



**Polski Koncern Naftowy ORLEN
Spółka Akcyjna Group**
**Opinion and Report
of the Independent Auditor
Financial Year ended
31 December 2010**

The opinion contains 2 pages
The report supplementing the auditor's opinion
contains 17 pages
Opinion of the independent auditor
and report supplementing the auditor's opinion
on the consolidated financial statements
for the financial year ended
31 December 2010



KPMG Audyt Sp. z o.o.
ul. Chłodna 51
00-867 Warszawa
Poland

Telefon +48 22 528 11 00
Fax +48 22 528 10 09
E-mail kpmg@kpmg.pl
Internet www.kpmg.pl

This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

OPINION OF THE INDEPENDENT AUDITOR

To the General Meeting of Polski Koncern Naftowy ORLEN Spółka Akcyjna

We have audited the accompanying consolidated financial statements of Polski Koncern Naftowy ORLEN Spółka Akcyjna Group, seated in Płock, 7 Chemików Street ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2010, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, comprising of a summary of significant accounting policies and other explanatory information.

Management's and Supervisory Board's Responsibility for the Consolidated Financial Statements

Management of the Parent Company is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by European Union and with other applicable regulations and preparation of the Report on the Group's activities. Management of the Parent Company is also responsible for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

According to the Accounting Act dated 29 September 1994 (Official Journal from 2009, No. 152, item 1223 with amendments) ("the Accounting Act"), Management of the Parent Company and members of the Supervisory Board are required to ensure that the consolidated financial statements and the Report on the Group's activities are in compliance with the requirements set forth in the Accounting Act.

Auditor's Responsibility

Our responsibility, based on our audit, is to express an opinion on these consolidated financial statements. We conducted our audit in accordance with section 7 of the Accounting Act, national standards on auditing issued by Polish National Council of Certified Auditors and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the accompanying consolidated financial statements of PKN ORLEN S.A. Group have been prepared and present fairly, in all material respects, the financial position of the Group as at 31 December 2010 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, and are in compliance with the respective regulations that apply to the consolidated financial statements, applicable to the Group.

Other Matters

As required under the Accounting Act, we also report that the Report on the Group's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009, No 33, item 259) and the information is consistent with the consolidated financial statements.

On behalf of KPMG Audyt Sp. z o.o. registration
number 458
ul. Chłodna 51, 00-867 Warsaw



.....
Certified Auditor No. 10427
Marta Zemka



.....
Certified Auditor No. 10268
Director
Monika Bartoszewicz

29 March 2011
Warsaw



TRANSLATION

**Polski Koncern Naftowy
ORLEN
Spółka Akcyjna Group**

Report supplementing
the auditor's opinion
on the consolidated financial
statements
Financial Year ended
31 December 2010

The report supplementing the auditor's opinion
contains 17 pages
Report supplementing the auditor's opinion
on the consolidated financial statements
for the financial year ended
31 December 2010

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1. General

1.1 Identification of the Group

1.1.1 Name of the Group

Polski Koncern Naftowy ORLEN Spółka Akcyjna Group ("the Group")

1.1.2 Registered office of the Parent Company of the Group

7 Chemików Street
09-411 Płock

1.1.3 Registration of the Parent Company in the National Court Register

Registration court:	District Court for the Capital City Warsaw in Warsaw, XIV Commercial Department of the National Court Register
Date:	19 July 2001
Registration number:	KRS 0000028860
Initial capital as at balance sheet date:	534.636.000

1.1.4 Management of the Company

The Management Board is responsible for management of the Company.

At 31 December 2010, the Management Board of the Company was comprised of the following members:

- | | |
|------------------------|--|
| • Dariusz Krawiec | - President of the Management Board, Chief Executive Officer, |
| • 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. |

1.2 Information about companies comprising the Group

1.2.1 Companies included in the consolidated financial statements

As at 31 December 2010, the following companies were consolidated by the Group:

Parent Company:

- PKN ORLEN S.A.

Subsidiaries consolidated on the full consolidation basis:

- ORLEN Deutschland GmbH
- ORLEN Gaz Sp. z o.o.
- ORLEN PetroCentrum Sp. z o.o.
- ORLEN Medica Sp. z o.o.



- ORLEN Budonaft Sp. z o.o.
- ORLEN KolTrans Sp. z o.o.
- ORLEN Transport S.A.
- ORLEN Asfalt Sp. z o.o.
- ORLEN Laboratorium Sp. z o.o.
- ORLEN Oil Sp. z o.o. Group
 - ORLEN Oil Sp. z o.o. (parent company)
 - ORLEN Oil Cesko s.r.o. (full consolidation method)
 - Platinum Oil Sp. z o.o. (full consolidation method)
- ORLEN Petrotank Sp. z o.o.
- Anwil S.A. Group
 - Anwil S.A. (parent company)
 - Przedsiębiorstwo Inwestycyjno – Remontowe Remwil Sp. z o.o. (full consolidation method)
 - Przedsiębiorstwo Produkcyjno – Handlowo – Usługowe Pro – Lab Sp. z o.o. (full consolidation method)
 - Przedsiębiorstwo Usług Specjalistycznych i Projektowych Chemeko Sp. z o.o. (full consolidation method)
 - Spolana a.s. (full consolidation method)
- Rafineria Trzebinia S.A. Group
 - Rafineria Trzebinia S.A. (parent company)
 - Energomedia Sp. z o.o. (full consolidation method)
 - Euraft Trzebinia Sp. z o.o. (full consolidation method)
 - Fabryka Parafin Naftowax Sp. z o.o. (full consolidation method)
 - EkoNaft Sp. z o.o. (full consolidation method)
- Rafineria Nafty Jedlicze S.A. Group
 - Rafineria Nafty Jedlicze S.A. (parent company)
 - RAF - KOLTRANS Sp. z o.o. (full consolidation method)
 - Konsorcjum Olejów Przetworzonych - Organizacja Odzysku S.A. (full consolidation method)



- Inowrocławskie Kopalnie Soli „Solino” S.A.
- Unipetrol a.s. Group
 - Unipetrol a.s. (parent company)
 - UNIPETROL TRADE a.s. Group (full consolidation method)
 - UNIPETROL TRADE a.s. (parent company)
 - CHEMAPOL (SCHWEIZ) AG w likwidacji (full consolidation method)
 - UNIPETROL DEUTSCHLAND GmbH (full consolidation method)
 - UNIPETROL RPA s.r.o. Group (full consolidation method)
 - UNIPETROL RPA s.r.o. (parent company)
 - UNIRAF SLOVENSKO s.r.o. (full consolidation method)
 - UNIPETROL DOPRAVA s.r.o. (full consolidation method)
 - BENZINA s.r.o. Group (full consolidation method)
 - BENZINA s.r.o. (parent company)
 - PETROTRANS s.r.o. (full consolidation method)
 - PARAMO a.s. (full consolidation method)
 - Česká Rafinerska a.s. (proportional consolidation method)
 - UNIPETROL SERVICES s.r.o. (full consolidation method)
 - BUTADIEN KRALUPY a.s. (proportional consolidation method)
- Ship-Service S.A.
- ORLEN Automatyka Sp. z o.o.
- Petrolot Sp. z o.o.
- ORLEN Projekt S.A.
- ORLEN Wir Sp. z o.o.
- ORLEN Administracja Sp. z o.o.
- ORLEN Eko Sp. z o.o.
- ORLEN Księgowość Sp. z o.o.
- ORLEN Prewencja Sp. z o.o.
- ORLEN Upstream Sp. z o.o.



- ORLEN Holding Malta Ltd. Group
 - ORLEN Holding Malta Ltd. (parent company)
 - ORLEN Insurance Ltd. (full consolidation method)
- AB Orlen Lietuva Group (formerly AB Mazeikiu Nafta)
 - AB ORLEN Lietuva (parent company)
 - UAB Mazeikiu naftos sveikatos prieziuros centras (full consolidation method)
 - UAB PASLAUGOS TAU (full consolidation method)
 - UAB EMAS (full consolidation method)
 - AB Ventus-Nafta (full consolidation method)
 - UAB Mazeikiu naftos prekybos namai Group:
 - UAB Mazeikiu naftos prekybos namai (parent company)
 - SIA Mazeikiu Nafta Tirdzniecibas nams (full consolidation method)
 - OU Mazeikiu Nafta Trading House (full consolidation method)
 - Mazeikiu Nafta Trading House Sp. z o.o. (full consolidation method)
- ORLEN Finance AB
- ORLEN International Exploration & Production Company BV Group
 - ORLEN International Exploration & Production Company BV (parent company)
 - SIA Balin Energy (proportional consolidation method)
- ORLEN Ochrona Sp. z o.o.
- ORLEN Centrum Serwisowe Sp. z o.o.,
- ORLEN Capital AB.

Joint ventures consolidated on the proportional consolidation basis:

- Basell ORLEN Polyolefins Sp. z o.o. Group,
 - Basell ORLEN Polyolefins Sp. z o.o. (parent company)
 - Basell ORLEN Polyolefins Sprzedaż Sp. z o.o. (full consolidation method)
- Płocki Park Przemysłowo-Technologiczny S.A.

The following subsidiaries were consolidated for the first time during the year ended 31 December 2010, as a result of the Parent Company acquiring a controlling interest:

- ORLEN Capital AB – subject to consolidation for the period from 1 October 2010 to 31 December 2010,



- SIA Balin Energy – subject to consolidation for the period from 1 October 2010 to 31 December 2010.

1.2.2 Entities excluded from consolidation

As at 31 December 2010, the following subsidiaries of the Group were not consolidated:

- Zakładowa Straż Pożarna Sp. z o.o.,
- Polymer Institute Brno s.r.o.,
- HC Benzina Litvinov a.s. (formerly HC CHEMOPETROL a.s.),
- Centrum Edukacji Sp. z o.o.,
- CHEMOPETROL a.s.,
- Výzkumný ústav anorganické chemie, a.s.,
- Sanatorium Uzdrowskie „Krystynka” Sp. z o.o.,
- Mogul Slovakia s.r.o.,
- Petro-Mawi Sp. z o.o. in liquidation,
- RAF – Służba Ratownicza Sp. z o.o.,
- RAF Bit Sp. z o.o.,
- RAN – WATT Sp. z o.o. in liquidation,
- UNIPETROL RAFINERIE s.r.o. (formerly Garo Estates s.r.o.),
- UNIPETROL AUSTRIA HmbH in liquidation,
- Petro-Oil Seewax Sp. z o.o. in bankruptcy.

1.3 Auditor information

1.3.1 Key certified auditor information

Name and surname: Monika Bartoszewicz
 Registration number: 10268

Name and surname: Marta Zemka
 Registration number: 10427

1.3.2 Audit firm information

Name: KPMG Audyt Sp. z o.o.
 Registered office: Warsaw
 Address: ul. Chłodna 51, 00-867 Warsaw
 Registration number: KRS 0000104753
 Registration court: District Court for the Capital City Warsaw in Warsaw,
 XII Commercial Department of the National Court Register



Share capital: PLN 125,000
NIP number: 526-10-24-841

KPMG Audyt Sp. z o.o. is entered in the register of audit firms under number 458.

1.4 Prior period consolidated financial statements

The consolidated financial statements for the financial year ended 31 December 2009 were audited by KPMG Audyt Sp. z o.o. and received an unqualified opinion.

The consolidated financial statements were approved at the General Meeting on 25 June 2010.

The closing balance as at 31 December 2009 have been properly recorded as the opening balance of the audited year, after taking into consideration presentation changes disclosed in the note 2.2.3 to the attached consolidated financial statements.

The consolidated financial statements were submitted to the Registry Court on 14 July 2010 and were published in Monitor Polski B No. 2198 on 3 November 2010.

1.5 Audit scope and responsibilities

This report was prepared for the General Meeting of PKN ORLEN S.A. seated in Płock, 7 Chemików Street and relates to the consolidated financial statements comprising: the consolidated statement of financial position as at 31 December 2010, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, comprising of a summary of significant accounting policies and other explanatory information.

The Parent Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union on the basis of the decision of the Extraordinary General Meeting of Polski Koncern Naftowy ORLEN S.A. dated 30 December 2004.

The consolidated financial statements have been audited in accordance with the contract dated 12 April 2010, concluded on the basis of the resolution of the Supervisory Board dated 8 December 2009 on the appointment of the auditor.

We conducted the audit in accordance with section 7 of the Accounting Act, national standards on auditing issued by Polish National Council of Certified Auditors and International Standards on Auditing.

We audited the consolidated financial statements in the Parent Company's head office during the period from 6 December 2010 to 17 December 2010 and from 24 January 2011 to 29 March 2011. The audit was preceded by quarterly reviews.

Management of the Parent Company is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations and preparation of the Report on the Company's activities.

Our responsibility is to express an opinion and to prepare a supplementing report on the financial statements.



The Management Board of the Parent Company submitted a statement, dated the same date as this report, as to the true and fair presentation of the consolidated financial statements presented for audit, which confirmed that there were no undisclosed matters which could significantly influence the information presented in the consolidated financial statements.

All required statements, explanations and information and all our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

Key certified auditors and KPMG Audyt Sp. z o.o. fulfill independence requirements from the companies included in the Group as described in Art. 56 points 3 and 4 of the Act on certified auditors and their government, audit firms and public oversight dated 7 May 2009 (Official Journal No. 77, item 649).

The scope of the work planned and performed has not been limited in any way. The method and scope of our audit is detailed in working papers prepared by us and retained in the offices of KPMG Audyt Sp. z o.o.

1.6 Information on audits of the financial statements of the consolidated companies

1.6.1 Parent Company

The financial statements of the Parent Company for the year ended 31 December 2010 were audited by KPMG Audyt Sp. z o.o., audit firm number 458, and received an unqualified opinion.



1.6.2 Other consolidated entities

Entity's name	Authorized auditor	Financial year end	Type of auditor's opinion
ORLEN Deutschland GmbH	KPMG AG	31 December 2010	Unqualified opinion
ORLEN Gaz Sp. z o.o.	KPMG Audyt Sp. z o.o.	31 December 2010	Unqualified opinion
ORLEN PetroCentrum Sp. z o.o.	KPMG Audyt Sp. z o.o.	31 December 2010	Unqualified opinion
ORLEN Medica Sp. z o.o.	DGA Audyt Sp. z o.o.	31 December 2010	Unqualified opinion
ORLEN Budonaft Sp. z o.o.	DGA Audyt Sp. z o.o.	31 December 2010	Unqualified opinion
ORLEN Laboratorium Sp. z o.o.	DGA Audyt Sp. z o.o.	31 December 2010	Unqualified opinion
ORLEN Asfalt Sp. z o.o.	KPMG Audyt Sp. z o.o.	31 December 2010	Unqualified opinion
ORLEN Oil Sp. z o.o. Group	KPMG Audyt Sp. z o.o.	31 December 2010	Unqualified opinion
ORLEN Petrotank Sp. z o.o.	KPMG Audyt Sp. z o.o.	31 December 2010	Unqualified opinion
Anwil S.A. Group	KPMG Audyt Sp. z o.o.	31 December 2010	Audit in progress
Rafineria Nafty Jedlicze S.A. Group	KPMG Audyt Sp. z o.o.	31 December 2010	Unqualified opinion
Inowrocławskie Kopalnie Soli "Solino" S.A.	KPMG Audyt Sp. z o.o.	31 December 2010	Unqualified opinion
Unipetrol a.s. Group	KPMG Ceska Republika Audyt s.r.o.	31 December 2010	Unqualified opinion
Ship-Service S.A.	KPMG Audyt Sp. z o.o.	31 December 2010	Unqualified opinion
ORLEN Automatyka Sp. z o.o.	DGA Audyt Sp. z o.o.	31 December 2010	Unqualified opinion
Petrolot Sp. z o.o.	KPMG Audyt Sp. z o.o.	31 December 2010	Unqualified opinion
ORLEN Holding Malta Ltd.	KPMG Ltd.	31 December 2010	Audit in progress
ORLEN Projekt Sp. z o.o.	DGA Audyt Sp. z o.o.	31 December 2010	Unqualified opinion
ORLEN Wir Sp. z o.o.	DGA Audyt Sp. z o.o.	31 December 2010	Unqualified opinion
ORLEN Administracja Sp. z o.o.	DGA Audyt Sp. z o.o.	31 December 2010	Unqualified opinion
ORLEN Eko Sp. z o.o.	DGA Audyt Sp. z o.o.	31 December 2010	Unqualified opinion
ORLEN Księgowość Sp. z o.o.	DGA Audyt Sp. z o.o.	31 December 2010	Unqualified opinion
ORLEN Prewencja Sp. z o.o.	DGA Audyt Sp. z o.o.	31 December 2010	Unqualified opinion



Polski Koncern Naftowy ORLEN Spółka Akcyjna Group
*Report supplementing the opinion on the consolidated financial statements
for the financial year ended 31 December 2010*
TRANSLATION

Entity's name	Authorized auditor	Financial year end	Type of auditor's opinion
ORLEN Insurance Ltd.	KPMG Ltd.	31 December 2010	Audit in progress
AB ORLEN Lietuva Group	UAB KPMG Baltics	31 December 2010	Unqualified opinion
ORLEN Finance AB	KPMG AB	31 December 2010	Audit in progress
ORLEN Ochrona Sp. z	DGA Audyt Sp. z o.o.	31 December 2010	Unqualified opinion
Basell ORLEN Polyolefins Sp. z o.o.	KPMG Audyt Sp. z o.o.	31 December 2010	Unqualified opinion
Płocki Park Przemysłowo - Technologiczny S.A.	DGA Audyt Sp. z o.o.	31 December 2010	Unqualified opinion
ORLEN KolTrans Sp. z	DGA Audyt Sp. z o.o.	31 December 2010	Unqualified opinion
ORLEN Upstream Sp. z	KPMG Audyt Sp. z o.o.	31 December 2010	Unqualified opinion
ORLEN Centrum Serwisowe Sp. z o.o.	DGA Audyt Sp. z o.o.	31 December 2010	Unqualified opinion
Rafineria Trzebinia S.A. Group	KPMG Audyt Sp. z o.o.	31 December 2010	Unqualified, with the following emphasis of matter: "Without qualifying our opinion, we draw attention to the following issues: -as disclosed in detail in the point 34 (b) of the explanatory notes to consolidated financial statements, as the result of the ongoing tax proceedings, the parent company received tax authorities decisions determining an excise tax liability for the period May-September 2004 at the total amount of approximately PLN 100 million plus interest. In its sentence dated 12 November 2008 the Voivodship Administrative Court in Kraków dismissed the decisions of the Director of the Customs Office in Kraków determining the above mentioned excise tax liability for the period May-September 2004 at the amount of approximately PLN 100 million. On 16 January 2009 the Director of the Customs Chamber in Kraków submitted an annulment to the Supreme Administrative Court in Warsaw against the decision issued in September 2004. On 25 August 2009 the Supreme Administrative Court overruled the annulment. On 25 September 2009 the Head of the Customs Office in Kraków issued new decisions determining the amount of excise tax liability for the months: May, June, July and August 2004 at the total amount of approximately PLN 80 million plus interest. On 14 October 2009 the parent company appealed to the Director of the Customs Chamber in Kraków regarding the above mention decisions. On 22 January 2010 the



Entity's name	Authorized auditor	Financial year end	Type of auditor's opinion
			<p>the parent company appealed to the Director of the Customs Chamber in Kraków regarding the above mention decisions. On 22 January 2010 the Director of the Customs Chamber dismissed the decisions of the Head of the Customs Office and revoked the case to reexamination. On 24 November 2010 Head of the Customs Office in Kraków issued a decision determining the amount of excise tax liability for September 2004 of PLN 37,611.5 thousand plus interest. On 15 December 2010 the parent company raised a complaint to the Director of the Customs Chamber in Kraków. On 14 February 2011 District Court in Chrzanów the Real- estate Register Department, as a result of the motion of the Director of the Customs Chamber registered the compulsory mortgage of PLN 36,342.2 thousand as a collateral of a claim resulting from the above decision.</p> <p>The Management Board of the parent company believes that there is high probability that the outcome of the ongoing proceedings will be favorable for the parent company. In the accompanying consolidated financial statements of Rafineria Trzebinia S.A. Group for the reporting year ended 31 December 2010 no provision was recognized to cover potential tax liabilities resulting from the above mentioned decisions."</p>
ORLEN Transport Sp. z o.o.	DGAAudyt Sp. z o.o.	31 December 2010	Unqualified opinion

The financial statements of 15 entities included in the consolidated financial statements were audited by certified auditor other then KPMG. The total assets presented in the financial statements of these entities as at 31 December 2010 amount to 1.06% of the total consolidated assets of the Group before consolidation eliminations and the revenues of these entities for the financial year ended 31 December 2010 amount to 0.87% of the consolidated revenues of the Group, before eliminations of intercompany transactions.

The financial statements of other entities in the Group were not required to be audited for the financial year ended 31 December 2010.



2 Financial analysis of the Group

2.1 Summary of the consolidated financial statements

2.1.1 Consolidated statement of financial position

ASSETS	31.12.2010		31.12.2009*	
	PLN '000	% of total	PLN '000	% of total
Non-current assets				
Property, plant and equipment	27,403,013	53.6	26,998,132	55.0
Investment property	1,102,709	2.2	690,376	1.4
Intangible assets	71,976	0.1	71,487	0.1
Perpetual usufruct of land	96,354	0.2	96,043	0.2
Investments accounted for under equity method	1,501,016	2.9	1,401,586	2.9
Financial assets available for sale	42,783	0.1	59,633	0.1
Deferred tax assets	163,893	0.3	290,820	0.6
Other non-current assets	49,130	0.1	46,947	0.1
Total non-current assets	30,430,874	59.5	29,655,024	60.4
Current assets				
Inventories	11,294,851	22.1	10,619,859	21.6
Trade and other receivables	6,288,802	12.3	5,624,933	11.5
Other short-term financial assets	224,601	0.4	181,005	0.4
Income tax receivable	48,273	0.1	34,032	0.1
Cash and cash equivalents	2,820,742	5.5	2,941,039	6.0
Non-current assets classified as held for sale	41,649	0.1	32,178	0.1
Total current assets	20,718,918	40.5	19,433,046	39.6
TOTAL ASSETS	51,149,792	100.0	49,088,070	100.0
LIABILITIES AND SHAREHOLDERS' EQUITY				
	31.12.2010	% of total	31.12.2009*	% of total
	PLN '000		PLN '000	
Equity				
Share capital	1,057,635	2.1	1,057,635	2.2
Share premium	1,227,253	2.4	1,227,253	2.5
Hedging reserve	63,872	0.1	14,849	0.0
Foreign exchange differences on subsidiaries from consolidation	(149,492)	0.3	(266,789)	0.5
Retained earnings	19,428,670	38.0	17,004,955	34.6
Total equity attributable to equity holders of the parent	21,627,938	42.9	19,037,903	39.9
Non-controlling interest	2,612,015	5.1	2,669,308	5.4
Total equity	24,239,953	48.0	21,707,211	45.3
Liabilities				
Interest-bearing loans and borrowings	9,123,987	17.8	11,610,532	23.7
Provisions	635,618	1.2	661,921	1.3
Deferred tax liabilities	818,581	1.6	836,330	1.7
Deferred income	16,960	0.0	16,855	0.0
Other long-term liabilities	89,675	0.2	97,705	0.2
Total long-term liabilities	10,684,821	20.9	13,223,343	26.9
Trade and other liabilities	13,435,998	26.3	11,494,542	23.4
Interest-bearing loans and borrowings	1,543,740	3.0	1,593,695	3.2
Income tax liability	23,370	0.0	24,169	0.0
Provisions	1,002,428	2.0	847,117	1.7
Deferred income	74,959	0.1	80,519	0.2
Other financial liabilities	144,523	0.3	117,474	0.2
Total short-term liabilities	16,225,018	31.7	14,157,516	28.8
Total liabilities	26,909,839	52.6	27,380,859	55.8
TOTAL EQUITY AND LIABILITIES	51,149,792	100.0	49,088,070	100.0

* data after presentation changes disclosed in note 2.2.3 to the consolidated financial statements

2.1.2 Consolidated statement of comprehensive income

	1.01.2010 - 31.12.2010 PLN '000	% of total sales	1.01.2009 - 31.12.2009* PLN '000	% of total sales
Income statement				
Sales revenues	83,547,432	100.0	67,927,990	100.0
Cost of sales	(75,566,961)	90.4	(61,843,276)	91.0
Gross profit on sales	7,980,471	9.6	6,084,714	9.0
Distribution expenses	(3,394,612)	4.1	(3,507,700)	5.2
General and administrative expenses	(1,365,195)	1.6	(1,504,707)	2.2
Other operating revenues	771,321	1.0	1,258,334	2.0
Other operating expenses	(869,336)	1.0	(1,233,565)	1.8
Profit from operations	3,122,649	16.3	1,097,076	18.2
Financial revenues	446,754	0.5	1,094,275	1.6
Financial expenses	(751,248)	0.9	(1,023,074)	1.5
Financial revenues and expenses	(304,494)	1.4	71,201	3.1
Share in profit from investments accounted for under equity method	252,012	0.3	272,375	0.4
Profit before tax	3,070,167	3.7	1,440,652	2.1
Income tax expense	(614,700)	0.7	(140,485)	0.2
Net profit	2,455,467	2.9	1,300,167	1.9
Items of other comprehensive income				
Hedging instruments valuation	25,502	0.0	(4,491)	0.0
Hedging instruments settlement	35,020	0.0	146,024	0.2
Foreign exchange differences on consolidation	153,734	0.2	(203,395)	0.3
Deferred tax on other comprehensive income items	(11,499)	0.0	(26,891)	0.0
Other comprehensive income for the period, net of income tax	202,757	0.2	(88,753)	0.1
Total net comprehensive income	2,658,224	3.2	1,211,414	1.8
* data after presentation changes disclosed in note 2.2.3 to the consolidated financial statements				
Net profit attributable to:				
Equity holders of the parent	2,371,358		1,308,521	
Non-controlling interest	84,109		(8,354)	
Net profit	2,455,467		1,300,167	
Total comprehensive income attributable to:				
Equity holders of the parent	2,537,678		1,233,166	
Non-controlling interest	120,546		(21,752)	
Total comprehensive income for the period	2,658,224		1,211,414	



2.2 Selected financial ratios

	2010	2009	2008
1. Return on sales			
$\frac{\text{net profit} \times 100\%}{\text{net revenues}}$	2.9%	1.9%	negative value
2. Return on equity			
$\frac{\text{net profit} \times 100\%}{\text{equity} - \text{net profit}}$	11.3%	6.4%	negative value
3. Debtors turnover			
$\frac{\text{average trade receivables (gross)} \times 365 \text{ days}}{\text{net revenues}}$	21 days	25 days	23 days
4. Debt ratio			
$\frac{\text{liabilities} \times 100\%}{\text{equity and liabilities}}$	57.7%	61.2%	62.1%
5. Current ratio			
$\frac{\text{current assets}}{\text{current liabilities}}$	1.3	1.4	0.8

- Net revenues are comprised of the sale of finished products, merchandise and raw materials.
- Average trade receivables represent the average of trade receivables at the beginning and at the end of the period, excluding allowances for receivables.

The above financial ratios do not indicate the existence of conditions which may have a significant negative impact on the financial position and financial performance of the Group and its ability to continue as a going concern in a foreseeable future.



3 Detailed report

3.1 Accounting principles

The Parent Company maintains current documentation describing the accounting principles applied by the Group and adopted by the Management Board of the Parent Company.

The accounting principles are described in the notes to the consolidated financial statements to the extent required by International Financial Reporting Standards as adopted by the European Union.

In view of the fact that not all entities being part of the Group apply common accounting principles consistent with the accounting principles applied by the Parent Company, appropriate adjustments to the financial statements of those entities were made to ensure consistency with the accounting principles applied by the Parent Company.

The financial statements of the entities included in the consolidated financial statements were prepared at the end of the same reporting period as the financial statements of the Parent Company.

3.2 Basis of preparation of the consolidated financial statements

The consolidated financial statements of the PKN ORLEN S.A. Group were prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations.

The consolidated financial statements were prepared on the basis of the consolidation documentation prepared in accordance with the requirements the Decree of the Ministry of Finance dated 25 September 2009 on principles for the preparation of consolidated financial statements of a capital group by companies other than banks and insurance companies (Official Journal from 2009 r., No 169, item 1327).

3.3 Method of consolidation

The method of consolidation is described in note 2.3.3.4 of the notes to the consolidated financial statements.

3.4 Goodwill arising on consolidation

The method of calculating goodwill arising on consolidation is described in note 2.3.8.1 of the notes to the consolidated financial statements.

3.5 Consolidation of equity and calculation of non-controlling interest

The share capital of the Group is equal to the share capital of the Parent Company.

Other equity items of the Group are determined by adding the equity balances of subsidiaries included in the consolidated financial statements in the proportion reflecting the Parent Company's share in the subsidiaries' equity as at the end of the reporting period to the corresponding positions of the equity of the Parent Company.

Only equity of subsidiaries arising after the Parent Company obtained control of the subsidiary is included in the equity of the Group.



Non-controlling interests in subsidiaries included in the consolidated financial statements were determined based on the non-controlling interest' share in the subsidiaries' equity as at the end of the reporting period.

3.6 Consolidation eliminations

Intercompany balances within the Group were eliminated on consolidation.

Sales between entities and other intercompany operating revenues and expenses and financial revenues and expenses were eliminated on consolidation.

The consolidation eliminations were based on the accounting records of PKN ORLEN S.A. and agreed with information received from the subsidiaries.

3.7 Notes to the consolidated financial statements

All information included in the notes to the consolidated financial statements, comprising of a summary of significant accounting policies and other explanatory information, is, in all material respects, presented correctly and completely. This information should be read in conjunction with the consolidated financial statements.

3.8 Report of the Management Board of the Parent Company on the Group's activities

The Report of the Management Board of the Parent Company on the Group's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009, No 33, item 259) and the information is consistent with the consolidated financial statements.

3.9 Information on the opinion of the independent auditor

Based on our audit of the consolidated financial statements of the Group as at and for the year ended 31 December 2010, we have issued an unqualified opinion.

On behalf of KPMG Audyt Sp. z o.o. registration
number 458
ul. Chłodna 51, 00-867 Warsaw



Certified Auditor No. 10427
Marta Zemka

29 March 2011
Warsaw



Certified Auditor No. 10268
Director
Monika Bartoszewicz