UNCONSOLIDATED FINANCIAL STATEMENTS OF Polski Koncern Naftowy ORLEN SPÓŁKA AKCYJNA for the year ended 31 December 2009

Prepared in accordance with International Financial Reporting Standards as adopted by the European Union together with an independent auditor's opinion

POLISH FINANCIAL SUPERVISION AUTHORITY

Yearly report R 2009
(year)

(in accordance with § 82 section 1 point 3 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 reporting year 2009, that is for the period from 01.01.2009 to 31.12.2009 which includes financial statements prepared in accordance with International Financial Reporting Standards with amounts stated in the Polish functional currency (PLN).

on 30 March 2010
(submission date)

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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KPMG AUDYT Sp. z o.o.
(entity authorized to conduct audit)

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Explanatory notes to Unconsolidated Financial Statements for the year 2009

POLSKI KONCERN NAFTOWY ORLEN SPÓŁKA AKCYJNA
SELECTED FINANCIAL DATA
(Translation of a document originally issued in Polish)

SELECTED FINANCIAL DATA	PLN thousand		EUR thousand	
	for the year ended 31/12/2009	for the year ended 31/12/2008	for the year ended 31/12/2009	for the year ended 31/12/2008
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/(loss) and diluted net profit/(loss) per share (in PLN/EUR per share)	3.82	(3.67)	0.88	(0.85)
	as at 31/12/2009	as at 31/12/2008	as at 31/12/2009	as at 31/12/2008
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 liabiliites	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

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

– specific positions of assets, equity and liabilities - by the average exchange rate published by the National Bank of Poland as at 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.

Polski Koncern Naftowy ORLEN Spółka Akcyjna

POLSKI KONCERN NAFTOWY ORLEN SPÓŁKA AKCYJNA
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
PREPARED AS AT 31 DECEMBER 2009
(all amounts in PLN thousand)
(Translation of a document originally issued in Polish)

	Note	as at 31/12/2009	as at 31/12/2008
ASSETS			
Non-current assets			
Property, plant and equipment	5	11 080 017	9 477 906
Intangible assets	6	128 732	85 333
Perpetual usufruct of land		90 209	86 446
Shares in related parties	8.1	11 333 136	10 340 725
Financial assets available for sale	8.2	32 078	32 304
Deferred tax assets	26	286 421	389 190
Non-current loans and receivables	10	56 103	15 121
		23 006 696	**20 427 025**
Current assets			
Inventory	11	7 298 656	6 330 282
Trade and other receivables	12	4 497 790	4 162 737
Short-term financial assets	13	127 925	305 134
Income tax receivable		1 105	254 418
Prepayments		109 145	65 976
Cash and cash equivalents	14	1 964 403	442 938
Non-current assets classified as held for sale		10 631	11 094
		14 009 655	**11 572 579**
Total assets		**37 016 351**	**31 999 604**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity			
Share capital	15.1	1 057 635	1 057 635
Share premium	15.2	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**
LIABILITIES			
Long-term liabilities			
Interest-bearing loans	16	9 971 765	767 723
Provisions	17	348 195	405 619
Other long-term liabilities	18	48 742	42 976
		10 368 702	**1 216 318**
Short-term liabilities			
Trade and other liabilities	19	8 195 604	4 927 999
Interest-bearing loans	16	547 261	9 462 675
Income tax liability		5 951	-
Provisions	17	471 257	604 014
Deferred income	20	67 070	74 501
Other financial liabilities	21	227 608	332 221
		9 514 751	**15 401 410**
Total liabilities		**19 883 453**	**16 617 728**
Total liabilities and shareholders' equity		**37 016 351**	**31 999 604**

POLSKI KONCERN NAFTOWY ORLEN SPÓŁKA AKCYJNA
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009
(all amounts in PLN thousand)

(Translation of a document originally issued in Polish)

	Note	for the year ended 31/12/2009	for the year ended 31/12/2008
Sales revenues	22	47 481 278	57 224 864
Cost of sales	23	(44 159 182)	(54 176 359)
Gross profit on sales		**3 322 096**	**3 048 505**
Distribution expenses		(1 777 646)	(1 712 405)
General and administrative expenses		(626 834)	(634 259)
Other operating revenues	24	638 428	359 612
Other operating expenses	24	(765 738)	(425 099)
Profit from operations		**790 306**	**636 354**
Financial revenues		1 756 368	1 255 679
Financial expenses		(638 862)	(3 955 090)
Financial revenues and expenses	25	**1 117 506**	**(2 699 411)**
Profit/(Loss) before tax		**1 907 812**	**(2 063 057)**
Income tax expense	26	(271 927)	492 110
Net profit/(loss)		**1 635 885**	**(1 570 947)**
Items of other comprehensive income:			
Hedging instruments valuation		(3 879)	(123 813)
Hedging instruments settlement		146 024	(108 125)
Deferred tax on other comprehensive income		(27 008)	44 067
Total items of other comprehensive income		**115 137**	**(187 871)**
Total comprehensive income		**1 751 022**	**(1 758 818)**
Net profit/(loss) and diluted net profit/(loss) per share attributable to equity holders of the parent (in PLN per share)		3.82	(3.67)

POLSKI KONCERN NAFTOWY ORLEN SPÓŁKA AKCYJNA
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2009
(all amounts in PLN thousand)
(Translation of a document originally issued in Polish)

	Note	for the year ended 31/12/2009	for the year ended 31/12/2008
Cash flows - operating activities			
Net profit/(loss)		**1 635 885**	**(1 570 947)**
Adjustments for:			
Depreciaton and amortisation	23	970 265	947 919
Foreign exchange (gains)/losses		(375 987)	1 254 016
Interest and dividend, net		(291 829)	(348 769)
(Profit)/loss on investing activities		(402 584)	1 624 188
Change in receivables	27	(629 644)	661 382
Change in inventories	27	(1 021 401)	423 204
Change in liabilities	27	2 738 748	(865 035)
Change in provisions	17	(190 181)	(334)
Income tax expense	26	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 the sale/liquidation of related parties		2 086	73 926
Acquisition of shares		(998 721)	(724 793)
Payment to subsidiaries' equity		(22 450)	(65)
Proceeds from the sale of short-term securities		10 000	25 000
Acquisition of short-term securities		(1 000)	(10 000)
Interest and dividents received		620 585	715 384
Loans granted to related parties		(41 606)	(2 064)
Proceeds from repayment of loans granted to related entities		47 000	5 424
Additional repayable payments to subsidiaries' equity		(6 510)	(57 963)
Proceeds from additional repayable payments to subsidiaries' equity		17 000	10 600
Outflows from cash pool facility		(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)
Redemption 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 facility		133 574	-
Net cash provided by financing activities		**335 897**	**975 898**
Net change 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	14	**1 964 403**	**442 938**

POLSKI KONCERN NAFTOWY ORLEN SPÓŁKA AKCYJNA
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009
(all amounts in PLN thousand)
(Translation of a document originally issued in Polish)

	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	**2 284 888**	**14 850**	**14 833 160**	**17 132 898**
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**

(all amounts in PLN thousand)

1. General information

1.1. Principal activity of the Company, composition of the Management Board and Supervisory Board of the Company

Polski Koncern Naftowy ORLEN S.A. seated in Płock, 7 Chemików Street ("Company", "PKN ORLEN", "Issuer") was established through transformation of a state-owned enterprise into a joint stock company, on the basis of the Public Notary Act of 29 June 1993. The Company was registered as Mazowieckie Zakłady Rafineryjne i Petrochemiczne "Petrochemia Płock" S.A. in the District Court in Płock. Effective 20 May 1999, the Company changed its business name to Polski Koncern Naftowy Spółka Akcyjna.

On 7 September 1999, Centrala Produktów Naftowych "CPN" Spółka Akcyjna was incorporated, thus CPN was removed from the commercial register. Effective 12 April 2000, the Company changed its business name to Polski Koncern Naftowy ORLEN Spółka Akcyjna.

According to the Articles of Association established by the resolution of the Supervisory Board of PKN ORLEN S.A. dated 22 September 2009, with changes adopted by the Annual General Meeting of PKN ORLEN S.A. dated 15 July 2009, registered in the commercial register based on the decision of the District Court for the capital city Warsaw Commercial Department of the National Court Register dated 22 September 2009 ref. act 16333/09/929, activity of PKN ORLEN S.A. includes among others:

- Processing of crude oil and manufacturing of oil-derivative products and semi finished products (refinery and petrochemical);
- Domestic and foreign trade on own account, on a commission and as a consignee, including in particular: trade in crude oil, oil-derivative and other fuel, sale of motor vehicles, parts and accessories for motor vehicles, sale of industrial and consumer goods;
- Research and development activity, project work, construction and production activities on own account and as a consignee, in the areas of processing, storage, packaging and trade in solid, liquid and gaseous oil fuels, derivative chemical products as well as transportation: road, rail, water and by pipeline;
- Storage of crude oil and liquid fuels, creation and management of oil stock in accordance with appropriate regulations;
- Services connected to the principal activity, in particular: sea and land reloading, refining of gas and oil including ethylization, dyeing and blending of components;
- Purchase, trade and processing of used lubricant oils and other chemical waste;
- Manufacturing, transportation and trade in heating energy and electricity;
- Overhaul of appliances used in principle activities, especially refinery and petrochemical installations, oil storage appliances, petrol stations and means of transportation;
- Operation of petrol stations, bars, restaurants and hotels, as well as catering activities;
- Activities of finance holdings,
- Brokerage activities and other financial activities, except for insurance and pension funds;
- Crude oil exploration and extraction;
- Natural gas exploration and extraction;
- Manufacture of basic chemicals, fertilizers and nitrogen compounds, plastics and synthetic rubber in primary forms;
- Services to the entire society, medical services, fire protection, education;
- Manufacture of steel products, precious metals, metal molding, repair and maintenance of fabricated metal products.

The shareholders' structure of PKN ORLEN S.A. as at 31 December 2009 was as follows:

	Number of shares	Number of votes	Nominal value of shares (in PLN)	Percentage of shared capital
State Treasury	117 710 196	117 710 196	147 137 745	27.52%
ING OFE	22 118 813	22 118 813	27 648 516	5.17%
Others	287 880 052	287 880 052	359 850 065	67.31%
	427 709 061	**427 709 061**	**534 636 326**	**100.00%**

(all amounts in PLN thousand)

The shareholders' structure of PKN ORLEN S.A. as at 19 March 2010:

	Number of shares	Number of votes	Nominal value of shares (in PLN)	Percentage of shared capital
State Treasury	117 710 196	117 710 196	147 137 745	27.52%
ING OFE	22 118 813	22 118 813	27 648 516	5.17%
Aviva OFE*	21 744 036	21 744 036	27 180 045	5.08%
Others	266 136 016	266 136 016	332 670 020	62.23%
	427 709 061	**427 709 061**	**534 636 326**	**100.00%**

* according to information received by the Company on 9 February 2010

Composition of the Management Board of PKN ORLEN

Composition of the Management Board of the Company as at 31 December 2009 was as follows:

Dariusz Krawiec – President of the Management Board, General Director
Sławomir Jędrzejczyk – Vice-President of the Management Board, Chief Financial Officer
Wojciech Kotlarek – Member of the Management Board, Sales
Krystian Pater – Member of the Management Board, Refinery
Marek Serafin – Member of the Management Board, Petrochemistry

Composition of the Supervisory Board

Composition of the Supervisory Board as at 31 December 2009 was as follows:

Maciej Mataczyński – Chairman of the Supervisory Board
Marek Karabuła – Deputy Chairman of the Supervisory Board
Angelina Sarota – Secretary of the Supervisory Board
Grzegorz Borowiec – Member of the Supervisory Board
Krzysztof Kołach – Member of the Supervisory Board
Grzegorz Michniewicz – Member of the Supervisory Board (until 23 December 2009)
Jarosław Roclawski – Member of the Supervisory Board
Piotr Wielowieyski – Member of the Supervisory Board
Janusz Zieliński – Member of the Supervisory Board

1.2. Statement of the Management Board

1.2.1. In respect of the reliability of financial statements

Under the Minister of Finance Regulation of 19 February 2009, on current and periodic information provided by issuers of securities and conditions for recognition as equivalent information required by the law of a non-Member state with amendments, the Management Board of PKN ORLEN hereby declares that to the best of their knowledge the foregoing unconsolidated financial statements and comparative data were prepared in compliance with the accounting principles in force and that they reflect true and fair view on financial position and financial result of PKN ORLEN and that the Management Board Report on the Company's Operations presents true overview of development, achievement and business situation of PKN ORLEN, including basic risks and exposures.

1.2.2. In respect of the entity authorized to conduct audit

The Management Board of PKN ORLEN declares that the entity authorized to conduct audit and conducting the audit of the unconsolidated financial statements, was selected in compliance with the law and that the entity and auditors conducting the audit met the conditions to issue an independent opinion in compliance with relevant regulations.

In compliance with principles of corporate governance adopted by the Management Board of PKN ORLEN the auditor was selected by the Supervisory Board by means of resolution No 485/2005 of 21 January 2005 on the selection of an auditor. The Supervisory Board made the selection in order to ensure complete independence and objectivity of the selection itself as well as fulfilment of tasks by the auditor. On 23 August 2007 the Supervisory Board has prolonged contract with KPMG Audyt Sp. z o.o., as a qualified auditor to audit and review unconsolidated and consolidated financial statements of PKN ORLEN and key entities belonging to the PKN ORLEN Capital Group for the years 2008 – 2009.

2. Accounting policies

2.1. Principles of presentation

The unconsolidated financial statements have been prepared in accordance with accounting principles contained in the International Financial Reporting Standards adopted by the European Union 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 for recognition as equivalent information required by the law of a non-Member state (Official Journal no. 33, item 259) with amendments. The financial statements cover the period from 1 January to 31 December 2009 and the comparative period from 1 January to 31 December 2008.

Presented unconsolidated financial statements are compliant with all requirements of IFRSs adopted by the EU and present a true and fair view of the Company's financial position as at 31 December 2009 and 31 December 2008, results of its operations and cash flows for the year ended 31 December 2009 and 31 December 2008.

The unconsolidated financial statements have been prepared assuming that the Company 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 Company will not be able to continue its operations as a going concern.

The foregoing unconsolidated financial statements, except for cash flow statement, have been prepared using the accrual basis of accounting.

2.2. Impact of new Standards, interpretations and amendments to existing standards on the financial statements of the Company

The foregoing unconsolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU)

2.2.1. Binding amendments to IFRSs

The foregoing unconsolidated financial statements were affected by amendments to the following standards and interpretations:

IFRS 7 "Financial Instruments: Disclosures" – amendments published on 5 March 2009 and adopted by the EU on 27 November 2009. The amendments are applicable to reporting periods beginning on or after 1 January 2009. The purpose of amendments to IFRS 7 is to enhance the quality of disclosures regarding financial instruments. The amendments implement a three-leveled hierarchy of disclosures regarding fair value measurement and requirement to disclose additional information concerning relative reliability of fair value measurements. Additionally, the amendments specify and extend the existing disclosures regarding liquidity risk.
The amendments of the standard mentioned above have no influence on previously presented financial results and equity but on the presentation of the unconsolidated financial statements.

IFRS 8 "Operating Segments" – standard published on 30 November 2006 and adopted by the EU on 21 November 2007. IFRS 8 is applicable to financial statements for the periods beginning on or after 1 January 2009. The standard replaces IAS 14 „Segment Reporting" and requires, among other things, operating segments to be identified based on the internal segment reports valuated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company has applied the standard retrospectively according to transitional provisions.
The amendments of the standard mentioned above have no effect on previously presented financial results and equity, but on the presentation of the unconsolidated financial statements.

IAS 1 "Presentation of Financial Statements" – amendments published on 6 September 2007 and adopted by the EU on 17 December 2008. The amendments are applicable to financial statements for the periods beginning on or after 1 January 2009. The amendments relate to nomenclature concerning basic financial statements and

presentation of statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity.
The Company has applied the revised standard retrospectively in the foregoing unconsolidated financial statements.
Amendments of the standard mentioned above have no effect on previously presented financial results and equity but only on the presentation of the financial statements.

IAS 23 "Borrowing Costs" – amendments published on 29 March 2007 and adopted by the EU on 10 December 2008. The amendments are applicable to financial statements for the periods beginning on or after 1 January 2009. The amendment to the standard eliminates the option to recognize borrowing costs as an expense. In its previous financial statements the Company immediately recognized borrowing costs as an expense.
Starting from 1 January 2009 the Company capitalizes borrowing cost according to the revised standard. Changes resulting from implementation of the standard are presented in the Note 25.

IFRIC 13 "Customer Loyalty Programs" – interpretation published on 28 June 2007 and adopted by the EU on 16 December 2008. IFRIC 13 is applicable to financial statements for the periods beginning on or after 1 January 2009. The interpretation provides guidance to entities granting award credits to their customers regarding measurement of their obligations resulting from free or discounted goods or services sold when credits granted are realized by the client.
The Company applied the interpretation mentioned above retrospectively according to transitional provisions. Changes resulting from implementation of the interpretation are presented in the note 2.2.3

Other amendments to IFRSs, that came into force in the period between 1 January 2009 and 31 December 2009 have no effect on current and previously presented financial results and equity.

2.2.2. IFRSs not yet effective

The Company intends to adopt amendments to IFRSs that are published but not effective as at 31 December 2009 , in accordance with their effective date.

IFRS 1 "First-time adoption of International Financial Reporting Standards" – amendments published on 23 July 2009 and applicable to annual periods beginning on or after 1 January 2010, earlier application is permitted. The amendment consists in issuing additional optional exemptions for first-time adopters of IFRSs with respect to: i) establishing of deemed cost for oil and gas assets; ii) reassessment of lease determination; iii) establishing of deemed cost for operations subject to rate regulation.

IFRS 2 "Share-based Payment: Vesting Conditions and Cancellations" – amendments published on 18 June 2009 and applicable to annual periods beginning on or after 1 January 2010, earlier application is permitted. The most important consequence of the amendments to IFRS 2 is that an entity receiving goods or services in a share-based payment transaction, which is settled by another group entity or shareholder in cash or other assets will be obliged to account for received goods and services in its financial statements. So far group share-based payment transactions were not regulated by IFRS 2.

IFRS 9 "Financial Instruments" – standard published on 12 November 2009 and applicable from 1 January 2013, earlier application is permitted. The Standard was issued as part of comprehensive review of financial instruments accounting. The new standard reduces complexity of the current requirements and will replace IAS 39 Financial Instruments: Recognition and Measurement. The new standard deals with classification and measurement of financial assets only.

IAS 17 "Leases" - amendments published on 16 April 2009 and adopted by the EU on 23 March 2010 within "Improvements to International Financial Reporting Standards". Revised IAS 17 is applicable to annual periods beginning on or after 1 January 2010, earlier application is permitted. The amendment results in lease of land to be classified as finance lease or operating lease contrary to current classification solely as operating lease.

IAS 24 "Related Party Disclosures" – amendments published on 4 November 2009. The amended standard is applicable to annual periods beginning on or after 1 January 2011, earlier application is permitted. The changes introduced concern mainly the exemption for government-related entities from the related party disclosure requirements defined in the Standard and the definition of a related party.

IAS 32 „Financial Instruments: Presentation" – amendments published on 8 October 2009. The amended standard is applicable to annual periods beginning on or after 1 January 2010, earlier application is permitted. The amendments provide that rights, options and warrants meeting criteria for classification as equity instruments contained in IAS 32.11, issued to acquire a fixed number of entity's own non-derivative equity instruments for a fixed amount of any currency ("fixed number for fixed price"), are classified as equity instruments if the offer was submitted to all of existing owners of the same class of entity's non-derivative equity instruments in proportion to the number of possessed instruments.

IFRIC 14 "Prepayments of a Minimum Funding Requirements" – interpretation published on 26 October 2009. The Interpretation is applicable to annual periods beginning on or after 1 January 2011, earlier application is permitted. Under the amended IFRIC 14 prepayments made to the plan where there are Minimum Funding Requirements would be recognized as an asset.

IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" – interpretation published on 26 November 2009 and applicable to annual periods beginning on or after 1 July 2010, earlier application is permitted. The Interpretation concerns accounting principles for entities issuing equity instruments to extinguish a financial liability, partially or completely.

Improvements to International Financial Reporting Standards - published on 16 April 2009 and adopted by the EU on 23 March 2010. The improvements contain 15 amendments to 12 standards. Majority of improvements are applicable to annual periods beginning on or after 1 January 2010, earlier application is permitted.

The possible impact of amendments to IFRSs mentioned above on the Company's future financial statements is being analyzed. The potential impact of amendments is not known yet.
In the current annual reporting period there were no voluntary early adoptions of IFRSs.

2.2.3. Presentation changes

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

In the statement of comprehensive income for the year ended 31 December 2009 and 31 December 2008 the Company ceased to divide sales revenues. Similar presentation to the prior year was presented in the note 22.

In the explanatory note 23 "Cost by kind" the data for 2008 was changed due to reclassification of changes in prepayments and accruals of PLN 26,721 thousand from line "Change in inventory" to respective cost by kind.

As a consequence of detailed analysis of operating lease agreements the Company indentified some non-cancellable agreements in which the Company is as a lessee. It resulted in change of comparative data in the amount of PLN 289,487 thousand (note 29) in comparison to the information presented in the annual report for 2008.

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

2.3. Accounting policy

2.3.1 Property, plant and equipment

Property, plant and equipment include both fixed assets (assets that are in the condition necessary for them to be capable of operating in the manner intended by management) as well as construction in progress (assets that are in the course of construction or development necessary for them to be capable of operating in the manner intended by management).

Property plant and equipment are initially recognized at cost. The cost of an item of property, plant and equipment comprises its purchase price and other costs directly attributable to bringing the item of property, plant and equipment into use. The cost of an item of property, plant and equipment includes also estimated costs of dismantling and removing the item and restoring the site/land on which it is located, the obligation for which is connected with acquisition or construction of an item of property, plant and equipment.

Property, plant and equipment are stated in the unconsolidated financial statements prepared at the end of the reporting period at the carrying amount. The carrying amount is the amount at which an asset is initially recognized after deducting any accumulated depreciation and accumulated impairment losses.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset, e.g. interest, commissions are part of the initial cost.

Depreciation of an item of property, plant and equipment begins when it is available for use that is from the month it is in the location and condition necessary for it to be capable of operating in the manner intended by the management, over the period reflecting its estimated economic useful life, considering the residual value. The Company uses straight-line method and in justified cases units of production method of depreciation. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately over the period reflecting its economic useful life. Appropriateness of the applied depreciation rates is verified periodically (at least once a year), and respective adjustments are made to the subsequent periods of depreciation (prospectively).

The depreciable amount of an asset is determined after deducting its residual value.

The following standard economic useful lives are used for property, plant and equipment:

Buildings and constructions	10-70 years
Machinery and equipment	3-25 years
Vehicles and other	4-17 years

The cost of significant repairs and regular maintenance programs is recognized as property, plant and equipment and depreciated in accordance with their economic useful lives. The cost of current maintenance of property, plant and equipment is recognized as an expense when it is incurred.

2.3.2 Intangible assets

Intangible assets include identifiable non-monetary assets without physical substance.

Except for intangible assets arising from development that meet recognition criteria other internally generated intangible assets are not recognized as assets but are recorded in profit or loss in the period when the related cost has been incurred.

Intangible assets are recognized if it is probable that the expected future economic benefits that are attributable to the assets will flow to the entity and the cost of the asset can be measured reliably.

Intangible assets are measured initially at cost. The intangible assets acquired in a business combination are measured initially at fair value at the business combination date. Granted rights to renewable energy sources are measured initially at fair value.

CO_2 emission rights and granted rights to renewable energy sources are recognized in the accounting records at their registration date (date of taking over the control) at fair (market) value.

Intangible assets are stated in the financial statements prepared at the end of the reporting period at the carrying amount. The carrying amount is the amount at which the asset is recognized after deducting any accumulated amortization and accumulated impairment losses.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset, e.g. interest, commissions are part of the initial cost.

Intangible assets with finite useful life are amortized using straight-line method when an asset is available for use that is when it is in the location and condition necessary for it to be capable of operating in the manner intended by management over their estimated economic useful life. Appropriateness of the applied amortization periods and rates is verified periodically (at least once a year), and respective adjustments are made to the subsequent periods of amortization (prospectively).

The depreciable amount of an asset is determined after deducting its residual value.

The following standard economic useful lives are used for intangible assets:

Acquired licenses, patents, and similar intangible assets	2-15 years
Acquired computer software	2-10 years

Intangible assets with an indefinite useful life are not amortized. Their value is decreased by impairment allowances.

2.3.3. Perpetual usufruct of land

The titles to perpetual usufruct of land acquired by the Company are presented in the separate position of the statement of financial position.

The titles to perpetual usufruct of land obtained under an administrative decision are recognized as off balance sheet items.

2.3.4. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs should be recognized as an expense.

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.
Borrowing costs are capitalized based on so called net investment expenditures which means construction in progress not funded through the use of investment commitments, but using other sources of external financing.

Borrowing costs relate to interest and other charges connected with borrowing of funds. Borrowing costs may include:
- interest on bank overdrafts and short-term and long-term borrowings,
- amortization of discounts or premiums relating to borrowings,
- amortization of ancillary costs incurred in connection with the arrangement of borrowings,
- finance charges in respect of finance leases recognized in accordance with IAS 17 Leases,
- exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable are those borrowing costs that would have been avoided if the expenditure on the qualifying asset had not been made.

The upper limit for capitalization of the borrowing costs is the amount of incurred borrowing costs.

The commencement date for capitalization is the date when all of the following three conditions are met:
- expenditures for the asset are incurred;
- borrowing costs are incurred;
- activities necessary to prepare the asset for its intended use or sale are undertaken.

Capitalization of the borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Additional administrative work, decoration, alterations to the purchaser's or user's specification are not a basis for further capitalization of the borrowing costs.

After putting the asset into use, the capitalized borrowing costs are depreciated/ amortized over the period reflecting economic useful life of the asset as part of the cost of the asset.

2.3.5. Lease

A lease is an agreement whereby a lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. Particularly leases are the agreements defined in the Civil Code as well as rent and tenancy agreements concluded for a definite time.

Assets used under the finance lease, that is the agreement that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee, are recognized as assets of the lessee. Assets used under the operating lease, that is the agreement that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee, are recognized as assets of the lessor.

If the Company uses an asset based on the finance lease, the asset is recognized as an item of property, pant and equipment or an intangible asset. The leased asset is measured at the lower of its fair value or the present value of the minimum lease payments that is the present (discounted) value of payments over the lease term that the lessee is or can be required to make.

The present value of the minimum lease payments is recognized in the statement of financial position as financial liabilities with the division into short-term part (due no more than one year after the end of the reporting period) and long-term part (due more than one year after the end of the reporting period). The minimum lease payments are discounted and apportioned between finance charge and the reduction of the outstanding liability using interest rate implicit in the lease, if this is practicable to determine, if not, the lessee's incremental borrowing rate.

Depreciation methods for assets leased under the finance lease as well as methods of determining impairment losses in respect of assets leased under the finance lease are consistent with policies applied for the Company's owned assets.

If the Company conveyed to another entity the right to use an asset under the finance lease, the present value of the minimum lease payments and unguaranteed residual value is recognized in the statement of financial position as receivables with the division into short-term part and long-term part. The minimum lease payments and unguaranteed residual value are discounted using interest rate implicit in the lease, that is the discount rate that, at the inception of the lease, causes the aggregate present value of the minimum lease payments, the unguaranteed residual value and the initial direct costs to be equal to the fair value of the leased asset.

If the Company uses an asset based on the operating lease, the asset is not recognized in the statement of financial position and lease payments are recognized as an expense.

If the Company conveyed to another entity the right to use an asset under the operating lease, the asset is recognized based on the same policies as applied for the Company's owned assets, that is as an item of property, plant and equipment or an intangible asset.

Lease income from operating leases is recognized as revenues from sale.

2.3.6. Impairment of assets

If there is an external or internal indication that an asset may be impaired, it is tested for impairment. Such tests are carried out annually also in respect of intangible assets with an indefinite useful life.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount by an impairment loss recognized immediately as an expense. The recoverable amount is higher of its value in use and fair value less costs to sell.

Value in use is the present value of the future cash flows expected to be derived from continuing use of the asset and its ultimate disposal.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Assets that do not generate cash flows individually are grouped in the smallest identifiable group of assets generating cash flows that are largely independent of the cash flows from other assets (so called cash-generating units). The Company allocates to each of its cash generating units:

- goodwill acquired in a business combination, if it may be assumed that the cash-generating unit benefited from the synergies of the combination;
- corporate assets, if there is reasonable and consistent basis of such an allocation.

The impairment loss is allocated to reduce the carrying amount of the assets of the cash generating unit in the following order:
- first, to reduce the carrying amount of any goodwill allocated to the cash generating unit;
- then, to other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The Company assesses at the end of each reporting period whether the impairment loss should be partly or completely reversed. Indication that the impairment loss recognized in prior period no longer exists is the opposite of indication that the impairment loss should be recognized.

An impairment loss recognized for goodwill is not reversed.
A reversal of an impairment loss is recognized in profit or loss.

2.3.7 Investments in associates

Investments in associates (entities over which the Company has significant influence and that are neither controlled nor jointly controlled) are accounted for in the unconsolidated financial statements at cost.

2.3.8. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Recognition and derecognition in statement of financial position

The Company recognizes a financial asset or a financial liability on its statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A regular way purchase or sale of financial assets is recognized as at trade date.

The Company derecognizes a financial asset when, and only when:
- the contractual rights to the cash flows from the financial asset expire, or
- it transfers the financial asset to another party.

The Company removes a financial liability (or part of financial liability) from its statement of financial position when, and only when it is extinguished - that is when the obligation specified in the contract:
- is discharged, or
- is cancelled, or
- expired.

b) Non-current financial assets held for sale

Non-current financial assets, the carrying amount of which will be recovered principally through a sale transaction, are classified as non-current assets held for sale and presented in the separate item of the statement of financial position. For this to be the case, the asset must be available for immediate sale and its sale must be highly probable. Such a classification does not result in application of measurement principles defined in IFRS 5 designated for non-current assets held for sale. Non-current financial assets held for sale are still measured based on general principles relating to financial assets.

c) Measurement of financial assets

When a financial asset is recognized initially, the Company measures it at its fair value plus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

When an option contract is recognized initially, there may be a difference between the transaction price and the instrument value that would be determined with valuation techniques used by the Company. In such a case the Company recognizes an asset initially at the transaction price and at the end of the reporting period (month) it determines the gain or loss resulting solely from change of factors taken into account when the transaction price was set.

For the purpose of measuring a financial asset at the end of the reporting period or any other date after initial recognition, the Company classifies financial assets into the following four categories:
- financial assets at fair value through profit or loss;
- held-to-maturity investments;
- loans and receivables;
- available-for-sale financial assets.

Regardless of characteristics and purpose of a purchase transaction, the Company classifies initially selected financial assets as financial assets at fair value through profit or loss.

A financial asset at fair value through profit or loss is a financial asset classified as held for trading if it is:
- acquired principally for the purpose of selling or repurchasing in the near term, or
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking, or
- a derivative (except for a derivative that is an effective hedging instrument);
- designated by the Company upon initial recognition as at fair value through profit or loss, when doing so results in more relevant information.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intention and ability to hold to maturity.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market.

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit and loss.

d) Fair value measurement of financial assets

The Company measures financial assets at fair value through profit or loss, including derivative financial assets and available-for-sale financial assets at their fair value, without any deduction for transaction costs that may be incurred on sale or other disposal.

Fair value of financial assets is determined in the following way:
- for instruments quoted on an active market based on current quotations available as at the end of the reporting period;
- for debt instruments unquoted on an active market based on discounted cash flows analysis;
- for forward and swap transactions based on discounted cash flows analysis.

If the fair value of investments in equity instruments (shares) that do not have a quoted market price on an active market is not reliably measurable, the Company measures them at cost, that is the acquisition price less any accumulated impairment losses.

Financial assets designated as hedged items are measured in accordance with the principles of hedge accounting.

A gain or loss on a financial asset classified as at fair value through profit or loss are recognized through profit and loss.
A gain or loss on an available-for-sale financial asset are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses that are recognized in profit or loss. In case of debt financial instruments interest calculated using the effective interest method are recognized in profit or loss.

e) Amortized cost measurement of financial assets

The Company measures loans and receivables, including trade receivables, as well as held-to-maturity investments at amortized cost using the effective interest method. The Company uses simplified methods in respect of measurement of financial assets at amortized cost if it does not distort information included in the financial statements. Financial assets measured at amortized cost, in relation to which the Company uses simplifications, are measured initially at the amounts due and after initial recognition (including the end of the reporting period) at the amounts due less any cumulated impairment losses.

f) Measurement of financial liabilities

As at the end of the reporting period or other dates after the initial recognition the Company measures financial liabilities at fair value through profit or loss (including particularly derivatives which are not designated as hedging instruments) at fair value. Regardless of characteristics and purpose of a purchase transaction, the Company classifies initially selected financial liabilities as financial liabilities at fair value through profit or loss, when doing so results in more relevant information. The fair value of a financial liability is the current price of instruments quoted on an active market.
The Company measures other liabilities, including trade liabilities, at amortized cost using the effective interest rate method. The Company uses simplified methods of measurement of financial liabilities that are usually measured at amortized cost, if it does not distort information included in the unconsolidated financial statements. Interest-bearing loans and borrowings. in relation to which simplified methods are used, are measured initially and after initial recognition (including the end of the reporting period) at the amounts due.

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If there is no active market for a financial instrument, the fair value of the financial liabilities is established by using the following techniques:

- using recent arm’s length market transactions between knowledgeable, willing parties,
- reference to the current fair value of another instrument that is substantially the same,
- discounted cash flow analysis.

Loans and borrowings received and trade liabilities are non-derivative financial liabilities with fixed or determinable payments that are not quoted on an active market.

Financial guarantee contracts, that are contracts that require the Company (issuer) to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument, not classified as financial liabilities at fair value through profit or loss are measured at the higher of:

- the amount determined in accordance with principles relating to valuation of provisions,
- the amount initially recognized less, when appropriate, cumulative amortization.

g) Embedded derivatives

If the Company is a party of a hybrid (combined) instrument that includes an embedded derivative, the embedded derivative is separated from the host contract and accounted for as a derivative in accordance with principles defined for investments at fair value through profit or loss if all of the following conditions are met:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract,
- a separate instrument with the same realization terms as the embedded derivative would meet the definition of a derivative, and
- the hybrid instrument is not measured at fair value with changes in fair value recognized in profit or loss (i.e. a derivative that is embedded in a financial asset or financial liability at fair value through profit or loss is not separated).

The Company assesses the need to separate an embedded derivative from the host contract and to present it as a derivative, when it becomes a party of a hybrid instrument for the first time. Reassessment is made only in case, when subsequent changes are introduced to the hybrid contract that substantially modify cash flows required by the contract.

A derivative is a financial instrument with all three of the following characteristics:
- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract,
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors, and
- it is settled at a future date.

h) Hedge accounting

Derivatives designated as hedging instruments whose fair value or cash flows are expected to offset changes in the fair value or cash flows of a hedged item are accounted for in accordance with fair value or cash flow hedge accounting, if all of the following conditions are met:
- at the inception of the hedge there is formal designation and documentation of the hedging relationship and the Company's risk management objective and strategy for undertaking the hedge,
- the hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk, consistently with the originally documented risk management strategy for that particular hedging relationship,
- for cash flow hedges, a forecast transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect profit or loss,
- the effectiveness of the hedge can be reliably measured,
- the hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

Hedge accounting is not applied to cash flows connected with embedded derivatives separated from host contracts.

Fair value hedge is a hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss. A firm commitment is a binding agreement for the exchange of a specified quantity of resources at a specified price on a specified future date or dates.

If a fair value hedge is used, it is accounted for as follows:
- the gain or loss from remeasuring the hedging instrument at fair value is recognized in profit or loss, and
- the gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognized in profit or loss (this applies also if the hedged item is an available-for-sale financial asset, whose changes in value are recognized in other comprehensive income).

The Company discontinues prospectively fair value hedge accounting if:
- the hedging instrument expires, is sold, terminated or exercised (for this purpose, the replacement or rollover of a hedging instrument into another hedging instrument is not an expiration or termination if such replacement or rollover is part of the Company's documented hedging strategy),
- the hedge no longer meets the criteria for hedge accounting, or
- the Company revokes the designation.

Cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction and could affect profit or loss. A forecast transaction is an uncommitted but anticipated future transaction.

If a cash flow hedge is used, it is accounted for as follows:
- the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income, and
- the ineffective portion of the gain or loss on the hedging instrument is recognized in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognized in other comprehensive income are reclassified to profit or loss in the same period or periods during which the asset acquired or liability assumed affect profit or loss. However, if the Company expects that all or a portion of a loss recognized in other comprehensive income will not be recovered in one or more future periods, it reclassifies to profit or loss the amount that is not expected to be recovered.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Company removes the associated gains and losses that were recognized in the other comprehensive income and includes them in the initial cost or other carrying amount of the asset or liability.

The Company discontinues prospectively cash flow hedge accounting if:
- the hedging instrument expires, is sold, terminated or exercised - in this case, the cumulative gain or loss on the hedging instrument recognized in other comprehensive income remain separately recognized in equity until the forecast transaction occurs;
- the hedge no longer meets the criteria for hedge accounting - in this case, the cumulative gain or loss on the hedging instrument recognized in other comprehensive income remain separately recognized in equity until the forecast transaction occurs;
- the forecast transaction is no longer expected to occur, in which case any related cumulative gain or loss on the hedging instrument recognized in other comprehensive income are recognized in profit or loss.

If the Company revokes the designation, the cumulative gain or loss on the hedging instrument recognized in other comprehensive income remain separately recognized in equity until the forecast transaction occurs or is no longer expected to occur.

2.3.9. Impairment of financial assets

The Company assesses at the end of each reporting period whether there is any objective indicator that a financial asset or group of financial assets is impaired.
If there is an objective indicator that an impairment loss on loans and receivables or held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

The Company uses simplified methods in respect of determining the impairment of trade receivables – particularly the impairment loss equal to the asset's carrying amount is recognized if the payment term expired at least 6 months before the end of the reporting period. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed and recognized in profit or loss.

If there is an objective indicator that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

If there is an objective indicator that an impairment loss has been incurred on an available-for-sale financial asset, the cumulative loss that had been recognized in other comprehensive income is removed from equity and recognized in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed, with the amount of the reversal recognized in profit or loss. Impairment losses for an investment in an equity instrument classified as available for sale are not reversed through profit or loss.

2.3.10. Inventory

Inventories are assets:
- held for sale in the ordinary course of business,
- in the process of production for such sale, or
- in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Raw materials and merchandise are measured initially at acquisition cost.

As at the end of the reporting period raw materials and merchandise are measured at the lower of cost and net realizable value, considering any inventory allowances. Write-down to net realizable value concerns raw materials and merchandise that are damaged or obsolete. A net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Raw materials held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when a decline in the price of materials indicates that the cost of the finished products exceeds net realizable value, the materials are written down to net realizable value.

The cost of usage of raw materials and merchandise is determined based on the weighted average acquisition cost formula.

Finished goods and work in progress are measured initially at production cost. Production costs include costs of materials and costs of conversion for the production period.

The production costs do not include:
- costs incurred as a consequence of low production or production losses,
- general and administrative expenses that are not directly attributable to bringing the inventories to the condition and location at the moment of measurement,
- storage costs of finished goods and work in progress, unless these costs are necessary in the production process,
- distribution expenses.

For finished goods, the production costs comprise related fixed and variable indirect costs for normal production levels.

As at the end of the reporting period finished goods and work in progress are measured at the lower of cost and net realizable value.

The cost of usage of finished goods is determined based on the weighted average cost formula, based on production cost in the particular reporting period.

2.3.11. Receivables

Trade and other receivables are recognized initially at the present value of the expected proceeds and are stated in the subsequent periods at amortized cost using the effective interest method less impairment allowances.

The Company uses simplified methods of receivables measurement, if it does not distort information included in the financial statements, particularly if the payment term of receivables is not long. Receivables, in relation to which simplified methods are used, are measured initially at the amounts due and after initial recognition (including the end of the reporting period) at the amounts due less allowances for doubtful receivables.

2.3.12. Cash and cash equivalents

Cash comprises cash on hand and in a bank account. Cash equivalents are short-term highly liquid investments (of initial maturity up to three months), that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.
The cash flows balance of cash and cash equivalents consists of the above defined monetary assets and their equivalents less bank overdrafts, if they form an integral part of the Company's cash management

Valuation and outflows of cash and cash equivalents in foreign currencies are based on FIFO method ("First In, First Out").

2.3.13. Non-current assets held for sale

Non-current assets held for sale are those which comply simultaneously with the following criteria:
- the sales were declared by the appropriate level of management,
- the assets are available for an immediate sale in their present condition,
- an active program to locate a buyer has been initiated,
- the sale transaction is highly probable and can be settled within 12 months following the sales decision,
- the selling price is reasonable in relation to its current fair value,
- it is unlikely that significant changes to the sales plan of these assets will be introduced.

The reclassification is reflected in the reporting period when the criteria are met. If the criteria are met after the end of the reporting period, the asset is not reclassified at the end of the reporting year prior to the designation for sale.

Depreciation is discontinued for the asset when it is designated for sale.

Assets held for sale, excluding above all financial assets and investment property, are measured at the lower of the carrying amount and the fair value less costs to sell.

In case of any subsequent increase in fair value less costs to sell of an asset, the Company recognizes a gain, but not in excess of the cumulative impairment loss that has been recognized.

2.3.14. Equity

Equity is recorded by type, in accordance with legal regulations and the Company's Articles of Association.

a) Share capital

The share capital is stated at nominal value in accordance with the Company's Articles of Association and the entry in the Commercial Register, except for shares issued before 1996. Those shares were adjusted using a general price index in line with IAS 29.

Declared but not paid share capital is presented as outstanding share capital contributions. The Company's own shares and outstanding share capital contributions decrease the equity.

b) Share premium

Share premium is created by the surplus of the issuance value in excess of the nominal value of shares decreased by issuance costs.

Issuance costs incurred by setting up a joint stock company or increasing the share capital decrease the share premium to the amount of the surplus of the issuance value in excess of the nominal value of shares, and the remaining portion is presented by the Company as retained earnings.

c) Changes in the fair value of cash flow hedges related to the portion regarded as an effective hedge

Such changes are recognized as hedging reserve.

d) Retained earnings

Retained earnings include:

- the amounts arising from profit distribution,

- transfers from revaluation reserve (the difference between the fair value and the acquisition cost, net of deferred tax, of assets available for sale is transferred to the revaluation reserve, if their price is determined on the regulated active market or if their fair value may be reliably estimated by alternative methods),
- the undistributed result for prior periods,
- the current period net result,
- advance dividends paid,
- the effects of prior period errors.

2.3.15. Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are initially stated at the fair value of proceeds received, net of transaction costs. They are subsequently measured at amortized cost using the effective interest method. The difference between the net proceeds and the buyout amount is recognized as financial expenses or revenues over the term of the loan or borrowing.

The Company uses simplified methods of interest-bearing loans and borrowings measurement that are usually measured at amortized cost, if it does not distort information included in the financial statements, particularly if the payment term of the loan or borrowing is not long. Interest-bearing loans and borrowings, in relation to which simplified methods are used, are measured initially and after initial recognition (including the end of the reporting period) at the amounts due.

2.3.16. Provisions

A provision is a liability of uncertain timing or amount.

The Company recognizes a provision when it has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

The provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. The provision is reversed, if it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation. The provision is used only for expenditures for which the provision was originally recognized.

When the effect of the time value of money is material, the amount of the provision is the present value of the expenditure expected to be required to settle the obligation. If the discounting method is applied, the increase of provisions with time is recognized as financial expenses.

The provisions are created for (if recognition criteria mentioned above are met):
- environmental risk,
- jubilee bonuses, retirement and pension benefits,
- restructuring,
- legal proceedings.

Provisions are not recognized for future operating losses.

a) Environmental provision

The Company creates provisions for future liabilities due to reclamation of contaminated land or water or elimination of harmful substances if there is such a legal or constructive obligation. Environmental provision for reclamation is periodically reviewed based on reports prepared by independent experts. The Company conducts regular reclamation of contaminated land that decreases the provision by its utilization.

b) Provisions for jubilee bonuses, retirement and pension benefits

Under the Company's remuneration plans its employees are entitled to jubilee bonuses as well as retirement and pension benefits.

The jubilee bonuses are paid to employees after elapse of a defined number of years in service. The retirement (pension) benefits are paid once at retirement (pension). The amount of retirement and pension benefits as well as jubilee bonuses depends on the number of years of service and an employee's average remuneration.

The jubilee bonuses are other long-term employee benefits, whereas retirement and pension benefits are classified as post-employment benefit plans.

The provision for jubilee bonuses, retirement and pension benefits is created in order to allocate costs to relevant periods.

The present value of these liabilities is estimated at the end of each reporting year by an independent actuary and adjusted if there are any material indications impacting the value of the liabilities. The accumulated liabilities equal discounted future payments, considering employee rotation, planned increase of remuneration and relate to the period ended at the last day of the reporting year.

Actuarial gains and losses are recognized in profit or loss.

c) Restructuring provision

Provision for restructuring is created when the Company has a detailed formal plan for the restructuring and the restructuring process has been started or has been announced in public. A restructuring provision includes only the direct expenditures arising from the restructuring, such as costs of redundancy of employees (redundancy payments and compensations paid), termination of tenancy and lease agreements, dismantling of assets.

d) Legal proceedings provision

Legal proceedings provision is recognized after consideration of all available evidence, including legal opinions. If, on the basis of this evidence:
- it is more likely than not that a present obligation exists at the end of the reporting period, the provision should be recognized (only when other recognition criteria are met),
- it is unlikely that a present obligation exists at the end of the reporting period, the information about contingent liability should disclosed, unless the probability of an outflow of resources embodying economic benefits is remote.

2.3.17. Liabilities

Trade and other liabilities are stated at amortized cost using the effective interest method. The Company uses simplified methods of liabilities measurement, including financial liabilities that are usually measured at amortized cost, if it does not distort information included in the financial statements, particularly if the payment term of liabilities is not long. Liabilities, including financial liabilities, in relation to which simplified methods are used, are measured initially and after initial recognition (including the end of the reporting period) at the amounts due.

2.3.18. Government grants

The government grants are recognized at fair value if there is reasonable assurance that the grant will be obtained and the entity will comply with the conditions attached to it.

If the grant relates to a given income, it is recognized as income over the period necessary to match it with the related costs which the grant is intended to compensate.

If the grant concerns particular asset, its fair value is recognized as deferred income and on a systematic basis recorded as revenue over the estimated useful life of the underlying asset.

2.3.19. Operating segments

An operating segment is a component of an entity:
- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- for which discrete financial information is available.

The operations of the Company are divided into:
- the Refining Segment which includes refinery products processing and wholesale, oil production and sale as well as supporting production,
- the Retail Segment which includes sales at petrol stations,
- the Petrochemical Segment which includes the production and wholesale of petrochemicals and production and sale of chemicals, and
- Corporate functions which is a reconciling item including activities related to management and administration and other support functions as well as the remaining activities not allocated to separate segments.

Segment revenues are revenues reported in the statement of comprehensive income that are directly attributable to a segment and the relevant portion of revenues that can be allocated on a reasonable basis to a segment, including revenues from sales to external customers and revenues from transactions with other segments.

Segment expenses are expenses resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion of expenses that can be allocated on a reasonable basis to the segment, including expenses relating to sales to external customers and expenses relating to transactions with other segments.

Segment expenses do not include:
- income tax expense,
- interest, including interest incurred on advances or loans from other segments, unless the segment's operations are primarily of a financial nature,
- losses on sales of investments or losses on extinguishment of debt unless the segment's operations are primarily of a financial nature,
- general and administrative expenses and other expenses arising at the level of the Company as a whole, unless they are directly attributable to the segment and can be allocated to the segment on a reasonable basis.

Segment assets are those operating assets that are employed by that segment in operating activity and that are either directly attributable to the segment or can be allocated to the segment on a reasonable basis. Particularly segment assets do not include assets connected with income tax.

The revenues, result, assets of a given segment are defined before inter-segment adjustments are made, after adjustments within a given segment.

Sales prices used in transactions between segments are close to market prices.

2.3.20. Contingent liabilities and contingent assets

Contingent liabilities are not recognized in the statement of financial position however the information on contingent liabilities is disclosed in the financial statements unless the probability of outflow of resources embodying to economic benefits is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent assets are not recognized in the statement of financial position, however the respective information on the contingent asset is disclosed in the financial statements if the inflow of economic benefits is probable.

2.3.21. Revenues

a) Revenues from sale

Revenues from sale are recognized when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the sale transaction will flow to the Company and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenues from sale of finished goods, merchandise, and raw materials are recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods. Revenues include received or due payments for delivered goods or merchandise decreased by the amount of any trade discounts, value added tax (VAT), excise tax and fuel charges. Revenues are measured at fair value of the received or due payments. Revenues realized on settlement of financial instruments hedging cash flows adjust revenues from sale.

Revenues and costs concerning rendering of services, whose beginning and end fall within different reporting periods, are recognized by reference to the stage of completion of the contract, when the outcome of a contract can be estimated reliably, it is probable that the economic benefits will flow to the Company and the stage of contract completion can be measured reliably. When these conditions are not met, revenue is recognized only to the extent of the expenses recognized that are recoverable.

b) Revenues from licenses, royalties and trade marks

They are recognized on an accrual basis in accordance with the substance of the relevant agreements. Prepayments are recognized as deferred income and settled in the periods when economic benefits are realized according to the agreements.

c) Franchise revenues

They are recognized in accordance with the substance of the relevant agreement, in a way reflecting the reason of charging with franchise fees.

2.3.22. Costs

The Company recognizes costs in accordance with accrual basis and prudence.

a) **Cost of sales -** comprise costs of finished goods sold and costs of services sold, including services of support functions.

b) **Distribution expenses -** include selling brokerage expenses, trading expenses, advertising and promotion expenses as well as distribution expenses.

c) **General and administrative expenses -** include expenses relating to management and administration of the Company as a whole.

2.3.23. Other operating revenues and expenses

Other operating revenues refer to operating revenues, in particular relating to revenues from liquidation and sale of non-financial non-current assets, surplus of assets, return of court fees, penalties earned, grants other than those for construction in progress, acquisition of fixed assets and the execution of development work, property assets received free of charge, reversal of receivable impairment allowances and provisions, compensations earned, revaluation gains and revenues on disposal of investment property.

Other operating costs refer to operating costs, in particular relating to costs of liquidation and sale of non-financial non-current assets, shortages of assets, court fees, contractual penalties and fines, penalties for non-compliance with environmental protection regulations, cash and property assets granted free of charge, impairment allowances (except those that are recognized as financial expenses), compensations paid, write-off of construction in progress which have not produced the desired economic effect, research costs, cost of recovery of receivables and liabilities, revaluation losses and cost of investment property sold.

2.3.24. Financial revenues and expenses

Financial revenues include, in particular, revenues from the sale of shares and other securities, dividends received, interest earned on cash in bank accounts, term deposits and loans granted, increase in the value of financial assets and foreign exchange gains.

Financial costs include, in particular, cost of shares and securities sold and costs associated with such sale, impairment losses relating to financial assets such as shares, securities and interest receivables, foreign exchange losses, interest on bonds and other securities issued, interest on finance lease, commissions on bank loans, borrowings, guarantees, interest costs.

2.3.25. Income tax

Income tax comprises current tax and deferred tax.

Current tax is determined in accordance with the relevant tax law based on the taxable profit for a given period.

Current tax liabilities represent the amounts payable at the reporting date. If the amount of the current income tax paid exceeds the amount due the excess is recognized as a receivable.

Deferred tax assets are recognized for deductible temporary differences, unrealized tax losses and unrealized tax relieves.

Deferred tax liabilities are recognized for taxable temporary differences.

Deductible temporary differences are temporary differences that will result in reducing taxable amounts of future periods when the carrying amount of the asset or liability is recovered or settled. Deductible temporary differences arise when the carrying amount of an asset is lower than its tax base or when the carrying amount of a liability is higher than its tax base. Deductible temporary differences may also arise in connection with items not recognized in the accounting records as assets or liabilities. Tax base is determined in relation to expected recovery of assets or settlement of liabilities.

Taxable temporary differences are temporary differences that will result in increasing taxable amounts of future periods when the carrying amount of the asset or liability is recovered or settled. Taxable temporary differences arise when the carrying amount of an asset is higher than its tax base or when the carrying amount of a liability is lower than its tax base. Taxable temporary differences may also arise in connection with items not recognized in the accounting records as assets or liabilities. Tax base is determined in relation to expected recovery of assets or settlement of liabilities.

The Company does not recognize deferred tax assets and deferred tax liabilities for temporary differences resulting from the initial recognition of an asset or liability in a transaction which is not a business combination, and, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability is not recognized for goodwill, whose amortization is not a tax deductible cost.

The deferred tax assets and liabilities are measured at each reporting date using enacted tax rates binding for the year in which the tax obligation arises, based on tax rates published in tax law.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized (impairment analysis of deferred tax assets at the end of each reporting date).

Deferred tax assets and liabilities are not discounted.
Deferred tax assets and liabilities relating to transactions recognized in other comprehensive income are recognized in other comprehensive income.

Deferred tax assets and liabilities are accounted for as non-current assets or long-term liabilities in the statement of financial position.

Deferred tax assets and liabilities are offset in the statement of financial position, if the Company has a legally enforceable right to set off the recognized amounts. It is assumed that a legally enforceable right exists if the amounts concern the same tax payer, except for amounts taxed based on lump sum method or in a similar way, if tax law does not allow to offset them with tax determined according to general rules.

2.3.26. Earnings per share

Basic earnings per share are calculated by dividing the net profit for a given period attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share for each period are calculated by dividing the net profit for a given period adjusted by changes of the net profit resulting from conversion of the dilutive potential ordinary shares by the adjusted weighted average number of ordinary shares.

2.3.27. Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

The functional currency of the Company is Polish Złoty.

At the end of each reporting period:
- foreign currency monetary items including units of currency held by the Company as well as receivables and liabilities due in defined or definable units of currency are translated using the closing rate, i.e. spot exchange rate as at the end of the reporting period,
- non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognized in the net amount in profit or loss in the period in which they arise, except for monetary items hedging currency risk, that are accounted for in accordance with cash flows hedge accounting.

2.3.28. Statement of cash flows

The statement of cash flows is prepared using indirect method.

Cash and cash equivalents presented in the statement of cash flows include cash and cash equivalents less bank overdrafts, if they form an integral part of the Company's cash management.

Dividends received are presented in cash flows from investing activities.
Dividends paid are presented in cash flows from financing activities.

Interest paid on bank loans and borrowings received, debt securities issued, finance leases and cash pool are presented in cash flows from financing activities. Other interest paid are presented in cash flows from operating activities.

Interest received from finance leases, loans granted and short-term securities are presented in cash flows from investing activities. Other interest received are presented in cash flows from operating activities.

Cash flows from corporate income tax are presented in cash flows from operating activities.

2.3.29. Changes in accounting policies, estimates, prior periods' errors

The Company changes an accounting policy only if the change:
- is required by change in the accounting law;
- results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the Company's financial position, financial performance or cash flows.

Changes in accounting policies are applied retrospectively. The related adjustments are presented in equity – in retained earnings. To ensure that data are comparable the Company adjusts appropriately the financial statements for the previous years (comparative data) as if the new accounting policy had always been applied.

Estimates are revised if changes occur in the circumstances on which an estimate was based or as a result of new information, development of a situation or gaining more experience.

The prior period errors are corrected by the equity – retained earnings. When preparing financial statements, the assumption is made that the error was corrected in the period, in which it was made. It means that the amount of the correction relating to the prior period should be included in the statement of comprehensive income of that period.

3. The Management Board estimates and assumptions

The preparation of financial statements in accordance with IFRSs requires that the Management Board makes expert estimates and assumptions that affect the adopted methods and presented amounts of assets, liabilities, revenues and expenses. The estimates and related assumptions are based on historical expertise and other factors regarded as reliable in given circumstances and their effects provide grounds for expert assessment of the carrying amount of assets and liabilities which is not based directly on any other factors.

In the matters of considerable weight, the Management Board bases its estimates on opinions of independent experts.

Actual results may differ from the estimated values.

The estimates and related assumptions are verified on a regular basis. Changes in accounting estimates are recognized in the period when they are made only if they refer to that period or in the present and future periods if they concern both the present and future periods.

Judgments, which have a significant impact on carrying amounts recognized in the unconsolidated financial statements were disclosed in the following notes:
- Financial instruments classification, the use of hedge accounting, methods of fair value measurement concerning financial instruments, nature and extent of risks related to financial instruments (note 28),
- Leases classification (note 29).

Estimates and assumptions, which have a significant impact on carrying amounts recognized in the unconsolidated financial statements were disclosed in the following notes:
- Impairment of property, plant and equipment (note 5 and note 9), intangible assets (note 6), non-current financial assets (note 8), inventory (note 11), trade and other receivables (note 12),
- Short-term financial assets (note 13),
- Provisions (note 17),
- Contingent liabilities (note 35),
- Information concerning significant proceedings in front of court, body appropriate for arbitration proceedings or in front of public administration bodies (note 36).

4. Operating segments

In accordance with new requirements concerning segment reporting implemented on 1 January 2009 by IFRS 8 – Operating Segments, PKN ORLEN presents a new segment division.

The Company's activities are allocated to:

(all amounts in PLN thousand)

- the Refining Segment – refinery products processing and wholesale, oil production and sale as well as supporting production,
- the Retail Segment – sale at petrol stations,
- the Petrochemical Segment - production and sale of petrochemicals and chemicals,
- Corporate Functions.

Corporate functions are a reconciling position (note 2.3.19).

The most significant changes in comparison to previously presented segment division:
- wholesale and logistics, previously presented in the Refining Segment, were divided in adequate values into the Refining and Petrochemical Segment,
- sale at petrol stations, previously presented in the Refining Segment, is presented as a separate Segment,
- support functions, previously presented in other operations, was allocated to adequate segments (regarding the kind of provided services)
- corporate functions were distinguished. It includes all activities related to management, administration and other support functions as well as the remaining activities not allocated to separate segments.

Accounting principles used in reportable segments are in line with the Company accounting principles, described in the note 2. The segment's profit is the profit generated by respective segments without the allocation of central administration costs and remuneration of the Management Board, financial revenues and expenses, as well as income tax expenses. This information is passed on to chief operating decision makers responsible for allocation of resources and evaluation of segment results.

Transactions between segments are arm's length transactions. Revenues from transactions with external parties presented to the Management Board are measured coherently to the method used in the statement of comprehensive income.

The Management Board evaluates the results of segment activities based on the segment EBIT.

4.1. Revenue and financial result by segment

Data concerning revenues and financial result by segment for the year ended 31 December 2009:

	Refining Segment for the year ended 31/12/2009	Retail Segment for the year ended 31/12/2009	Petrochemical Segment for the year ended 31/12/2009	Corporate Functions for the year ended 31/12/2009	Adjusments for the year ended 31/12/2009	Total for the year ended 31/12/2009
Sales to external costumers	34 307 171	10 201 952	2 902 516	69 639	-	47 481 278
Transactions with other segments	28 138 610	-	5 096 278	45 138	(33 280 026)	-
Total sales revenues	62 445 781	10 201 952	7 998 794	114 777	(33 280 026)	47 481 278
Total operating expenses*	(61 553 114)	(9 486 908)	(8 265 350)	(538 316)	33 280 026	(46 563 662)
Other operating revenues	382 751	57 657	69 876	128 144	-	638 428
Other operating expenses	(336 391)	(115 722)	(71 245)	(242 380)	-	(765 738)
Segment result	**939 027**	**656 979**	**(267 925)**	**(537 775)**	**-**	**790 306**
Financial revenues						1 756 368
Financial expenses						(638 862)
Profit before tax						**1 907 812**
Income tax expense						(271 927)
Net profit						**1 635 885**
*** including depreciation and amortisation**	**487 677**	**197 593**	**218 246**	**66 749**	**-**	**970 265**
Additions to non-current assets	**501 061**	**195 911**	**1 859 580**	**71 590**	**-**	**2 628 061**

(all amounts in PLN thousand)

Data concerning revenues and financial result by segment for the year ended 31 December 2008:

	Refining Segment for the year ended 31/12/2008	Retail Segment for the year ended 31/12/2008	Petrochemical Segment for the year ended 31/12/2008	Corporate Functions for the year ended 31/12/2008	Adjusments for the year ended 31/12/2008	Total for the year ended 31/12/2008
Sales to external costumers	42 433 431	10 699 912	4 030 800	60 721	-	57 224 864
Transactions with other segments	33 167 325	-	6 179 670	48 927	(39 395 922)	-
Total sales revenues	75 600 756	10 699 912	10 210 470	109 648	(39 395 922)	57 224 864
Total operating expenses*	(75 325 309)	(10 129 777)	(9 859 952)	(603 907)	39 395 922	(56 523 023)
Other operating revenues	50 085	28 475	3 484	277 568	-	359 612
Other operating expenses	(23 810)	(108 798)	(6 471)	(286 020)	-	(425 099)
Segment result	**301 722**	**489 812**	**347 531**	**(502 711)**	**-**	**636 354**
Financial revenues						1 255 679
Financial expenses						(3 955 090)
(Loss) before tax						**(2 063 057)**
Income tax expense						492 110
Net (loss)						**(1 570 947)**
*** including depreciation and amortisation**	**504 385**	**173 291**	**214 263**	**55 980**	**-**	**947 919**
Additions to non-current assets	**792 393**	**359 049**	**860 488**	**57 300**	**-**	**2 069 230**

Data concerning revenues and financial result by segment for the year ended 31 December 2008 in accordance with IAS 14- Operating segments:

	Refining Segment for the year ended 31/12/2008	Retail Segment for the year ended 31/12/2008	Corporate Functions for the year ended 31/12/2008	Adjustments for the year ended 31/12/2008	Total for the year ended
Sales to external costumers	52 831 636	4 021 988	373 220	-	57 226 844
Transactions with other segments	11 689 234	3 077 868	1 038 872	(15 805 974)	-
Total sales revenues	64 520 870	7 099 856	1 412 092	(15 805 974)	57 226 844
Total operating expenses*	(63 720 136)	(6 782 106)	(1 242 225)	15 805 974	(55 938 493)
Other operating revenues	106 984	11 038	132 563	-	250 585
Other operating expenses	(229 163)	(15 647)	(44 285)	-	(289 095)
Segment result	**678 555**	**313 141**	**258 145**	**-**	**1 249 841**
Unallocated revenue of the Company					109 027
Unallocated expenses of the Company					(722 514)
Profit / (loss) from operations					**636 354**
Financial revenues					1 255 679
FInancial expenses					(3 955 090)
(Loss) before tax					**(2 063 057)**
Income tax expense					492 110
Net (loss)					**(1 570 947)**
*** including depreciation and amortisation**	**549 750**	**216 694**	**133 741**	**-**	**900 185**
Unallocated					47 734
					947 919
Capital expenditures	**957 034**	**860 488**	**189 823**	**-**	**2 007 345**
Unallocated					56 301
					2 063 646

Unconsolidated segment revenues do not include Customer Loyalty Program adjustment (IFRIC 13)

In 2008 capital expenditures comprised only the amounts concerning direct purchases of property, plant and equipment and intangible assets. According to IFRS 8 par 23b the scope of disclosers was extended to all additions to non-current assets other than financial instruments, deferred tax assets, assets from post-employment benefits and rights resulting from insurance contracts.

(all amounts in PLN thousand)

4.2. Other segment data

a) Assets by operating segment

	Segment assets	
	as at 31/12/2009	as at 31/12/2008
Refining Segment	14 740 047	13 308 410
Retail Segment	3 199 077	3 161 914
Petrochemical Segment	4 642 808	3 228 535
Total segment assets	**22 581 932**	**19 698 859**
Corporate Functions	14 434 419	12 300 745
	37 016 351	**31 999 604**
	Assets classified as held for sale	
Corporate Functions	10 631	11 094
	10 631	**11 094**

Reportable segments include all assets except for financial assets and tax assets. Goodwill was allocated to reportable segments. Assets used jointly by different segments are allocated based on revenues generated by particular segments.

Assets by operating segment in accordance with IAS 14 - Operating Segments

	Segment assets	Assets classified as held for sale
	as at 31/12/2008	as at 31/12/2008
Refining Segment	14 842 018	-
Petrochemical Segment	2 813 772	-
Other activities	2 083 611	-
Unallocated assets	12 260 203	11 094
	31 999 604	**11 094**

b) Recognition and reversal of impairment allowances:

	Recognition		Reversal	
	for the year ended 31/12/2009	for the year ended 31/12/2008	for the year ended 31/12/2009	for the year ended 31/12/2008
Refining Segment	(1 945)	(245 381)	1 164	1 354
Retail Segment	(69 328)	(45 653)	44 327	13 420
Petrochemical Segment	(10 115)	(8 577)	104	181
Corporate Functions	(102 077)	(1 853 890)	118 774	206 699
	(183 465)	**(2 153 501)**	**164 369**	**221 654**

Impairment allowances of assets by segment include items recognized in statement of comprehensive income i.e.:

- receivables allowances
- inventories allowances
- non-current assets impairment allowances

Recognition and reversal of allowances were performed in conjunction with revaluation of inventories, occurrence or extinction of indications in respect of overdue receivables, uncollectible receivables or receivables in court as well as potential impairment of property, plant and equipment, intangible assets and non-current financial assets.

Allowances recognized in the refining segment concerned primarily decrease in value of inventories. Allowances recognized in the retail segment concerned primarily petrol stations. Allowances for idle assets and obsolete raw materials were recognized in Corporate Functions.

(all amounts in PLN thousand)

Recognition and reversal of impairment allowances in accordance with IAS 14 - Operating Segments

	Recognition	Reversal
	for the year ended 31/12/2008	for the year ended 31/12/2008
Refining Segment	(341 128)	53 226
Petrochemical Segment	(24 982)	1 542
Other Activities	(20 121)	44 525
Unallocated	(1 756 608)	113 665
	(2 142 839)	**212 958**

Recognition and reversal of impairment allowances do not include interest receivable allowances.

c) Geographical information

The table below presents information regarding the Company's revenues divided geographically for the years 2009 and 2008.

	Revenues from sale to external customers	
	for the year ended 31/12/2009	for the year ended 31/12/2008
Poland	29 279 745	34 868 454
Germany	358 953	546 694
Czech Republic	5 420 636	6 885 761
Baltic States	11 595 690	14 153 407
Other countries including:	826 254	770 548
- Switzerland	-	23 886
- Denmark	522 910	485 295
- Ukraine	243 686	124 270
- Finland	-	1 408
	47 481 278	**57 224 864**

Unconsolidated revenues of the Company divided geographically for 2009 and 2008 do not include other operating revenues.

As at 31 December 2009 and 31 December 2008 the Company's assets were located in Poland.

(all amounts in PLN thousand)

4.3. Revenues from sale of core products and services

The Company's revenues from sale of core products and services are as follows:

	for the year ended 31/12/2009	for the year ended 31/12/2008
Refining Segment	**34 307 171**	**42 433 431**
Gasoline	3 854 756	4 185 649
Diesel fuel	8 779 562	10 852 701
Light heating oil	1 445 944	2 107 302
Jet A-1 fuel	567 072	1 062 663
Heavy heating oil	903 014	957 667
LPG	259 478	392 066
Oil	16 650 213	20 853 321
Other	1 847 132	2 022 062
Retail Segment	**10 201 952**	**10 699 912**
Gasoline	3 000 069	3 166 598
Diesel	4 695 914	5 099 927
LPG	812 289	936 115
Other	1 693 680	1 497 272
Petrochemicals Segment	**2 902 516**	**4 030 800**
Ethylene	1 215 185	1 472 530
Propylene	805 454	1 050 813
Toluene	165 826	202 909
Benzene	164 099	231 379
Butadiene	128 260	171 945
Glycol	144 510	229 860
Phenol	98 636	141 773
Ortoksylen	48 474	55 482
Acetone	48 033	68 230
Other	84 039	405 879
Corporate Functions	**69 639**	**60 721**
Revenues from sale	**47 481 278**	**57 224 864**

4.4. Information about major customers

In 2009 revenues from direct sales to major customers in the refining segment amounted to PLN 16,916,248 thousand and in the petrochemical segment to PLN 1,686,318 thousand.

5. Property, plant and equipment

	as at 31/12/2009	as at 31/12/2008
Land	267 666	263 231
Buildings and constructions	4 898 495	4 989 834
Machinery and equipment	2 172 334	2 299 100
Vehicles and other	195 568	192 576
Construction in progress	3 545 954	1 733 165
	11 080 017	**9 477 906**

(all amounts in PLN thousand)

Changes in property, plant and equipment by class:

	Land	Buildings and constructions	Machinery and equipment	Vehicles and other	Construction in progress	Total
Gross book value						
1 January 2009	266 413	7 445 730	6 351 632	476 464	1 771 649	16 311 888
Acquisition	-	24 276	12 241	20 125	2 552 018	2 608 660
Reclassification	3 360	281 832	392 654	44 020	(720 541)	1 325
Decrease	(82)	(26 685)	(104 593)	(28 716)	(12 809)	(172 885)
31 December 2009	**269 691**	**7 725 153**	**6 651 934**	**511 893**	**3 590 317**	**18 748 988**
Accumulated depreciation and impairment allowances						
1 January 2009	3 182	2 455 896	4 052 532	283 888	38 484	6 833 982
Depreciation	-	365 695	522 980	47 634	-	936 309
Other increases	-	9 226	5 636	2 976	-	17 838
Impairment allowances	(1 157)	12 314	2 182	5 869	5 879	25 087
recognition	-	45 884	4 766	6 477	7 763	64 890
reversal	(1 157)	(33 570)	(2 584)	(608)	(1 884)	(39 803)
Decrease	-	(16 473)	(103 730)	(24 042)	-	(144 245)
31 December 2009	**2 025**	**2 826 658**	**4 479 600**	**316 325**	**44 363**	**7 668 971**
Gross book value						
1 January 2008	252 881	6 991 515	6 098 997	456 850	771 817	14 572 060
Acquisition	10	2 468	1 022	5 988	2 048 940	2 058 428
Reclassification	15 232	541 998	386 066	29 738	(1 032 862)	(59 828)
Decrease	(1 710)	(90 251)	(134 453)	(16 112)	(16 246)	(258 772)
31 December 2008	**266 413**	**7 445 730**	**6 351 632**	**476 464**	**1 771 649**	**16 311 888**
Accumulated depreciation and impairment allowances						
1 January 2008	-	2 149 526	3 667 599	243 506	39 290	6 099 921
Depreciation	-	356 347	514 440	52 849	-	923 636
Other increases	-	44	875	12	-	931
Impairment allowances	3 182	12 377	678	429	(806)	15 860
recognition	3 182	50 921	3 711	747	7 034	65 595
reversal	-	(38 544)	(3 033)	(318)	(7 840)	(49 735)
Decrease	-	(62 398)	(131 060)	(12 908)	-	(206 366)
31 December 2008	**3 182**	**2 455 896**	**4 052 532**	**283 888**	**38 484**	**6 833 982**
Net book value						
1 January 2009	**263 231**	**4 989 834**	**2 299 100**	**192 576**	**1 733 165**	**9 477 906**
31 December 2009	**267 666**	**4 898 495**	**2 172 334**	**195 568**	**3 545 954**	**11 080 017**
1 January 2008	**252 881**	**4 841 989**	**2 431 398**	**213 344**	**732 527**	**8 472 139**
31 December 2008	**263 231**	**4 989 834**	**2 299 100**	**192 576**	**1 733 165**	**9 477 906**

Impairment allowances for property, plant and equipment as at 31 December 2009 and 31 December 2008 amounted to PLN 169,207 thousand and PLN 144,120 thousand, respectively.

Impairment allowances disclosed in the property, plant and equipment movement table are equal to the amount by which the carrying amount of assets exceeds their recoverable amount. Recognition and reversal of impairment allowances for property, plant and equipment are recognized in other operating activities. The impairment allowances relate primarily to fuel warehouses and petrol stations.

As at 31 December 2009, the Company reviewed economic useful lives of property, plant and equipment applied afore, according to its accounting policy. Should the rates from the previous year be applied, depreciation expense for 2009 would be higher by PLN 13,476 thousand.

The gross book value of all fully depreciated property, plant and equipment still in use as at 31 December 2009 amounted to PLN 2,165,968 thousand and as at 31 December 2008 amounted to PLN 1,561,634 thousand.

The carrying amount of property, plant and equipment retired from active use and not classified as held for sale amounted to PLN 18,351 thousand as at 31 December 2009.

(all amounts in PLN thousand)

6. Intangible assets

	as at 31/12/2009	as at 31/12/2008
Acquired patents, trade marks and licenses	124 353	83 342
Other	4 379	1 991
	128 732	**85 333**

The changes of intangible assets were as follows:

	Acquired patents, trade marks and licenses	Other	Total
Gross book value			
1 January 2009	279 958	14 296	294 254
Acquisition	2 591	2 556	5 147
Other increases	1 430	-	1 430
Reclassification	73 912	-	73 912
Decrease	(34 754)	(10 296)	(45 050)
31 December 2009	**323 137**	**6 556**	**329 693**
Accumulated amortisation and impairment allowances			
1 January 2009	196 616	12 305	208 921
Amortisation	32 848	-	32 848
Other increases	641	167	808
Impairment allowances	2 991	-	2 991
recognition	2 991	-	2 991
reversal	-	-	-
Decrease	(34 312)	(10 295)	(44 607)
31 December 2009	**198 784**	**2 177**	**200 961**
Gross book value			
1 January 2008	232 482	12 018	244 500
Acquisition	197	8 496	8 693
Other increases	13	-	13
Reclassification	50 944	-	50 944
Decrease	(3 678)	(6 218)	(9 896)
31 December 2008	**279 958**	**14 296**	**294 254**
Accumulated amortisation and impairment allowances			
1 January 2008	176 725	9 183	185 908
Amortisation	23 223	-	23 223
Other increases	13	9 342	9 355
Impairment allowances	(1)	(2)	(3)
recognition	-	-	-
reversal	(1)	(2)	(3)
Decrease	(3 344)	(6 218)	(9 562)
31 December 2008	**196 616**	**12 305**	**208 921**
Net book value			
1 January 2009	**83 342**	**1 991**	**85 333**
31 December 2009	**124 353**	**4 379**	**128 732**
1 January 2008	**55 757**	**2 835**	**58 592**
31 December 2008	**83 342**	**1 991**	**85 333**

(all amounts in PLN thousand)

Impairment allowances for intangible assets as at 31 December 2009 and 31 December 2008 amounted to PLN 3,035 thousand and PLN 44 thousand, respectively.

In 2009 the Company reviewed economic useful lives of intangible assets applied afore. Should the rates from the previous year be applied amortization expense for 2009 would be higher by PLN 2,778 thousand. The gross book value of all fully amortized intangible assets still in use as at 31 December 2009 amounted to PLN 133,486 thousand and as at 31 December 2008 to PLN 166,146 thousand.

Recognition and reversal of impairment allowances of intangibles assets are recognized in other operating activities.

CO_2 emission rights

As at 31 December 2008 the Company possessed both CO_2 emission rights granted free of charge and acquired on the market.

CO_2 emission rights were granted on the basis of the Council of Ministers Regulation on the National Allocation Plan resulting from the Kyoto Protocol dated 11 December 1997 to the United Nations Framework Convention on Climate Change, adopted by the European Union.

CO_2 emission rights in PKN ORLEN	Quantity (tonnes) for the year ended 31/12/2009
CO_2 emission rights as at 31 December 2008	**6 579 147**
CO_2 emission rights settled in 2008	(6 085 595)
CO_2 emission rights received and acquired in 2009	6 579 147
Sale of CO_2 emission rights in 2009	(7 072 000)
CO_2 emission rights as at 31 December 2009	**699**
Emission in 2009	(6 062 506)
Shortage for the year 2009	**(6 061 807)**
Forward purchase transactions concluded in 2009	**7 072 000**

The Company changed presentation of information on CO_2 emission rights as compared to 2008. The presentation of CO_2 rights granted for the 5-year settlement period was changed to presentation of quantity of possessed CO_2 emission rights. The new presentation reflects actual quantity of rights, as registered on the settlement accounts.

On 14 November 2008 when the emission rights were granted market value of 1 CO_2 emission right amounted to EUR 17.50, and on 31 December 2009 market value of 1 CO_2 emission right amounted to EUR 12.33.

Concessions

As at 31 December 2009 and 31 December 2008 the Company possessed concessions for public services due to which annual concession fees recognized in the financial result for a given period are paid.

The Company, as the owner of particular concessions granted by proper bodies of the public administration, possesses concessions for the following activities:
- manufacturing of electrical energy;
- trade in electrical energy;
- transportation and distribution of electrical energy;
- manufacturing of heating energy;
- transportation and distribution of heating energy;
- trade in heating energy;
- trade in liquid fuels;
- manufacturing of liquid fuels;
- storage of liquid fuels;
- trade in gas fuels;
- trade in natural gas with foreign countries;
- exploration and recognition of crude oil and natural gas.

(all amounts in PLN thousand)

Concessions for trade, transportation, distribution and manufacturing of electrical energy as well as concession for manufacturing, transportation and distribution of heating energy were granted for the period of 18 years (till 31 December 2025). Concessions for trade and manufacturing of liquid fuels were granted for 17 years (till 31 December 2025). Concession for storage of liquid fuels was granted for the period of 16 years (till 31 December 2025). Concession for trade in heating energy was granted for 10 years (till 15 April 2013). Concessions for trade in gas fuels and natural gas with foreign countries were also granted for 10 years (till June 2013). Concessions for exploration and recognition of crude oil and natural gas were granted for 5 years (till 30 October 2012).

7. Perpetual usufruct of land

The titles to perpetual usufruct of land obtained under an administrative decision were recognized as off balance sheet items in the amount of PLN 871,603 thousand as at 31 December 2009 and of PLN 882,567 thousand as at 31 December 2008. These rights were revalued to fair value as at 1 January 2004.

8. Non-current financial assets, shares in related entities

8.1. Shares in related entities

	Seat	as at 31/12/2009	as at 31/12/2008	Company's share in capital / voting rights as at 31/12/2009	Company's share in capital / voting rights as at 31/12/2008	Principal activity
Subsidiaries and jointly controlled entities						
AB ORLEN Lietuva (formerly AB Mazeikiu Nafta)	Lithuania – Juodeikiai	6 510 686	5 511 965	100%	90.02%	processing of crude oil
UNIPETROL a.s.	Czech Republic – Praha	1 812 882	1 812 882	62.99%	62.99%	asset management of the Unipetrol Group
Basell ORLEN Polyolefins Sp. z o.o.	Poland – Plock	453 699	453 699	50%	50%	production, distribution and sale of polyolefins
ORLEN Deutschland GmbH	Germany– Elmshorn	503 803	503 803	100%	100%	asset management and retail fuel sale
Anwil S.A.	Poland – Wloclawek	176 200	176 200	84.79%	84.79%	production of nitrogen fertilizers, PVC
ORLEN PetroCentrum Sp. z o.o.	Poland – Plock	83 631	83 631	100%	100%	liquid fuels trade
ORLEN Eko Sp. z o.o.	Poland – Plock	79 500	94 500	100%	100%	waste management, processing of non-metal waste
Rafineria Trzebinia S.A.	Poland – Trzebinia	74 503	74 503	77.15%	77.15%	processing of paraffin, production and trade in fuels and oil
Rafineria Nafty Jedlicze S.A.	Poland – Jedlicze	64 000	64 000	75%	75%	processing of paraffin, production and trade in oil-derivates
ORLEN Oil Sp. z o.o.	Poland – Krakow	57 144	57 144	51.69%	51.69%	sale of chemical, refinery and petrochemical products
ORLEN Asfalt Sp. z o.o.	Poland – Plock	50 000	50 000	82.46%	82.46%	manufacturing and processing of crude oil refining products
ORLEN Transport S.A.	Poland – Plock	39 362	58 946	100.00%	100%	transport services
Other		268 536	236 171			
Associates						
Polkomtel S.A.	Poland - Warszawa	1 159 190	1 162 884	24.39%	24.39%	rendering mobile telecommunication services
Other		-	397			
Carrying amount		**11 333 136**	**10 340 725**			

As at 31 December 2009 and 31 December 2008 impairment allowances of shares in related entities amounted to PLN 1,746,177 thousand and PLN 1,749,111 thousand, respectively.

8.2. Financial assets available for sale

	Seat	as at 31/12/2009	as at 31/12/2008	Company's share in capital / voting rights as at 31/12/2009	Company's share in capital / voting rights as at 31/12/2008	Principal activity
Naftoport Sp. z o.o.	Poland – Gdansk	31 026	31 026	14.10%	14.10%	construction, operation and maintenance of loading station for liquid fuels
Wodkan S.A.	Poland – Ostrow Wielkopolski	869	1 142	2.69%	2.84%	plumbing services
Other		183	136			
Carrying amount		**32 078**	**32 304**			

(all amounts in PLN thousand)

As at 31 December 2009 and 31 December 2008 impairment allowances of assets available for sale amounted to PLN 72,101 thousand and PLN 74,092 thousand, respectively.

9. Impairment of non-current assets

As at 31 December 2009 the Company carried out an impairment test for particular Cash Generating Units (CGUs) where indicators for impairment as according to IAS 36 were identified. Tests results showed the lack of necessity to recognize or reverse of impairment allowances.

As at 31 December 2008 the most significant impairment allowance of assets concerned AB ORLEN Lietuva shares and amounted to PLN (1,729,780) thousand. The pre-tax discount rate for shares in AB ORLEN Lietuva amounted to 11.16%. Since USD is the functional currency of AB ORLEN Lietuva, the risk free rate was calculated on the basis of interest rates of US treasury bonds.

Information about the circumstances for impairment test for 2008 was presented in unconsolidated financial statements of PKN ORLEN for the year 2008 (note 7.4).

The analysis were performed based on financial projections of PKN ORLEN included in the approved Midterm Plan for the years 2009-2013 adjusted by approved budgets for 2010 and 2009, as per financial model for the year 2009 and 2008, respectively. The projections for the following years were estimated on the basis of prior year data with adjustments changing the cash flows to the adequate level. The period of CGU analysis was established on the basis on planned useful life of assets for the particular CGU.

The Company's future financial performance is based on number of variables and assumptions, that are in respect of macroeconomic factors, such as foreign exchange rates, commodity prices, interest rates, partially out of the Company's control. The change of these variables and assumptions might influence the Company's financial position, including the results of the impairment tests of non-current assets, and consequently might lead to changes in financial position and performance of the Company.

Information about recognitions and reversals of allowances by category is included in property, plant and equipment movements table (note 5), intangible assets movement table (note 6), notes concerning non-current financial assets (notes 8 and 25). The respective segment information is included in the note 4.

Should the prior year's assumptions be used, the value of the impairment allowance would be similar.

10. Non-current loans and receivables

	as at 31/12/2009	as at 31/12/2008
Loans granted	41 082	-
Receivables from additional repayable payments to subsidiaries' equity	14 721	14 721
Other	300	400
	56 103	**15 121**

11. Inventory

	as at 31/12/2009	as at 31/12/2008
Raw materials	4 460 492	3 802 896
Work in progress	288 937	398 522
Finished goods	2 318 270	1 931 946
Merchandise	230 957	196 918
	7 298 656	**6 330 282**

As at 31 December 2009 and 31 December 2008 impairment allowances of inventories amounted to PLN 7,288 thousand and PLN 245,551 thousand, respectively. Impairment allowances of inventories are presented in cost of sales.

(all amounts in PLN thousand)

Entrepreneurs operating on the Polish market were obliged by the end of 2009 to create mandatory reserves of crude oil and fuels (excluding LPG) at the level of minimum 76-day average of production or import realized by a producer or a trading entity in the previous year.
For LPG the obligatory quantity corresponds to at least 13day period.

The detailed methods of calculation and formation of the mandatory reserves of liquid fuels in Poland are contained in the Minister of Economy Regulation of 28 August 2009 (Official Journal no 150 item 1211).

As at 31 December 2009 and 31 December 2008 the gross value of mandatory reserves held by the Company amounted to PLN 5,421,898 thousand and PLN 4,958,207 thousand, respectively.

12. Trade and other receivables

	as at 31/12/2009	as at 31/12/2008
Trade receivables	3 918 827	3 358 176
Excise tax and fuel charge receivables	188 876	189 690
Other taxes, duty and social security receivables	187 495	112 212
Receivables due to sale of property, plant and equipment	1 015	3 218
Advances for construction in progress	150 009	469 550
Prepayments for deliveries	8 610	10 916
Other receivables	42 958	18 975
Total trade and other receivables net	4 497 790	4 162 737
Receivables allowance	281 684	288 125
	4 779 474	**4 450 862**

As at 31 December 2009 and 31 December 2008 receivables denominated in foreign currencies amounted to PLN 1,587,564 thousand and PLN 726,267 thousand, respectively.

Trade receivables result primarily from sales of finished goods and sales of merchandise.

Receivables allowances are presented in other operating activity and financial activity.

13. Short-term financial assets

	as at 31/12/2009	as at 31/12/2008
Financial assets at fair value through profit or loss	20 233	112 304
Derivatives recognized in financial assets designated as hedging instruments - hedge accounting	81 666	132 550
Cash pool receivables	25 005	-
Loans granted	17	50 207
Purchased bonds	1 004	10 073
	127 925	**305 134**

14. Cash and cash equivalents

	as at 31/12/2009	as at 31/12/2008
Cash on hand and in bank	1 931 495	411 811
Other cash (including cash in transit)	32 908	31 127
	1 964 403	**442 938**

(all amounts in PLN thousand)

As at 31 December 2009 and 31 December 2008 cash and cash equivalents denominated in foreign currencies amounted to PLN 754,421 thousand and PLN 165,876 thousand, respectively.

15. Shareholders' equity

In accordance with the Commercial Register, the share capital of Polski Koncern Naftowy ORLEN S.A. as at 31 December 2009 amounted to PLN 534,636 thousand. It is divided into 427,709,061 ordinary shares with nominal value of PLN 1.25 each.

The share capital as at 31 December 2009 and 31 December 2008 consisted of the following series of shares:

	Number of shares issued as at 31/12/2009	Number of shares issued as at 31/12/2008	Number of shares authorized as at 31/12/2009	Number of shares authorized as at 31/12/2008
Series A	336 000 000	336 000 000	336 000 000	336 000 000
Series B	6 971 496	6 971 496	6 971 496	6 971 496
Series C	77 205 641	77 205 641	77 205 641	77 205 641
Series D	7 531 924	7 531 924	7 531 924	7 531 924
	427 709 061	**427 709 061**	**427 709 061**	**427 709 061**

In 2009 and 2008 there was no additional issue of shares.
In Poland, each new issuance of shares is labeled as a new series of shares. All of the above series have the exact same rights.

As at 31 December 1996, in accordance with IAS 29.24 and 29.25 the share capital and share premium were revalued on a basis of monthly general price indices by PLN 691,802 thousand (PLN 522,999 thousand concerning revaluation of share capital and PLN 168,803 thousand concerning revaluation of share premium) and presented as share capital revaluation adjustment (note 15.1) and share premium revaluation adjustment (note 15.2).

The balance of the hedging reserve results from valuation of derivatives meeting the criteria for cash flow hedge accounting.

Capital management

The purpose of PKN ORLEN regarding capital management is to protect the Company's ability to continue its operations as a going concern while maximizing returns for shareholders.
The Management Board monitors return on equity ratio (ROE), which is defined as a ratio of result from operations to equity. As at 31 December 2009 and 31 December 2008 ROE amounted to 5% and 4%, respectively.
The Management Board monitors the level of the dividend attributable to ordinary shares as well. Additionally, the Company monitors debt ratio.

	as at 31/12/2009	as at 31/12/2008
Indebtness	10 519 026	10 230 398
Cash and cash equivalents	1 964 403	442 938
Net debt	8 554 623	9 787 460
Share capital	17 132 898	15 381 876
Net debt to equity	50%	64%

(all amounts in PLN thousand)

15.1. Share capital

	as at 31/12/2009	as at 31/12/2008
Share capital	534 636	534 636
Share capital revaluation adjustment	522 999	522 999
	1 057 635	**1 057 635**

15.2. Share premium

	as at 31/12/2009	as at 31/12/2008
Nominal share premium	1 058 450	1 058 450
Share premium revaluation adjustment	168 803	168 803
	1 227 253	**1 227 253**

15.3. Suggested distribution of the Company's profit for 2009 and cover of the loss for 2008 (values in PLN)

a) Suggested distribution of the profit for 2009

The Dividend Policy of PKN ORLEN S.A. assumes setting recommended level of dividend in relation to free cash flows for shareholders after realization of investment budget and optimization of capital structure („Free Cash Flow to Equity" – FCFE). According to the applied methodology the Management Board considers the dividend payment (taking into account result from operations, capital investments and projected changes in the level of indebtedness in the following period) starting from the level of 50% of FCFE (set as the minimum in the Dividend Policy).

Despite good results of the Company for the year 2009, the result of FCFE calculation is negative. Therefore, taking into consideration high level of the Company's indebtedness, the Management Board proposes to distribute the net profit for the year 2009 in the amount of PLN 1,635,885,461.24 to reserve capital of the Company.

b) Cover of the loss for 2008 according to the Resolution of the Ordinary General Shareholders' Meeting of PKN ORLEN

Pursuant to article 395 § 2 point 2 of the Commercial Act and § 7 section 7 point 3 of the Company's Articles of Association, the Ordinary General Shareholders' Meeting of PKN ORLEN S.A., having analyzed the motion of the Management Board and assessment of the Supervisory Board, has decided to cover the net loss for 2008 in the amount of PLN (1,570,947,088.55) with the Company's reserve capital.
The cover of the loss results from § 1 of the Resolution No 6 of the Ordinary General Shareholders' Meeting of PKN ORLEN dated 30 June 2009.

16. Interest-bearing loans

	long-term		short-term	
	as at 31/12/2009	as at 31/12/2008	as at 31/12/2009	as at 31/12/2008
Bank loans	9 209 678	-	376 987	9 438 735
Debt securities	762 087	767 723	170 274	23 940
	9 971 765	**767 723**	**547 261**	**9 462 675**

The value of interest-bearing loans drawn by the Company and debt securities issued increased as compared to the balance as at the end of the prior year by PLN 288,628 thousand.

a) Bank loans

- by currency (translated into PLN thousand)

	as at 31/12/2009	as at 31/12/2008
PLN	574 202	385 197
USD	3 691 470	3 160 972
EUR	5 320 993	5 892 566
	9 586 665	**9 438 735**

- by interest rate

	as at 31/12/2009	as at 31/12/2008
WIBOR	574 202	385 197
LIBOR	3 691 470	3 160 972
EURIBOR	5 320 993	5 892 566
	9 586 665	**9 438 735**

PKN ORLEN bases its financing on floating interest rate. Depending on the currency of financing these are one to six-month WIBOR, LIBOR or EURIBOR increased by margin. The margin reflects the risk connected to financing of the Company and depends on net debt to EBITDA ratio (result from operations increased by depreciation and amortization). As at 31 December 2009 the margin does not exceed 3.00 percentage points.

At the end of the reporting period unused credit lines exceeded short-term liabilities less current receivables by PLN 400,231 thousand.

As at 31 December 2009 and as at 31 December 2008 bank loans were not pledged on the Company's assets.

In the unconsolidated financial statements as at 31 December 2008 bank loans of PLN 9,051,266 thousand were reclassified 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 (result from operations increased by depreciation and amortisation) ratio, which was exceeded as at 31 December 2008. Detailed description is included in the unconsolidated financial statements for 2008 (note 7.11)

In April 2009 negotiations between PKN ORLEN S.A. 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.

Neither during the period covered by the foregoing financial statements, nor after the reporting date, there were no cases of violations of loans repayments in respect of both principle and interest.

b) Debt securities

- by expiration date

The balance of debt securities as at 31 December 2009 was as follows:

	Short-term fixed rate bonds	Lon-term floating rate bonds
Nominal value	170 500	750 000
Carrying amount	170 274	762 087
Expiration date	2010-01-29	2012-02-27
Type of surety	no surety	no surety

- by currency (translated into PLN thousand)

	as at 31/12/2009	as at 31/12/2008
PLN	932 361	791 663
	932 361	**791 663**

17. Provisions

	long-term		short-term	
	as at 31/12/2009	as at 31/12/2008	as at 31/12/2009	as at 31/12/2008
Environmental provision	232 801	234 304	24 391	38 600
Jubilee and retirement benefits provision	112 221	118 249	17 843	21 668
Business risk provision	3 173	3 800	26 073	517 614
Shield programs provision	-	49 266	46 216	25 669
Other	-	-	356 734	463
	348 195	**405 619**	**471 257**	**604 014**

In 2009 the following changes in provisions occurred:

Change in long-term provisions

	Environmental provision	Jubilee and retirement benefits provision	Business risk provision	Shield programs provision	Other	Total
1 January 2009	**234 304**	**118 249**	**3 800**	**49 266**	**-**	**405 619**
Recognition	-	992	-	-	-	992
Reclassification	-	-	-	(49 266)	-	(49 266)
Usage	-	-	-	-	-	-
Reversal	(1 503)	(7 020)	(627)	-	-	(9 150)
31 December 2009	**232 801**	**112 221**	**3 173**	**-**	**-**	**348 195**

Change in short-term provisions

	Environmental provision	Jubilee and retirement benefits provision	Business risk provision	Shield programs provision	Other	Total
1 January 2009	**38 600**	**21 668**	**517 614**	**25 669**	**463**	**604 014**
Recognition	-	14 001	70 237	-	356 499	440 737
Reclassification	-	-	(710)	49 265	710	49 265
Usage	(14 209)	(14 001)	(555 584)	(28 506)	(308)	(612 608)
Reversal	-	(3 825)	(5 484)	(212)	(630)	(10 151)
31 December 2009	**24 391**	**17 843**	**26 073**	**46 216**	**356 734**	**471 257**

(all amounts in PLN thousand)

In 2008 the following changes in provisions occurred:

Change in long-term provisions

	Environmental provision	Jubilee and retirement benefits provision	Business risk provision	Shield programs provision	Other	Total
1 January 2008	**275 000**	**104 932**	**3 800**	**58 022**	**12 217**	**453 971**
Recognition	-	16 111	556	-	-	16 667
Reclassification	(21 379)	-	4 179	(7 334)	(4 179)	(28 713)
Usage	(325)	-	-	-	-	(325)
Reversal	(18 992)	(2 794)	(4 735)	(1 422)	(8 038)	(35 981)
31 December 2008	**234 304**	**118 249**	**3 800**	**49 266**	**-**	**405 619**

Change in short-term provisions

	Environmental provision	Jubilee and retirement benefits provision	Business risk provision	Shield programs provision	Other	Total
1 January 2008	**46 388**	**13 783**	**421 449**	**52 348**	**62 286**	**596 254**
Recognition	594	17 296	153 624	2 822	21 141	195 477
Reclassification	21 379	-	2 262	7 335	(38 127)	(7 151)
Usage	(29 761)	(9 411)	(58 356)	(36 836)	(19 962)	(154 326)
Reversal	-	-	(1 365)	-	(24 875)	(26 240)
31 December 2008	**38 600**	**21 668**	**517 614**	**25 669**	**463**	**604 014**

Environmental provision

The Company has legal obligation to clean contaminated land in the area of production plant in Płock, petrol stations and fuel warehouses. Independent external experts conducted an assessment of the contaminated objects and estimated future expenditures on land reclamation. The amount of the land reclamation provision was reassessed by the Management Board on the basis of analysis of the independent experts. The amount of the provision is the Management Board's best estimate in respect of future expenditures taking into account the average level of costs necessary to remove contamination, by facilities constituting basis of creating the provision.
The potential future changes in regulations and common practice regarding environmental protection may influence the value of this provision in the future periods.

Provision for jubilee bonuses, retirement and pension benefits

The Company realizes the program of paying out the jubilee bonuses and post-employment benefits, which include retirement and pension benefits in line with remuneration systems in force as well as other post-employment benefits (Social Fund). The jubilee bonuses are paid to employees after elapse of a defined number of years in service. The retirement (pension) benefits are paid once at retirement (pension). The amount of retirement and pension benefits as well as jubilee bonuses depends on the number of years of service and an employee's average remuneration. The provision for Social Fund is calculated individually for each entitled individual. The base for the calculation of provision for an employee is expected benefit which the Company is obliged to pay in accordance with internal regulation. The present value of these obligations is estimated at the end of each reporting year by an independent actuary and adjusted if there are any material indications impacting the value of the obligations. The accrued liabilities equal discounted future payments, considering employee rotation and relate to the period ended at the last day of the reporting year.

(all amounts in PLN thousand)

- **Employee benefits**

Change in employee benefits obligations

	Jubilee bonuses provisions	Post-employment benefits	Total
Present value of obligations as at 01/01/2009	81 565	58 352	139 917
Current service cost	4 290	1 633	5 923
Interest expense	4 300	3 131	7 431
Actuarial gains and losses	(3 680)	(3 980)	(7 660)
Benefits paid	(11 044)	(4 503)	(15 547)
Carrying amount of obligations on 31/12/2009	**75 431**	**54 633**	**130 064**

	Jubilee bonuses provisions	Post-employment benefits	Total
Present value of obligations as at 01/01/2008	72 071	46 644	118 715
Current service cost	4 290	1 632	5 922
Interest expense	3 855	2 543	6 398
Actuarial gains and losses	9 577	9 960	19 537
Benefits paid	(8 228)	(2 427)	(10 655)
Carrying amount of obligations as at 31/12/2008	**81 565**	**58 352**	**139 917**

as at	Present value of employee benefits obligation
31/12/2009	130 064
31/12/2008	139 917
31/12/2007	118 715
31/12/2006	116 233
31/12/2005	125 116

Total expense recognized in profit or loss

	for the year ended 31/12/2009	for the year ended 31/12/2008
Current service cost	5 923	5 922
Interest cost	7 431	6 398
Actuarial gains and losses	(7 660)	19 537
	5 694	**31 857**

Costs of benefits are recognized in general and administrative expenses.

In 2009 the Company changed the assumptions for calculation of the jubilee bonuses, retirement and pension benefits provision. The changes relate mainly to discount rate and expected salary increase rate.

Should the prior year's assumptions be used, the provision for the jubilee bonuses and post-employment benefits would be higher by PLN 11,966 thousand.

(all amounts in PLN thousand)

For updating the provision at the end of the current period, the Company adopted the following actuarial assumptions:

	2009	2010	2011	2012 and following years
Discount rate	5.75%	5.75%	5.75%	5.75%
Rate of wage growth	5%	5%	5%	5% and 3.5% in other years
Predictable inflation	2.5%	2.5%	2.5%	2.5%

- Defined contribution plans

Based on the existing regulations the Company is obliged to contribute to the national retirement and pension plans. Upon payment of the contribution the Group has no further obligations in respect of payments made. The effects are recognized as employee benefits costs.

The amount recognized as an expense for the defined contribution plan concerning social insurance for the year ended 31 December 2009 and for the year ended 31 December 2008 stood at PLN 56,045 thousand and PLN 54,550 thousand, respectively.

Business risk provision

Business risks are described in detail in the note about court proceedings (note 36). Decrease of the business risk provision results mainly from settlement of the dispute with Agrofert a.s and ENERGA OPERATOR SA.

Shield programs provision

Employee shield programs were launched to support the restructuring process conducted in the Company. The programs provide additional money considerations and trainings for employees with whom the employment agreement was or would be dissolved by mutual consent due to reasons independent from employees by virtue of the restructuring process. Employees, who agreed to change the workplace, within the organization structure of PKN ORLEN, are entitled to receive the relocation package comprising: relocation bonus and refund of relocation costs.

Other provisions

The increase of other provision is mostly related to the recognition of the provision for acquirement of CO_2 emission rights required to settle the emission for 2009 amounting to PLN 340,103 thousand.

18. Other long-term liabilities

	as at 31/12/2009	as at 31/12/2008
Finance lease liabilities	48 742	42 138
Other	-	838
	48 742	**42 976**

(all amounts in PLN thousand)

19. Trade and other liabilities

	as at 31/12/2009	as at 31/12/2008
Trade liabilities	5 408 523	2 910 587
Excise tax and fuel charge liabilities	1 004 273	831 954
Value added tax liability	504 776	466 125
Other taxation, duty and social security liabilities	35 382	19 937
Liabilities due to acquisition of property, plant and equipement	1 009 067	543 863
Payroll liabilities	105 833	92 193
Holiday pay accrual	13 299	14 682
Special funds	5 729	5 729
Environmental liabilities	9 644	9 226
Accrued for investment liabilities	64 817	-
Finance lease liabilities	2 930	966
Other liabilities	31 331	32 737
	8 195 604	**4 927 999**

Trade and other liabilities denominated in foreign currencies amounted to PLN 5,142,025 thousand as at 31 December 2009 and PLN 1,986,597 thousand as at 31 December 2008.
The carrying amount of short-term trade liabilities is close to their fair value by virtue of their short-term characteristics.

20. Deferred income

	as at 31/12/2009	as at 31/12/2008
Subventions from National Enviroment Protection Fund and European Regional Development Fund	833	906
Unsettled points in loyalty program VITAY	64 565	72 845
Other	1 672	750
	67 070	**74 501**

The VITAY is a loyalty program created for individual customers. The VITAY program is in operation on the Polish market since 14 February 2001. Purchases made by customers are granted with VITAY points that can be subsequently exchanged for VITAY gifts. From June 2006 fuel prize is available for customers in a form of a discount of fuel price.

The deferred income is recognized with regard to the unrealized amount of points recorded on customers' accounts. The deferred income is estimated on the basis of proportion of fuel and non-fuel gifts granted, total unrealized amount of points and current cost per one VITAY point.

21. Other financial liabilities

	as at 31/12/2009	as at 31/12/2008
Cash pool liabilities	133 946	-
Short-term financial liabilities at fair value through profit or loss	41 244	69 574
Short-term financial liabilities due to derivatives designated as hedging instruments	52 418	262 647
	227 608	**332 221**

(all amounts in PLN thousand)

22. Sales revenues

	for the year ended 31/12/2009	for the year ended 31/12/2008
Sales of finished goods	40 957 281	43 347 048
Sales of services	328 336	304 467
Excise tax and other charges	(14 367 019)	(13 110 236)
Revenues from sale of finished goods, net	**26 918 598**	**30 541 279**
Sales of merchandise	20 855 487	27 513 391
Sales of raw materials	10 017	290 371
Excise tax and other charges	(302 824)	(1 120 177)
Revenues from sale of merchanise and raw materials, net	**20 562 680**	**26 683 585**
	47 481 278	**57 224 864**

The Company's sales revenues were influenced by excise tax relieves and reductions obtained in 2009 in the amount of PLN 750,044 thousand in comparison to PLN 593,124 thousand obtained in 2008.

Reliefs / reductions were applied on the basis of binding regulations, such as § 12 of the Minister of Finance Regulation of 26 April 2004 on excise tax exemptions (Official Journal from 2006, No. 72, item 500, with later amendments) in force in 2008, § 11 of the Minister of Finance Regulation of 24 February 2009 on excise tax exemptions in force starting from March 2009, while on 15 October 2009 favorable decision of the European Commission was announced granting Poland an aid tool in the form of the State Aid no. 57/2008 and starting from that day par. 89, section 1, point 3, 7 and 8 of the Excise Act dated 6 December 2008 (Official Journal from 2009, No.3, item 11, with later amendments) are legally binding.

23. Operating expenses

Cost of sales

	for the year ended 31/12/2009	for the year ended 31/12/2008
Cost of finished goods sold	(24 202 263)	(28 025 456)
Cost of merchandise and raw materials sold	(19 956 919)	(26 150 903)
	(44 159 182)	**(54 176 359)**

(all amounts in PLN thousand)

Cost by kind

	for the year ended 31/12/2009	for the year ended 31/12/2008
Materials and energy	(23 163 195)	(26 541 305)
Cost of merchandise and raw materials sold	(19 956 919)	(26 150 903)
External services	(1 886 488)	(1 849 736)
Payroll, social securities and other employee benefits	(572 161)	(582 864)
Depreciation and amortisation	(970 265)	(947 919)
Taxes and charges	(275 340)	(269 775)
Other	(906 696)	(578 055)
	(47 731 064)	**(56 920 557)**
Change in inventory	276 739	(75 057)
Cost of products and services for own use	124 925	47 492
Operating expenses	**(47 329 400)**	**(56 948 122)**
Distribution expenses	1 777 646	1 712 405
General and administrative expenses	626 834	634 259
Other operating expenses	765 738	425 099
Cost of finished goods, merchandise and raw materials sold	**(44 159 182)**	**(54 176 359)**

External services include research expenditures of PLN 8,115 thousand in 2009 and PLN 16,424 thousand in 2008.

24. Other operating revenues and expenses

Other operating revenues

	for the year ended 31/12/2009	for the year ended 31/12/2008
Profit on sale of non-financial non-current assets	448 335	56 304
Reversal of provisions	8 392	49 258
Reversal of receivable impairment allowances	93 413	83 152
Reversal of impairment allowances of property, plant and equipment and intangible assets	39 912	44 379
Penalties and compensations earned	8 205	98 104
Inventory count surpluses	9 719	8 265
Grants	-	59
Revenues due to decision of tax authorities	14 129	-
Other	16 323	20 091
	638 428	**359 612**

(all amounts in PLN thousand)

Other operating expenses

	for the year ended 31/12/2009	for the year ended 31/12/2008
Loss on sale of non-financial non-current assets	(22 509)	(31 725)
Recognition of provisions	(426 736)	(158 415)
Receivables impairment allowances	(95 195)	(105 360)
Impairment allowances of property, plant and equipment and intangible assets	(67 881)	(66 129)
Donations	(5 644)	(5 880)
Costs and losses on removal of damages	(11 510)	(10 207)
Costs due to decision of tax authorities	(57 808)	-
Liquidations, impairment allowances, nonculpable shortages of current assets and taxes on over-normative shortages	(47 383)	(34 783)
Other	(31 072)	(12 600)
	(765 738)	**(425 099)**

As a consequence of sale of CO_2 emission rights in the year ended 31 December 2009 the line “profit from sale of non – financial non – current assets” includes the amount of PLN 407,094 thousand and the line “recognition of provisions” includes the amount of PLN 340,103 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 66,991 thousand.

25. Financial revenues and expenses

Financial revenues

	for the year ended 31/12/2009	for the year ended 31/12/2008
Interest received	27 879	64 304
Foreign exchange gain	760 431	-
Dividends	617 328	718 224
Profit from sale of shares and other securities	12 587	42 363
Investment impairment allowances	2 262	84 323
Decrease in receivables impairment allowances	13 640	8 696
Settlement and valuation of derivative and embedded financial instruments	320 791	332 014
Other	1 450	5 755
	1 756 368	**1 255 679**

Financial expenses

	for the year ended 31/12/2009	for the year ended 31/12/2008
Interest expense	(348 026)	(375 786)
Foreign exchange loss	-	(1 509 430)
Investment impairment allowances	(295)	(1 730 511)
Increase in receivables impairment allowances	(9 379)	(10 663)
Settlement and valuation of derivative and embedded financial instruments	(269 289)	(318 750)
Other	(11 873)	(9 950)
	(638 862)	**(3 955 090)**

According to IAS 23, starting from 1 January 2009, the Company 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 in the year ended 31 December 2009 amounted to PLN 95,665 thousand.

(all amounts in PLN thousand)

Capitalization rate that was used to calculate borrowing costs' capitalization for the year ended 31 December 2009 amounted to 3.25% per annum.

26. Income tax expense

	for the year ended 31/12/2009	for the year ended 31/12/2008
Current tax	(196 165)	(148 362)
Deferred tax	(75 762)	640 472
	(271 927)	**492 110**

The difference between income tax expense recognized in profit or loss and the amount calculated based on profit before tax results from the following items:

	for the year ended 31/12/2009	for the year ended 31/12/2008
Profit before tax	1 907 812	(2 063 057)
Corporate income tax for 2009 and 2008 by the valid tax rate	(362 484)	391 981
Current tax adjustment relating to previous years	(5 128)	-
Dividends received	117 292	135 016
Business risk provision	(16 010)	(22 877)
Impairment allowances concerning receivables and disputes	(3 585)	(8 939)
Costs of liquidation of property, plant and equipment	(2 519)	(2 378)
Other	507	(693)
Income tax expense	**(271 927)**	**492 110**
Effective tax rate	**14%**	**24%**

As at 31 December 2009 deferred tax assets and deferred tax liabilities consisted of the following items:

	as at 31/12/2009	as at 31/12/2008
Deferred tax assets:		
Enviromental provision	48 866	51 852
Receivables impairment allowances	9 091	10 904
Jubilee and retirement benefits provisions	24 712	26 584
Impairment of property, plant and equipment and intangible assets	35 539	22 883
Impairment of non-current financial assets	336 892	337 407
Other provisions	84 745	35 448
Other payroll costs	17 769	15 229
Unrealized points in VITAY loyalty program	12 267	13 726
Accrued expenses	5 934	5 680
Unrealized foreign exchange losses	145 540	237 548
Inventory impairment allowance	1 385	45 673
Financial instruments	730	16 195
Other	18 050	24 278
	741 520	**843 407**
Deferred tax liability:		
Investment relief	64 705	77 014
Difference between carrying amount and tax base of property, plant and equipment	320 470	327 495
Difference in contribution in kind	42 870	42 870
Other	27 054	6 838
	455 099	**454 217**
Deferred tax assets, net	**(286 421)**	**(389 190)**

(all amounts in PLN thousand)

In 2009 there was a decrease in other comprehensive income as an effect of deferred tax recognized in hedging reserve in the amount of PLN (27,008) thousand. In 2008 there was an increase in other comprehensive income in this respect of PLN 44,067 thousand.

27. Explanatory notes to the statement of cash flows

a) Explanation of differences between changes in the statement of financial position captions and changes presented in the statement of cash flows

	as at 31/12/2009	as at 31/12/2008
Change in non-current loans and receivables, trade receivables and other receivables presented in the Statement of Financial Position	(376 035)	631 978
Change in investment receivables due to:	(253 844)	73 345
- advances for property, plant and equipment	(319 541)	70 640
- receivables from sale of property, plant and equipment	(2 203)	2 705
- receivables from sale of non-current financial assets	26 818	-
-non-current loans granted	41 082	-
Reclassification of loans from long-term to short-term	-	(47 000)
Other	235	3 059
Change in receivables in the statement of cash flows	**(629 644)**	**661 382**

	as at 31/12/2009	as at 31/12/2008
Change in other long-term liabilities, trade liabilities and other liabilities presented in the Statement of Financial Position	3 273 371	(822 463)
Change in investment liabilities due to:	(526 026)	(39 901)
-acqusition of property, plant and equipment and intangible assets	(532 017)	(60 218)
- payments to subsidiaries' equity	-	28 600
- other	5 991	(8 283)
Change in financial liabilities due to:	(8 597)	(2 671)
- finance lease	(8 597)	(2 671)
Change in liabilities in the statement of cash flows	**2 738 748**	**(865 035)**

	as at 31/12/2009	as at 31/12/2008
Change in inventory presented in the Statement of Financial Position	(968 374)	423 204
Reclassification of inventory to property, plant and equipment	(53 027)	-
Change in inventory in the statement of cash flows	**(1 021 401)**	**423 204**

(all amounts in PLN thousand)

28. Financial instruments

a) Financial instruments by category and class

Financial instruments by category

	Note	as at 31/12/2009	as at 31/12/2008
Financial assets by category			
Financial assets at fair value through profit or loss (held for trading)	13	20 233	112 304
Derivatives recognized in financial assets designated as hedging instruments - hedge accounting	13	81 666	132 550
Financial assets available for sale	8.2	32 078	32 304
Loans and receivables, incl:		4 044 929	3 466 686
Cash pool receivables	13	25 005	-
Other	10	15 021	15 121
Purchased bonds	13	1 004	10 073
Loans granted	10; 13	41 099	50 207
Current receivables	12	3 962 800	3 391 285
Cash and cash equivalents	14	1 964 403	442 938
		6 143 309	**4 186 782**
Financial liabilities by category			
Financial liabilities at fair value through profit or loss (held for trading)	21	41 244	69 574
Liabilities due to derivatives designated as hedging instruments - hedge accounting	21	52 418	262 647
Other liabilities, incl:		17 166 711	13 735 827
Short-term liabilities	19	6 513 739	3 504 591
Loans and debt securities issued	16	10 519 026	10 230 398
Cash pool liabilities	21	133 946	-
Other	18	-	838
Finance lease liabilities	18; 19	51 672	43 104
		17 312 045	**14 111 152**

Financial instruments by class

	Note	as at 31/12/2009	as at 31/12/2008
Financial assets			
Stocks and shares in Companies	8.2	32 078	32 304
Purchased bonds	13	1 004	10 073
Current receivables	12	3 962 800	3 391 285
Loans granted	10; 13	41 099	50 207
Assets from valuation of derivative and embedded instruments	13	101 899	244 854
Cash and cash equivalents	14	1 964 403	442 938
Cash pool receivables	13	25 005	-
Other	10	15 021	15 121
		6 143 309	**4 186 782**
Financial liabilities			
Debt securities issued	16	932 361	791 663
Loans		9 586 665	9 438 735
Current liabilities	19	6 513 739	3 504 591
Liabilities from valuation of derivative and embedded instruments	21	93 662	332 221
Finance lease liabilities	18; 19	51 672	43 104
Cash pool liabilities	21	133 946	-
Other	18	-	838
		17 312 045	**14 111 152**

(all amounts in PLN thousand)

b) Hedge accounting

Cash flow hedge accounting

The Company hedges its cash flows from operating revenues due to sale of petrochemical and refinery products as well as operating expenses due to purchases of crude oil against changes in exchange rates (EUR/PLN for sale and USD/PLN for purchases and sale). The Company hedges cash flows from investment projects against changes in exchange rates (EUR/PLN, JPY/PLN).

The above mentioned transactions are accounted for using cash flow hedge accounting. The hedging instruments used are derivatives (forwards and swaps).

Additionally, the Company hedges cash flows from interest payments connected with issuance of bonds in PLN as well as cash flows from interest payments concerning external financing in EUR and USD, using interest rate swaps (IRS).

Hedging transactions, settlement and fair value measurement of which influence the foregoing financial statements were concluded in the years 2007-2009.

The fair value of derivative instruments designated as hedging instruments according to cash flow hedge accounting, planned realization date and planned date of the influence on the result of the hedged cash flow:

– fair value which will be recognized in profit or loss at the realization date:

	as at 31/12/2009	as at 31/12/2008
Planned realization date of hedged cash flows		
Currency operating exposure		
2009	-	(242 545)
2010	40 246	-
Interest rate exposure		
2009 - 2012	-	(13 862)
1Q 2010 - 1Q 2012	(5 154)	-
1Q 2010 - 1Q 2014	(12 284)	-
	22 808	**(256 407)**

– fair value which will be included in the cost of property, plant and equipment at the realization date, and recognized in profit or loss through depreciation charges in the following periods:

	as at 31/12/2009	as at 31/12/2008
Planned realization date of hedged cash flows		
2009 (currency investment exposure)	-	105 494
2010 and the following (currency investment exposure)	6 440	20 816
	6 440	**126 310**

As the Company owns contracts concerning both purchase and sale of currency, market changes are significantly compensated in the economic sense.

In 2009 the amount of PLN (198,662) thousand was derecognized from equity and recognized:
- in profit or loss as sales of finished goods - PLN (313,143) thousand, foreign exchange differences surplus - PLN 9,776 thousand, interest expense - PLN 261 thousand, and
- in construction in progress - PLN 104,444 thousand.

In 2008 the amount of PLN 108,125 thousand was derecognized from equity and recognized:
- in profit or loss as sales of finished goods - PLN 72,438 thousand, foreign exchange differences surplus - PLN (6,557) thousand, interest expense - PLN 110 thousand, and other financial revenues and expenses net - PLN 42,290 thousand, and

(all amounts in PLN thousand)

- in the carrying amount of property plant and equipment - PLN (156) thousand.

Transactions for which hedge accounting is not applied

For the transactions concluded and settled in the same quarter the Company does not apply hedge accounting. The settlement result is recognized in the current period profit or loss.

The fair value of transactions hedging cash flows connected with realization of investment projects against changes in exchange rates (USD/PLN, EUR/PLN), for which hedge accounting is not applied due to separation of embedded derivatives for these contracts, amounted to PLN 17,886 thousand as at 31 December 2009 and PLN 111,553 thousand as at 31 December 2008.

c) Fair value of financial instruments

Comparison of fair values and carrying amounts of financial instruments measured at amortized cost:

	as at 31/12/2009		as at 31/12/2008	
	Fair value	Carrying amount	Fair value	Carrying amount
Financial assets				
Purchased bonds	1 004	1 004	10 073	10 073
Loans granted	41 099	41 099	50 207	50 207
Cash pool receivables	25 005	25 005	-	-
Other	14 158	15 021	14 232	15 121
	81 266	**82 129**	**74 512**	**75 401**
Financial liabilities				
Debt securities issued	932 646	932 361	792 778	791 663
Loans	9 604 192	9 586 665	9 443 984	9 438 735
Finance lease liabilities	45 972	51 672	37 948	43 104
Other	133 865	133 946	838	838
	10 716 675	**10 704 644**	**10 275 548**	**10 274 340**

The above comparison of carrying amounts and fair values of financial instruments does not include current receivables and short-term liabilities for which carrying amount is similar to fair value.

Methods and assumptions applied in determining fair values of financial instruments recognized in the statement of financial position at amortized cost

Purchased bonds, loans granted, financial liabilities due to debt securities issued as well as loans liabilities and other are measured at fair value using discounted cash flows method. Future cash flows are discounted using discount factors calculated based on market interest rates (according to quotations of 3-month interest rates available in Reuters as at the end of the reporting periods) increased by margins proper for particular financial instruments.

	as at 31/12/2009	as at 31/12/2008
WIBOR 3M	4.270%	5.880%
EURIBOR 3M	0.700%	2.892%
LIBOR 3M	0.251%	1.425%
PRIBOR 3M	1.540%	3.630%

Methods applied in determining fair values of financial instruments recognized in the statement of financial position at fair value

According to the International Financial Reporting Standards all derivate instruments presented in the unconsolidated financial statements are measured at fair value.

The Company measures derivative instruments at fair value using valuation models for financial instruments based on generally available exchange rates, interest rates, forward and volatility curves, for currencies and commodities quoted on active markets. As compared to the previous reporting period the Company has not changed valuation methods concerning derivative instruments.

(all amounts in PLN thousand)

Derivative instruments are presented as assets, when their value is positive and as liabilities, when their value is negative. Gains and losses resulting from changes in fair value of derivative instruments, for which hedge accounting is not applicable, are recognized in a current year profit or loss.

Fair value of shares quoted on active markets is determined based on market quotations (Level 1). Fair value of shares quoted on active markets is determined based on market quotations (level 1). In other cases, fair value is determined based on input data, apart from market quotations classified at level 1, which are directly or indirectly possible to observe (level 2).

Financial instruments for which fair value cannot be measured reliably

As at 31 December 2009 and 31 December 2008 the Company held shares in entities, whose fair value cannot be measured reliably. There are no active markets for these entities and no comparable transactions in the same instruments. Shares were recognized in the Company's statement of financial position at acquisition cost less impairment allowances in total amount of PLN 31,209 thousand. As at the end of the reporting period there are no binding decisions regarding method and date of disposal of these assets.

d) Nature and extent of risks arising from financial instruments

The Company is exposed particularly to the following financial risks:
- credit risk;
- liquidity risk;
- market risks (including currency risk, interest rate risk).

Credit risk

The Company is significantly exposed to credit risk connected above all with trade receivables. Within its trading activity PKN ORLEN sells products and services with deferred payment term, which may result in the risk that customers will not pay for the Company's receivables from sales of products and services. In order to minimize credit risk and working capital the Company manages the risk by credit limit policies governing granting of credit limits to customers and establishment of pledges of appropriate types.

The established payment term of receivables connected with the ordinary course of sales amounts to 14-30 days.

Each non-cash customer is individually assessed with regard to credit risk. A portion of trade receivables is insured within an organized trade credit insurance program. In addition, trade receivables are monitored by finance departments on a regular basis. In the event of occurrence of overdue receivables, sale is withheld and debt recovery procedures implemented as described by the obliging procedures.

Based on the analysis of receivables the customers were divided into two groups:
- I group – customers with good or very goods history of cooperation in the current year;
- II group – other customers.

The division of not past due receivables based on the criterion described above:

	as at 31/12/2009	as at 31/12/2008
Group I	3 112 359	2 337 188
Group II	662 782	910 213
	3 775 141	**3 247 401**

(all amounts in PLN thousand)

The ageing analysis of financial assets past due, but not impaired as at the end of the reporting period:

	as at 31/12/2009	as at 31/12/2008
Current receivables		
Up to 1 month	170 783	136 852
1-3 months	10 243	7 032
3-6 months	6 628	-
6-12 months	-	-
Above a year	5	-
	187 659	**143 884**

The concentration of risk connected with trade receivables is limited due to large number of customers with trade credit dispersed in various sectors of the Polish, German, Czech and Lithuanian economy.

Credit risk associated with assets resulting from the positive valuation of derivative instruments is assessed by the Company as low due to the fact that all transactions are concluded with banks having high credit rating. One of the factors significant for bank choice is rating on the level not lower than A.

The measure of credit risk is the maximum exposure to credit risk for each class of financial instruments.

Maximum credit risk exposure:

	as at 31/12/2009	as at 31/12/2008
Stocks and shares in Companies	32 078	32 304
Purchased bonds	1 004	10 073
Current receivables	3 962 800	3 391 285
Loans granted	41 099	50 207
Assets from valuation of derivatives	101 899	244 854
Cash and cash equivalents	1 964 403	442 938
Cash pool receivables	25 005	-
Other	15 021	15 121
	6 143 309	**4 186 782**

Due to cooperation of the Company mainly with Polish and international banks having high credit rating, the risk connected with depositing of cash and cash equivalents is significantly limited.

The Management Board believes that the risk of impaired financial assets is reflected by recognition of an impairment allowance. Information about impairment allowances of particular classes of assets is included in the notes describing these assets.

The Company analyses financial assets and recognizes impairment losses individually according to the presented accounting policy.

Liquidity risk

The Company is exposed to liquidity risk associated with the relation between short term liabilities and current assets.

As at 31 December 2009, current assets to short-term liabilities ratio (current ratio) amounted to 1.47 in comparison to 0.75 as at 31 December 2008.

Detailed information regarding loans is included in the note 16.

As at 31 December 2009 the maximum possible indebtedness due to loans amounted to PLN 13,801,010 thousand, out of which PLN 4,098,045 thousand remained unused. As at 31 December 2008 it was PLN 13,532,920 thousand and PLN 4,116,632 thousand, respectively.

(all amounts in PLN thousand)

In 2006 the Company entered into Bond Issuance Program in order to ensure additional sources of cash required to secure financial liquidity. Bond issues enable the Company to go out beyond traditional bank market and to gain cash from other financial institutions, companies or natural persons. For the Company the cost of gaining cash is competitive as compared to bank loans. Bond Issuance Program is also used to manage liquidity within the domestic and foreign Capital Group.

In order to optimize financial expenses the Company uses cash pool facility. As at 31 December 2009 the cash pool facility comprised over 20 entities belonging to the Capital Group.

Maturity analysis for financial liabilities in 2009 and 2008:

31 December 2009	up to 1 year	1-3 years	3-5 years	Above 5 years	Total
Bonds issued - undiscounted value	170 500	750 000	-	-	920 500
Loans received - undiscounted value	1 332 623	8 358 824	-	862 722	10 554 169
Short-term liabilities	6 513 739	-	-	-	6 513 739
Net payments due to derivative instruments - gross settled amounts	54 808	-	-	-	54 808
Net payments due to derivative instruments - net settled amounts	-	5 155	33 699	-	38 854
Cash pool liabilities	133 865	-	-	-	133 865
	8 205 535	**9 113 979**	**33 699**	**862 722**	**18 215 935**

31 December 2008	up to 1 year	1-3 years	3-5 years	Above 5 years	Total
Bonds issued - undiscounted value	24 000	-	750 000	-	774 000
Loans received - undiscounted value	9 913 011	-	-	-	9 913 011
Short-term liabilities	3 504 591	-	-	-	3 504 591
Net payments due to derivative instruments - gross settled amounts	248 995	69 364	-	-	318 359
Net payments due to derivative instruments - net settled amounts	-	-	13 862	-	13 862
Other financial liabilities	-	838	-	-	838
	13 690 597	**70 202**	**763 862**	**-**	**14 524 661**

As at 31 December 2008 the line “loans and borrowings received – undiscounted value” includes the amount of PLN 9,043,324 thousand relating to long-term liabilities reclassified to short-term liabilities due to violation of financial covenants contained in bank loan agreements as at 31 December 2008.

Market risks

The Company is exposed to currency risks, interest rate risks and risks of changes in commodity prices and CO_2 emission rights prices.

PKN ORLEN manages market risks resulting from the above mentioned factors using market risk management policy. The applied policy describes methods of management of each of the exposures by defining process of exposure measurement, hedge parameters, hedging instruments, as well as time horizon of hedging. Market risk management is realized by designated organization units under supervision of the Financial Risk Committee, the Management Board and the Supervisory Board of the Company.

– **Currency risk**

The Company is significantly exposed to currency risk resulting from current receivables and short-term liabilities, cash and cash equivalents, investment expenditures as well as liabilities from loans and bonds issued denominated in foreign currencies. Currency risk exposure is hedged by forward and swap instruments.

For USD/PLN exchange rate there is partially a natural hedge, as revenues from sale of products denominated in USD are offset by costs of crude oil purchases denominated in the same currency. In case of EUR/PLN exchange rate, revenues from sales of petrochemical products are denominated in this currency. For this group natural hedge exists to the limited extent (for example interest on loans denominated in EUR, part of investment purchases).

(all amounts in PLN thousand)

Sensitivity analysis for currency risk

The influence of potential changes in carrying amounts of assets and liabilities (as at 31 December 2009) arising from hypothetical changes in exchange rates of relevant currencies in relation to PLN on profit before tax and hedging reserve:

	Increase of exchange rate	Total influence	Decrease of exchange rate	Total influence
for the year ended 31/12/2009				
Influence of financial instruments on profit before tax				
USD/PLN	+15%	(885 986)	-15%	885 986
EUR/PLN	+15%	(724 739)	-15%	724 739
JPY/PLN	+15%	(30 110)	-15%	30 110
		(1 640 835)		**1 640 835**
Influence of financial instruments on hedging reserve				
USD/PLN	+15%	3 157	-15%	(3 157)
EUR/PLN	+15%	(109 247)	-15%	109 247
JPY/PLN	+15%	39 427	-15%	(39 427)
		(66 663)		**66 663**
Total influence of financial instruments on equity				
USD/PLN	+15%	(882 829)	-15%	882 829
EUR/PLN	+15%	(833 986)	-15%	833 986
JPY/PLN	+15%	9 317	-15%	(9 317)
		(1 707 498)		**1 707 498**

The influence of potential changes in carrying amounts of assets and liabilities (as at 31 December 2008) arising from hypothetical changes in exchange rates of relevant currencies in relation to PLN on profit before tax and hedging reserve:

	Increase of exchange rate	Total influence	Decrease of exchange rate	Total influence
for the year ended 31/12/2008				
Influence of financial instruments on profit before tax				
USD/PLN	+15%	(632 294)	-15%	632 294
EUR/PLN	+10%	(656 744)	-10%	656 744
JPY/PLN	+20%	(827)	-20%	827
		(1 289 865)		**1 289 865**
Influence of financial instruments on hedging reserve				
USD/PLN	+15%	(29 669)	-15%	29 669
EUR/PLN	+10%	(114 618)	-10%	114 618
JPY/PLN	+20%	75 405	-20%	(75 405)
		(68 882)		**68 882**
Total influence of financial instruments on equity				
USD/PLN	+15%	(661 963)	-15%	661 963
EUR/PLN	+10%	(771 362)	-10%	771 362
JPY/PLN	+20%	74 578	-20%	(74 578)
		(1 358 747)		**1 358 747**

(all amounts in PLN thousand)

Variations of currency rates described above were calculated based on historical volatility of particular currency rates and analysts' forecasts.

Sensitivity of financial instruments for currency risk was calculated as a difference between the initial carrying amount of financial instruments (excluding derivative instruments) and their potential carrying amount calculated using assumed increases/decreases in currency rates. In case of derivative instruments, the influence of currency rate variations on fair value was examined at constant level of interest rates.

For other currencies the sensitivity of financial instruments is not material from the Company's point of view.

– **Interest rate risk**

The Company is exposed to risk of volatility of cash flows due to interest rates resulting from granted loans, owned bank deposits as well as loan liabilities based on floating interest rates. The Company owns derivative transactions hedging part of risk of cash flows due to interest rates (interest rate swaps - IRS), for which cash flow hedge accounting is applied.

In 2009, according to updated risk management policy, the Company hedged additionally interest rate risk connected with foreign currency loans in EUR and USD.

Sensitivity analysis for interest rate risk

The influence of financial instruments on profit before tax and hedging reserve due to changes in significant interest rates:

Interest rate	Assumed variation		Influence on profit before tax		Influence on hedging reserve		Influence on equity	
	as at 31/12/2009	as at 31/12/2008	as at 31/12/2009	as at 31/12/2008	as at 31/12/2009	as at 31/12/2008	as at 31/12/2009	as at 31/12/2008
WIBOR	+50	+100	(7 997)	(11 055)	3 938	10 271	(4 059)	(784)
LIBOR	+50	+25	(18 457)	(7 895)	23 810	-	5 353	(7 895)
EURIBOR	+50	+150	(26 399)	(88 388)	28 890	-	2 491	(88 388)
VILIBOR	+100	+100	-	2	-	-	-	2
			(52 853)	**(107 336)**	**56 638**	**10 271**	**3 785**	**(97 065)**
WIBOR	-50	-100	7 997	11 055	(3 895)	(10 588)	4 102	467
LIBOR	0	-25	-	7 895	-	-	-	7 895
EURIBOR	0	-150	-	88 388	-	-	-	88 388
VILIBOR	-100	-100	-	(2)	-	-	-	(2)
			7 997	**107 336**	**(3 895)**	**(10 588)**	**4 102**	**96 748**

Variations of interest rates described above were calculated based on volatility of interest rates as at 31 December 2009 in comparison to 31 December 2008.

The above interest rates variations were calculated on the basis of interest rates variations in the period and analysts' forecasts.

The Company does not own financial instruments with fixed interest rates measured at fair value in the statement of financial position. The Company measures derivative instruments at fair value.

The sensitivity analysis was performed on the basis of instruments held as at 31 December 2009 and 31 December 2008. The influence of interest rates changes was presented on annual basis.

The sensitivity of financial instruments for interest rate risk was calculated as arithmetic product of the balance of the statement of financial position items sensitive to interest rates (excluding derivative instruments) multiplied by adequate variation of interest rate. In case of derivative instruments, the influence of interest rate variations on fair value was examined at constant level of currency rates.

– **Risk of changes in commodity prices**

The Company is exposed to changes in commodity prices due to:

– expenditures concerning purchases of crude oil for processing, which depend on the volume of processing, the level of inventory as well as the level of crude oil price on the global market and differential;

(all amounts in PLN thousand)

- revenues from sales of refinery and petrochemical products, which depend on the volume of sales, the level of product prices on the global market.

As at 31 December 2009 and 31 December 2008 there were no financial instruments hedging the risk of changes in commodity prices.

- **Risk of CO_2 emission rights prices**

PKN ORLEN was granted CO_2 emission rights on the basis of the binding legal regulations resulting from the Kyoto Protocol to the United Nations Framework Convention on Climate Change, adopted by the European Union, followed by the decision of the Council of Ministers.

Every year the Company performs verification of the number of rights and defines methods of systematic balancing of identified shortages/surpluses either in the way of intercompany transactions or through market term and spot transactions depending on the situation.
In 2009 the Company sold surpluses of CO_2 emission rights. The Company concluded forward purchase transactions for the same amount of rights.

Net gains/(losses) due to financial instruments recognized in financial revenues and expenses by category

	for the year ended 31/12/2009	for the year ended 31/12/2008
Financial assets and financial liabilities at fair value through profit or loss (held for trading)	52 664	19 547
Financial assets available for sale (recognized in the statement of comprehensive income)	(944)	2 354
Financial assets held to maturity	349	1 662
Loans (granted)	1 384	3 300
Financial liabilities measured at amortized cost	54 195	(1 623 597)
Current receivables	32 373	439 724
Short-term liabilities	330 781	(667 106)
Revaluation of shares in related entities	-	(1 645 696)
Sale of shares in related entities	12 587	42 242
Dividends received from related entities	617 328	716 097
Cash and cash equivalents	20 514	18 345
Ineffectiveness recognized in profit or loss during the period	(1 163)	(6 283)
Other	(2 562)	-
	1 117 506	**(2 699 411)**

Interest revenues and expenses were calculated using the effective interest method.

Financial expenses due to impairment of financial assets by class of financial instruments

	for the year ended 31/12/2009	for the year ended 31/12/2008
Impairment allowances on shares in Companies	(295)	(731)
Impairment allowances on interest on receivables (classified as financial instruments)	(9 373)	(10 663)
	(9 668)	**(11 394)**

Impairment allowances of receivables were disclosed in the note 24.

(all amounts in PLN thousand)

29. Leases

a) The Company as a lessee

Operating lease

As at 31 December 2009 and 31 December 2008, the Company possessed non-cancellable operating lease agreements as a lessee.

	as at 31/12/2009	as at 31/12/2008
Up to 1 year	36 590	36 588
Between 1 and 5 years	135 600	139 899
Above 5 years	80 714	113 000
	252 904	**289 487**

The lease payments recognized as cost amounted to PLN 77,989 thousand in 2009 and PLN 76,531 thousand in 2008 and related to tenancy agreements.

Finance lease

As at 31 December 2009 the Company possesses finance lease agreements as a lessee. The finance lease agreements relate mainly to the lease of petrol stations.

In concluded lease agreements, the general conditions of finance lease are effective, there are no special restrictions nor additional terms of contract. The finance lease contracts do not contain any clauses concerning contingent rent payables and provide purchase option. In most cases there is renewal option.

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

	as at 31/12/2009	as at 31/12/2008
Up to 1 year	5 577	1 926
Between 1 and 5 years	22 308	18 607
Above 5 years	45 637	41 124
	73 522	**61 657**

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:

	as at 31/12/2009	as at 31/12/2008
Up to 1 year	2 930	808
Between 1 and 5 years	19 384	9 926
Above 5 years	29 358	32 211
	51 672	**42 945**

As at 31 December 2009 and 31 December 2008 the net carrying amount for each class of assets under finance lease was as follows:

	as at 31/12/2009	as at 31/12/2008
Property, plant and equipment	**49 106**	**44 070**
Buildings, premises as well as land and water engineering objects	49 106	44 070

(all amounts in PLN thousand)

b) The Company as a lessor

Operating lease

As at 31 December 2009 and 31 December 2008 the Company did not possess non-cancellable operating lease agreements as a lessor. Operating lease agreements possessed by the Company regarded lease of machinery, equipment, buildings and land owned by the Company.

Finance lease

As at 31 December 2009 the Company did not possess finance lease agreements as a lessor. As at 31 December 2008 the Company as a lessor possessed finance lease agreements regarding lease of distributors. Gross investments in the lease due as at 31 December 2008 amounted to PLN 17 thousand.

Disclosures resulting from IFRS 7 regarding finance lease are included in the note 28 and presented together with other financial instruments.

30. Investment expenditures incurred and commitments resulting from signed investment contracts

Investment expenditures incurred in 2009 accounted for PLN 2,628,061 thousand, including PLN 191,758 thousand of environmental protection related investments. Investment expenditures incurred in 2008 accounted for PLN 2,069,230 thousand, including PLN 259,127 thousand of environmental protection related investments adequately.

As at 31 December 2009 future liabilities resulting from contracts signed until this date amounted to PLN 801,946 thousand. As at 31 December 2008 future liabilities resulting from contracts signed until this date amounted to PLN 1,689,374 thousand respectively.

31. Related party information

Related party transactions

a) Information on material related party transactions concluded by the Company or its subsidiaries on other than market terms

As at 31 December 2009 the Company did not conclude any material related party transactions on other than market terms.

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

As at 31 December 2009 the Company 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.

In 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 concluded by the Company with parties related through the key executive personnel

In 2009 members of the Company's key executive personnel submitted statements on transactions concluded with related parties which disclosed the following transaction:

Type of relation through the executive personnel	Sales	Purchases	Receivables	Liabilities
Supervising persons	371 125	163 597	17 536	-
Managing persons	-	-	-	-
Other key executive personnel	-	-	-	-
	371 125	**163 597**	**17 536**	**-**

(all amounts in PLN thousand)

d) Transactions of the Company with related parties in the period ended 31 December 2009 and the balance of settlements as at 31 December 2009

	Subsidiaries	Jointly controlled entities	Associates	Total related parties
Sales	22 263 291	1 835 038	18 155	24 116 484
Purchases	3 101 129	15 636	121 564	3 238 329
Interest income	6 622	1 344	8	7 974
Dividends received	199 106	-	418 222	617 328
Interest expense	9 331	-	3	9 334
Current receivables (net)	2 323 570	426 025	2 665	2 752 260
Impairment allowances	477	3	18	498
Short-term liabilities	630 545	1 837	10 738	643 120
Non-current receivables	14 721	41 082	-	55 803
Long-term liabilities	24 617	-	-	24 617

The above transactions with related parties include sale and purchase of refinery and petrochemical products, crude oil and purchases of repair, transportation and other services.
Settlements with related parties include trade and financial receivables and liabilities.

The Company granted sureties to related parties in the amount of PLN 744,273 thousand.

32. Remuneration, together with profit-sharing paid and due or potentially due to the Management Board, Supervisory Board and members of the key executive personnel in accordance with IAS 24

The Management Board, the Supervisory Board and the key executive personnel remuneration includes short-term employee benefits, post-employment benefits, other long-term employee benefits and termination benefits paid, due and potentially due during the period.

Remuneration of the Management Board, the Supervisory Board and the key executive personnel of the Company

	for the year ended 31/12/2009	for the year ended 31/12/2008
Remuneration of the Management Board Members of the Company	**17 751**	**22 777**
- remuneration paid and due to the Management Board Members performing the function during the year	14 358	21 661
- remuneration paid to the Management Board Members performing the function in the previous years	3 393	1 116
Remuneration of the Supervisory Board Members of the Company	**1 210**	**1 094**
Remuneration of the key executive personnel of the Company	**32 584**	**41 697**

Principles of incentives for the key executive personnel (including Members of the Management Board)

The year 2009 was a period of unification of the Company's incentive schemes.

On 1 April 2009 new Corporate Collective Labor Agreement was introduced in PKN ORLEN S.A., which defines among other things annual bonus system for employees in managerial posts. New incentive systems have also been implemented for the Management Boards of PKN ORLEN S.A. and ORLEN Group companies.

The main objective of incentive schemes is to support the implementation of the strategy and growth of the ORLEN Capital Group. Individuals participating in the schemes are rewarded for the realization of individual objectives set at the beginning of the bonus period. The Management Board sets goals for the key executive personnel and the Supervisory Board for the Management Board. The established objectives are either qualitative or quantitative (parameterized) and are assessed on the basis of the Incentive Scheme Regulation after the end of the year to which they relate.

(all amounts in PLN thousand)

Implemented incentive schemes encourage employees to cooperate in order to achieve the best results at the level of the Group.

Remuneration regarding non-competition clause and dissolution of the contract as a result of dismission from the position held

Agreements concluded between the issuer and managing persons constitute that the persons are obliged to obey a non-competition clause for 6 or 12 months, starting from the date of a termination or expiration of the contract. In the period members of the Management Board are entitled to receive remuneration in amount of six or twelve monthly basic remuneration, paid in equal monthly installments.

Furthermore contracts include remuneration payments in case of dissolution of the contract as a result of dismission from the position held. Remuneration amounts to six or twelve basic monthly remuneration.

33. Remuneration arising from the agreement with the entity authorized to conduct audit due or paid for the audit and review of the financial statements

In the period covered by the foregoing financial statements the Company's Auditor is KPMG Audyt Sp. z o.o. According to the agreement concluded on 30 May 2005 for the period 2005-2009 KPMG Audyt Sp. z o.o. executes interim reviews and annual audits of unconsolidated and consolidated financial statements starting from the second quarter of 2005.

	for the year ended 31/12/2009	for the year ended 31/12/2008
Fees payable for the audit by KPMG Audyt Sp. z.o.o.*	**1 340**	**1 460**
- fees payable for the audit of the annual financial statements	615	730
- fees payable for other attestation services incl. the reviews of the financial statements	725	730
Fees payable for other services provided by KPMG Audyt Sp. z.o.o.**	**503**	**770**
	1 843	**2 230**

* Fees payable for the audit include net amounts due or paid to the entity authorized to conduct audit for audit of unconsolidated and consolidated financial statements of the Company as well as reviews of interim unconsolidated and consolidated financial statements.

** Fees payable for other attestation services comprise net amounts due or paid to the entity authorized to audit. They include services connected with audit and review of the unconsolidated and consolidated financial statements, other than those covered by the line ”Fees payable for the audit “.

In 2005 a procedure on soliciting additional services with the auditor and entities related with auditor was introduced in the Company. The Audit Committee of the Supervisory Board makes decision on awarding contracts to the Auditor for additional services.

In the foregoing unconsolidated financial statements presentation of remuneration amounts resulted from the contract with the entity authorized to conduct audit and review of unconsolidated financial statements was changed from gross amounts to net amounts.

(all amounts in PLN thousand)

34. Employment structure

	for the year ended 31/12/2009	for the year ended 31/12/2008
Average employment in persons		
Blue collar workers	2 002	1 995
White collar workers	2 621	2 697
	4 623	**4 692**
Employment in persons		
Blue collar workers	1 945	2 018
White collar workers	2 537	2 707
	4 482	**4 725**

35. Contingent liabilities

Contingent liabilities of PKN ORLEN in the year ended 31 December 2009 and 31 December 2008

	as at 31/12/2008	increases/decreases	as at 31/12/2009
Legal cases related to real estates with undefined legal status	306	(306)	-
Antitrust proceedings of the OCCP	18 500	-	18 500
Legal cases	15 022	(9 369)	5 653
	33 828	**(9 675)**	**24 153**

Other information

Excise tax guarantees and excise tax on goods and merchandise under the excise tax suspension procedure amounted to PLN 852,846 thousand as at 31 December 2009.

Guarantees amounted to PLN 112,978 thousand as at 31 December 2009.

36. 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. was a party in the following proceedings in front of court, body appropriate for arbitration proceedings or in front of public administration bodies:

36.1. Proceedings in which the PKN ORLEN S.A. acts as a defendant

36.1.1. 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.

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

a) Tax proceedings in Rafineria Trzebinia S.A.

As at 31 December 2009 the following proceedings and tax controls are pending in Rafineria Trzebinia S.A.:

- **Tax proceedings concerning determination of excise tax liability for the period May – September 2004.**

As a result of the Customs Office proceedings, the excise tax liability for the period May-September 2004 was set at the amount of PLN 100 million. The Management Board of Rafineria Trzebinia filed an appeal against the discussed decisions. In December 2005 the Director of the Customs Chamber in Kraków ("Director of the CC") kept the first instance authority's decisions in force. In February 2006, as a result of the motion of Rafineria Trzebinia, the Director of the CC suspended execution of the complained decisions until the case is decided by the Woivodship Administrative Court in Kraków ("WAC").

In its sentence dated 12 November 2008 the WAC inclined to the appeal of Rafineria Trzebinia and dismissed the decisions of the Director of the CC. On 16 January 2009 the Director of the CC submitted an annulment to the National Administrative Court in Warsaw.

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 decisions.

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.

- **Control proceedings in respect of reliability of calculation and settlement of excise tax and value added tax for 2002, 2003 and for the period January - April 2004.**

In January 2005, the Director of the Tax Control Office in Kraków ("TCO") instituted control proceedings against Rafineria Trzebinia S.A. in respect of reliability of the stated tax bases and accuracy of the calculation and settlement of excise tax and value added tax for 2002 and 2003. Additionally, in May 2006, tax control proceedings relating to the period January - April 2004 were instituted.

On 5 December 2007 the Director of the Tax Control Office in Kraków issued a result of tax control proceedings in respect of excise tax for 2002, acknowledging settlements made by Rafineria Trzebinia S.A. as correct.

In July 2008 Rafineria Trzebinia S.A. received a protocol prepared by the TCO concerning audit of the Company's accounting books for the tax year 2003 determining potential additional excise tax liability in the amount of PLN 73,408 thousand and protocol from audit of the accounting books for the period January – April 2004 determining potential additional excise tax liability in the amount of PLN 126,150 thousand. The Company raised reservations and additional explanations to these protocols.

On 27 November 2008 a result of the fiscal control proceedings was issued in respect of reliability of stated tax bases and accuracy of the calculation and settlement of excise tax and value added tax for 2003. On 5 December 2008 the respective result was issued for the period January – April 2004.

In the issued results it was stated, that tax books are unreliable in the part concerning deductible excise tax of PLN 1,585 thousand included in the excise tax return August 2003.

Rafineria Trzebinia S.A. appealed against the decision and settled the amount of contentious liability together with interest. On 30 January 2009 the Director of the Tax Chamber in Kraków repealed the decision sued by Rafineria Trzebinia S.A. and decided to revoke it to reexamination by the first instance authority.

On 9 March 2009 Rafineria Trzebinia S.A. raised a complaint to the Woivodship Administrative Court in Kraków against the above mentioned decision of the Director of the Customs Chamber in respect of faulty formulation of legal justification.

- **Tax proceedings in respect of determination of value added tax amount for the period January - August 2005.**

In October 2006 the Head of the Tax Office for Małopolska ("TOM") instituted tax control proceedings in respect of determination of value added tax liability for the period January, February and April – August 2005. Additionally, in February 2007 the Head of the TOM in Kraków instituted tax control proceedings relating to March 2005.

On 12 January 2009 the Head of the TOM in Kraków issued a decision on cancellation of tax proceedings regarding value added tax liability for the above mentioned period.

The amounts included in this note relate to the principal tax liabilities. As at the date of preparation of these financial statements, the final outcome of the above control proceedings as well as potential impact of the proceedings extended to other periods are not yet known.

The Management Board, based on the opinions of recognized tax advisors, believes that there is a high probability that the outcome of the above mentioned proceedings will be favorable for Rafineria Trzebinia S.A. As a result, no provision for potential liabilities has been created in these financial statements for 2008 and 2009.

As at the date of preparation of these unconsolidated financial statements the status of the case did not change.

b) The proceedings of the Energy Regulatory Office in Rafineria Trzebinia S.A.

In March 2006 the Chairman of the Energy Regulatory Office instituted proceedings in respect of imposing a fine in connection with violating of concession terms regarding production of liquid fuels. The essence of the proceedings regards potential direct application of the provisions of the European Union directives while on the one hand effective 1 May 2004 Poland became a member of the European Union whereas on the other hand no regulations of the Minister of Economy in respect of quality requirements for biofuels were available.

In September 2006 the Chairman of the ERO imposed a fine of PLN 1 million to Rafineria Trzebinia S.A.. The decision of the Chairman of the ERO was repealed in April 2007 by the sentence of the Court of Competition and Consumers Protection in Warsaw ("CCCP"). In November 2007 the Court of Appeals in Warsaw dismissed the appeal of the Chairman of the ERO and sentenced the reimbursement of court proceedings costs in favor of Rafineria Trzebinia. The sentence is legally binding.

In March 2008 the Representative of the Chairman of the ERO submitted an annulment, which on 4 September 2008 was accepted for recognition by the Supreme Court. In its sentence dated 5 November 2008 the Supreme Court repealed the sentence of the Court of Appeals in Warsaw and revoked it to reexamination by this Court. In the assessment of the Supreme Court it is necessary to carry out evidence proceedings in respect of quality norms specific for biofuels produced in the contentious period. At the same time the Supreme Court stated that concession possessed by Rafineria Trzebinia S.A. entitled to production and trade in biofuels. As at 25 March 2009 the Court of Appeals, following the decision of the Supreme Court concerning the necessity to carry out evidence proceedings, repealed the sentence of CCCP District Court and revoked the case to its reexamination.

As at the date of preparation of these unconsolidated financial statements the status of the case did not change.

c) Power transfer fee in settlements with ENERGA – OPERATOR S.A. (legal successor of Zakład Energetyczny Płock S.A.)

As at the date of preparation of these unconsolidated financial statements PKN ORLEN participates in two court proceedings concerning the settlement of system fee with ENERGA OPERATOR S.A. The subject of the court proceedings is regulated by the Regulation of the Minister of Economy dated 14 December 2000 relating to detailed methods of determination and computation of tariffs and electricity settlement regulations. According to the paragraph 36 of the above regulation, the method of settlement of system fee, constituting an element of a power transfer fee, was changed. According to the paragraph 37 of the above regulation, a different method of system fee calculation was introduced.

– **Court proceedings in which PKN ORLEN acts as a defendant**

The subject of the court proceedings concerns settlement of the contentious system fee for the period from 5 July 2001 to 30 June 2002. The obligation to settle power transfer fee results from the electricity sale agreement between ENERGA – OPERATOR S.A. and PKN ORLEN which was signed without determining contentious issues concerning system fee. The case was regarded as a civil case so contentious system fee should be judged by an appropriate court.

In 2003 ENERGA – OPERATOR S.A. called on PKN ORLEN to compromise agreement and then filed a law suit against PKN ORLEN. In 2004 the Court issued a decision obliging PKN ORLEN to pay a liability connected with the so-called system fee to ENERGA – OPERATOR S.A. in the amount of PLN 46,232 thousand. In its objection to the precept PKN ORLEN filed for entire dismissal of the suit.

On 25 June 2008 the District Court pronounced its verdict and dismissed the suit of ENERGA – OPERATOR S.A. entirely as well as sentenced the reimbursement of court proceeding costs of PLN 31 thousand in favor of PKN ORLEN. In September 2008 ENERGA – OPERATOR S.A. appealed against the above sentence.

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 S.A. 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.

– **Court proceedings in which PKN ORLEN acts as an outside intervener**

In 2004 the District Court in Warsaw summoned PKN ORLEN as a co-defendant in a court case PSE – Operator S.A. (legal successor of PGE Polska Grupa Energetyczna S.A., former Polskie Sieci Elektroenergetyczne) against ENERGA – OPERATOR S.A.

In March 2008 the District Court in Warsaw pronounced its verdict according to which ENERGA – OPERATOR S.A. is to pay PSE the amount of PLN 62,514 thousand with interest and the amount of PLN 143 thousand as a refund of proceedings costs. ENERGA - OPERATOR S.A. appealed against the above verdict. Based on the legal opinion of an independent expert PKN ORLEN did not appeal. In its sentence dated 19 March 2009 the Court of Appeals declined the appeal of ENERGA-OPERATOR S.A. against the verdict of the first instance Court that sentenced the specified amount. The verdict in this case is already legally binding. The defendant submitted an annulment which on 5 February 2010was accepted for recognition by the Supreme Court

In its sentence dated 26 March 2010 the Supreme Court repealed the sentence and revoked it to reexamination by the Court of Appeals in Warsaw.

Eventual court ruling will not result in liabilities directly on the side of PKN ORLEN, as PKN ORLEN acts only as an outside intervener in the case.

d) Anti- trust proceedings

As at the date of preparation of the financial statements the Company is a party in the following anti-trust proceedings:

- Proceedings in connection with 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 instituted in March 2005. In December 2007 the Chairman of OCCP penalized PKN ORLEN and LOTOS Group for the participation in the above described agreement. The fine imposed on PKN ORLEN amounted to PLN 4,500 thousand. PKN ORLEN appealed to the Court of Competition and Consumer Protection against that decision. The date of a court seating has been set on 27 April 2010.

- Proceedings in connection with an allegation that in the years 2000-2004 PKN ORLEN was using practice limiting competition on the domestic market of trading in glycol by setting prices for "Petrygo" liquid to radiators which were inadequate compared to increase in price of glycol, instituted in March 2005. In December 2006 the Chairman of OCCP imposed a fine on PKN ORLEN in the amount of PLN 14,000 thousand. PKN ORLEN appealed against this decision. According to independent legal opinions there is low probability that the Company is charged with a fine. However due to the current status of proceedings these financial statements include the respective contingent liability. The proceedings in front of the Court of Competition and Consumer Protection in Warsaw are pending.
- Proceedings instituted in July 2008 in connection with 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. PKN ORLEN responded to allegations raised by the Chairman of the OCCP and filed a motion to issue a decision establishing a liability based on par. 12 of a competition and consumer protection act. Once the motion is adopted, the Chairman of the OCCP will not be able to impose a fine.

e) Claims and court proceedings – Tankpol Sp. z o.o.

The court proceedings were instituted by Tankpol Sp. z o.o. (presently Tankpol – R. Mosio i Wspólnicy sp. j.) against PKN ORLEN. The claim concerns the return of 253 out of 470 shares in ORLEN PetroTank Sp. z o.o. that were transferred by Tankpol to PKN ORLEN as a security, based on the agreement dated 20 December 2002. The Court of Appeals in Warsaw pronounced that PKN ORLEN is obliged to transfer ownership of 26 shares in ORLEN PetroTank Sp. z o.o. to Tankpol R. Mosio i Wspólnicy sp.j. As a result of an annulment submitted by Tankpol R. Mosio i Wspólnicy sp. j. the case was revoked to reexamination in front of the District Court in Warsaw.
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 yet binding. Return of other 26 shares is already legally binding.

36.2. Court proceedings in which PKN ORLEN acts as plaintiff

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 ORLEN Lietuva (previously AB Mazeikiu Nafta) shares. Claims of PKN ORLEN concern inconsistency of Yukos International's statements with the actual state of AB ORLEN Lietuva at the closing date of the purchase of AB -ORLEN Lietuva 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 ORLEN Lietuva 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.

37. Significant events after the end of the reporting period

After the end of the reporting period there were no significant events that may have an impact on future financial results.

38. Signatures of the Management Board Members

The foregoing financial statements were authorized by the Management Board of the Company in Warsaw on 29 March 2010.

………………………
Dariusz Krawiec
President of the Board

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Sławomir Jędrzejczyk
Vice-President of the Board

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Wojciech Kotlarek
Member of the Board

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Krystian Pater
Member of the Board

………………………
Marek Serafin
Member of the Board