	109	-	Foreign exchange gains/ (losses)	57	-424	-
96	113	121	135	-10,4	Interest	329	370	-11,1
16	-57	23	5	360,0	(Profit)/loss on investing activities	-18	-39	53,8
-25	-294	-9	-105	91,4	Change in receivables	-327	-1 562	79,1
531	-1 628	-846	346	-	Change in inventories	-1 943	-1 252	-55,2
103	2 794	-1 327	-623	-113,0	Change in liabilities	1 571	1 492	5,3
46	-523	-74	-40	-85,0	Change in provisions	-551	-62	-788,7
-180	166	168	53	217,0	Income tax expense	154	567	-72,8
191	-21	-18	-226	92,0	Income tax received/(paid)	152	-523	-
22	20	57	-14	-	Other adjustments	98	-115	-
1 151	1 921	-827	238	-	Net cash provided by/(used in) operating activities	2 245	2 506	-10,4
Cash flows - investing activities								
-885	-785	-630	-1 353	53,4	Acquisition of property, plant and equipment and intangible assets	-2 299	-2 920	21,3
34	19	13	18	-27,8	Disposal of property, plant and equipment and intangible assets	66	71	-7,0
0	1	0	0	-	Disposal of shares	1	166	-99,4
0	-1 018	-1	-4	75,0	Acquisition of shares	-1 019	-4	-25 375,0
2	76	233	-17	-	Interest and dividend received	312	85	267,1
0	-5	0	-2	-	Loans granted	-6	-2	-200,0
0	6	2	2	0,0	Repayment of loans	7	2	250,0
0	0	-8	-145	94,5	Dividends paid to minority shareholders	-8	-147	94,6
-3	-2	3	-11	-	Other	-2	-18	88,9
-852	-1 708	-388	-1 512	74,3	Net cash used in investing activities	-2 948	-2 767	-6,5
Cash flows - financing activities								
3 494	1 787	3 442	4 257	-19,1	Increase in loans and borrowings	8 722	6 953	25,4
0	0	0	141	-	Debt securities issued	0	474	-
-3 160	-2 471	-2 298	-2 130	-7,9	Repayment of loans and borrowings	-7 929	-5 385	-47,2
0	0	0	-89	-	Redemption of debt securities	0	-726	-
-116	-210	-152	-130	-16,9	Interest paid	-478	-370	-29,2
0	0	0	-693	-	Dividend paid	0	-693	-
-45	-10	-11	-9	-22,2	Payment of liabilities under finance lease agreements	-65	-27	-140,7
1	0	-1	1	-	Other	-1	0	-
174	-904	980	1 348	-27,3	Net cash provided by/(used in) financing activities	249	226	10,2
473	-691	-235	74	-	Net change in cash and cash equivalents	-454	-35	-1 197,1
10	-11	1	1	0,0	Effect of exchange rate changes	1	1	0,0
1 344	1 827	1 125	1 389	-19,0	Cash and cash equivalents, beginning of the period	1 344	1 498	-10,3
1 827	1 125	891	1 464	-39,1	Cash and cash equivalents, end of the period	891	1 464	-39,1
211	31	25	72	-65,3	Incl. cash and cash equivalents not available for use	25	72	-65,3

POLSKI KONCERN NAFTOWY ORLEN S.A.
DEPRECIATION BY SEGMENT
for 3 and 9 months ended
30 September 2009 and 30 September 2008

Table 9

Q1 2009	Q2 2009	Q3 2009	Q3 2008	% change	Item, PLNm	9 months 2009	9 months 2008	% change
1	2	3	4	5=(3-4)/4	6	7	8	9=(7-8)/8
327	335	316	314	0,6	Refining Segment	978	923	6,0
					<i>Including:</i>			
125	111	117	127	-7,9	PKN ORLEN S.A.	353	373	-5,4
48	49	47	43	9,3	Unipetrol Group	144	132	9,1
119	141	113	111	1,8	ORLEN Lietuva	373	317	17,7
87	95	83	87	-4,6	Retail Segment	265	252	5,2
					<i>including:</i>			
46	54	50	44	13,6	PKN ORLEN S.A.	150	126	19,0
15	15	8	23	-65,2	Unipetrol Group	38	68	-44,1
3	1	2	2	0,0	ORLEN Lietuva	6	5	20,0
204	201	200	179	11,7	Petrochemical Segment	605	559	8,2
					<i>including:</i>			
53	54	53	50	6,0	PKN ORLEN S.A.	160	156	2,6
94	95	91	76	19,7	Unipetrol Group	280	242	15,7
39	37	38	36	5,6	Anwil Group	114	107	6,5
18	16	17	17	0,0	Basell Orlen Polyolefins Sp. z o.o.	52	54	-3,7
34	25	28	27	3,7	Corporate Functions	87	68	27,9
					<i>including:</i>			
16	15	17	13	30,8	PKN ORLEN S.A.	48	38	26,3
4	4	4	7	-42,9	Unipetrol Group	12	9	33,3
12	3	5	4	25,0	ORLEN Lietuva	20	12	66,7
652	656	627	607	3,3	ORLEN Group	1 935	1 802	7,4

Operating Data

POLSKI KONCERN NAFTOWY ORLEN S.A.
PRODUCTION VOLUMES
for 9 months ended 30 September 2009 and 30 September 2008

Table 10

Output (^{'000 tonnes})	Q3 2009	Q3 2008	y/y % change	Q3 2009	% share	Q3 2009	% share	Q3 2009	% share		
1	2	3	4=(2-3)/3	5	6=5/total segment	7	8=7/total segment	9	10=9/total segment		
Refining Segment	ORLEN Group	ORLEN Group		PKN ORLEN S.A.		Unipetrol Group		ORLEN Lietuva			
Crude oil throughput	7 343	7 410	-0,9	3 870	-	1 156	-	2 250	-		
Gasoline	1 734	1 683	3,0	778	24,9	221	18,4	735	34,0		
Diesel fuel	2 516	2 680	-6,1	1 231	39,5	475	39,6	822	38,0		
Light heating oil	173	174	-0,6	150	4,8	7	0,6	2	0,1		
A-1 jet fuel	214	303	-29,4	103	3,3	28	2,3	83	3,8		
Heavy heating oil	708	739	-4,2	261	8,4	28	2,3	374	17,3		
LPG	157	185	-15,1	53	1,7	47	3,9	76	3,5		
Bitumens	451	432	4,4	0	0,0	84	7,0	47	2,2		
Engine oils	77	53	45,3	0	0,0	19	1,6	0	0,0		
Other	337	43	683,7	544	17,4	291	24,3	25	1,2		
Total products	6 367	6 292	1,2	3 120	-	1 200	-	2 164	-		
Petrochemical Segment	ORLEN Group	ORLEN Group		PKN ORLEN S.A.		Unipetrol Group		BOP		Anwil Group	
Polyethylene	111	104	6,7	0	0,0	67	7,9	44	50,6	0	0,0
Polypropylene	89	90	-1,1	0	0,0	46	5,4	43	49,4	0	0,0
Ethylene	75	82	-8,5	124	35,2	103	12,1	0	0,0	0	0,0
Propylene	60	39	53,8	88	25,0	62	7,3	0	0,0	0	0,0
Toluene	26	14	85,7	26	7,4	0	0,0	0	0,0	0	0,0
Benzene	70	65	7,7	25	7,1	45	5,3	0	0,0	0	0,0
Paraxylene	0	5	-100,0	0	0,0	0	0,0	0	0,0	0	0,0
Ortoxylyene	6	5	20,0	6	1,7	0	0,0	0	0,0	0	0,0
Acetone	5	5	0,0	5	1,4	0	0,0	0	0,0	0	0,0
Butadiene	16	10	60,0	16	4,5	0	0,0	0	0,0	0	0,0
Glycol	16	42	-61,9	16	4,5	0	0,0	0	0,0	0	0,0
Ethylene oxide	4	1	300,0	4	1,1	0	0,0	0	0,0	0	0,0
Phenol	7	8	-12,5	7	2,0	0	0,0	0	0,0	0	0,0
PVC	106	81	30,9	0	0,0	0	0,0	0	0,0	106	18,6
PVC granulate	11	15	-26,7	0	0,0	0	0,0	0	0,0	11	1,9
CANWIL	72	101	-28,7	0	0,0	0	0,0	0	0,0	72	12,6
Ammonium nitrate	137	141	-2,8	0	0,0	0	0,0	0	0,0	137	24,0
Other	802	842	-4,8	35	9,9	529	62,1	0	0,0	244	42,8
Total products	1 613	1 650	-2,2	352	-	852	-	87	-	570	-
Total output	7 980	7 942	0,5	3 472	-	2 052	-	-	-	570	-

Results of the PKN ORLEN Group for the III quarter of 2009

POLSKI KONCERN NAFTOWY ORLEN S.A.
SALES OF KEY PRODUCTS
for 3 and 9 months ended 30 September 2009 and 30 September 2008

Table 11

Q1 2009	Q2 2009	Q3 2009	Q3 2008	% change	Sales (‘000 tonnes)s	9 months 2009	9 months 2008	% change
1	2	3	4	5=(3-4)/4	6	7	8	9=(7-8)/8
Refining Segment								
1 388	1 301	1 394	1 403	-0,6	Gasoline	4 083	4 160	-1,9
2 227	2 132	2 166	2 462	-12,0	Diesel fuel	6 525	6 783	-3,8
288	128	158	199	-20,6	Light heating oil	573	707	-19,0
126	186	259	359	-27,9	A-1 jet fuel	570	896	-36,4
626	537	745	619	20,4	Heavy heating oil	1 908	2 069	-7,8
76	137	111	118	-5,9	LPG	324	366	-11,5
48	334	466	433	7,6	Bitumens	848	835	1,6
27	36	29	27	7,4	Engine oils	91	79	15,2
824	628	753	751	0,3	Other	2 208	2 706	-18,4
5 630	5 419	6 081	6 371	-4,6	Total products	17 130	18 601	-7,9
Retail Segment								
538	607	636	622	2,3	Gasoline	1 781	1 775	0,3
654	774	847	738	14,8	Diesel fuel	2 275	2 057	10,6
52	96	87	79	10,1	LPG	235	223	5,4
96	46	60	98	-38,8	Other	202	216	-6,5
1 340	1 523	1 630	1 537	6,1	Total products	4 493	4 271	5,2
6 970	6 942	7 711	7 908	-2,5	(Refining + Retail) Segment	21 623	22 872	-5,5
Petrochemical Segment								
115	127	101	103	-1,9	Polyethylene	343	364	-5,8
94	105	88	94	-6,4	Polypropylene	287	294	-2,4
67	58	68	56	21,4	Ethylene	193	210	-8,1
49	46	59	47	25,5	Propylene	155	169	-8,3
18	19	14	15	-6,7	Toluene	51	85	-40,0
61	58	72	67	7,5	Benzene	191	219	-12,8
0	1	0	6	-	Paraxylene	1	18	-94,4
4	6	5	5	0,0	Ortoxylene	15	19	-21,1
5	5	6	5	20,0	Acetone	16	21	-23,8
11	14	16	10	60,0	Butadiene	40	41	-2,4
17	18	18	8	125,0	Glycol	52	68	-23,5
4	4	5	1	400,0	Ethylene oxide	13	10	30,0
8	9	8	8	0,0	Phenol	25	33	-24,2
88	98	93	78	19,2	PVC	279	249	12,0
12	16	18	15	20,0	PVC granulate	46	47	-2,1
111	72	53	104	-49,0	CANWIL	236	341	-30,8
175	139	95	137	-30,7	Ammonium nitrate	409	409	0,0
406	402	407	385	5,7	Other	1 216	1 083	12,3
1 245	1 197	1 126	1 144	-1,6	Total products	3 568	3 680	-3,0
8 215	8 139	8 837	9 052	-2,4	ORLEN Group – total	25 191	26 552	-5,1

Effect of using the LIFO method of inventory valuation

The Management Board of Polski Koncern Naftowy ORLEN Spółka Akcyjna hereby releases information on the effect of applying the LIFO (last in – first out) method of inventory valuation on PKN ORLEN's financial results and the ORLEN Group's consolidated financial results for the III quarter of 2009 and for three quarters of 2009. Profit before tax and net profit (i.e. after including the effect in deferred income tax), as estimated by the Company for PKN ORLEN and the ORLEN Group using the LIFO method of inventory valuation, were as follows (PLNm):

Table 12

Q3 2009		Q3 2008		Profit, PLNm	9 months 2009		9 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
1 356	1 070	-154	-212	Unconsolidated profit before tax	1 317	802	2 643	1 784
1 093	861	-106	-153	Unconsolidated net profit	1 117	700	2 268	1 572
1 108	801	124	440	Consolidated profit before tax	1 172	183	3 053	2 184
940	692	71	340	Consolidated net profit	1 017	220	2 485	1 781

PKN ORLEN S.A. and the ORLEN Group value their inventories using a method based on the weighted average production or acquisition cost. The application of that method results in deferred recognition of an increase or decrease in the oil prices relative to the prices of finished products. Therefore, the reported results benefit from increases in the oil prices and are adversely affected when the prices fall. The application of the LIFO method of inventory valuation results in the current production being valued based on the current purchase prices of oil. Accordingly, an upward trend in the oil prices has a negative effect, and a falling trend has a positive effect, on the results computed using the LIFO method of inventory valuation.