

Results of the PKN ORLEN Group for the 3 quarter of 2011
(Translation of a document originally issued in Polish)

Summary of the results

Table 1

Q3 2010	Q2 2011	Q3 2011	% change	Key financial data, PLNm	9 months 2010	9 months 2011	% change
1	2	3	4=(3-1)/1	5	6	7	8=(7-6)/6
22 106	25 641	28 682	29.7	Total sales revenue	60 616	76 997	27.0
1 403	1 586	1 392	-0.8	Profit/loss from operations plus depreciation and amortisation (EBITDA)	4 203	4 872	15.9
789	1 009	778	-1.4	Profit/loss from operations, including:	2 376	3 127	31.6
662	711	669	1.1	PKN ORLEN S.A.	1 987	2 319	16.7
6	30	-48	-	Unipetrol Group	162	69	-57.4
-77	4	-131	-70.1	ORLEN Lietuva	-193	-27	86.0
198	264	288	45.5	Other	420	766	82.4
				Operating segments, including:			
462	510	335	-27.5	Refining	1 871	1 873	0.1
142	521	367	158.5	Petrochemical	369	1 273	245.0
309	192	181	-41.4	Retail	600	400	-33.3
-124	-214	-105	15.3	Corporate Functions ¹	-464	-419	9.7
614	577	614	0.0	Depreciation and Amortisation, including:	1 827	1 745	-4.5
314	271	278	-11.5	Refining	933	826	-11.5
192	205	225	17.2	Petrochemical	569	597	4.9
79	77	83	5.1	Retail	239	242	1.3
29	24	28	-3.4	Corporate Functions	86	80	-7.0
1 258	918	-249	-	Net profit/loss	1 911	1 817	-4.9
1 242	899	-258	-	Profit/loss attributable to equity holders of the Parent	1 830	1 745	-4.6
50 364	54 472	58 235	15.6	Assets	50 364	58 235	15.6
23 826	26 550	26 695	12.0	Equity	23 826	26 695	12.0
9 876	7 884	9 280	-6.0	Net debt	9 876	9 280	-6.0
400	1 007	480	20.0	Net cash provided by operating activities	3 284	1 445	-56.0
-1 339	-402	-406	69.7	Net cash provided by/(used in) investing activities	-2 295	-1 416	38.3
680	498	621	-8.7	Investment expenditures (CAPEX)	2 057	1 445	-29.8
6.6	9.1	8.9	2,3p.p.	Return on capital employed (ROACE) (%)²	6.7	9.2	2.5p.p.
42.2	31.1	32.2	-10.0p.p.	Financial leverage (%)³	44.2	33.6	-10.6p.p.
1.86	1.24	1.41	-24.2	Net debt/Profit from operations plus depreciation and amortisation for the last four quarters (EBITDA)⁴	1.86	1.41	-24.2
2.33	1.69	2.11	-9.4	Net debt/Profit from operations plus depreciation and amortisation based on the LIFO method for the last four quarters (EBITDA)⁵	2.33	2.11	-9.4
2.90	2.10	-0.60	-	Net profit/loss attributable to equity holders of the Parent per share (EPS)	4.28	4.08	-4.7
Q3 2010	Q2 2011	Q3 2011	% change	Financial data adjusted by the effect of inventory valuation based on the LIFO method, PLNm	9 months 2010	9 months 2011	% change
736	770	216	-70.7	Profit/loss from operations based on LIFO method, including:	1 467	1 437	-2.0
615	432	69	-88.8	PKN ORLEN S.A.	1 156	862	-25.4
50	40	-48	-	Unipetrol Group	104	-15	-
-120	42	-77	35.8	ORLEN Lietuva	-213	-140	34.3
191	256	272	42.4	Other	420	730	73.8
-53	-239	-562	-960.4	Effect on inventory valuation⁶ based on LIFO method on profit from operations, including:	-909	-1 690	-85.9
-47	-279	-600	-1176.6	PKN ORLEN S.A.	-831	-1 457	-75.3
44	10	0	-	Unipetrol Group	-58	-84	-44.8
-43	38	54	-	ORLEN Lietuva	-20	-113	-465.0
-7	-8	-16	-128.6	Other	0	-36	-
1 213	726	-702	-	Net profit/loss based on LIFO	1 174	443	-62.3

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

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

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

4) Interest bearing debt net of cash and cash equivalents as at the end of the period / (EBITDA + dividend received from Polkomtel) for the last four quarters.

5) Interest bearing debt net of cash and cash equivalents as at the end of the period / (EBITDA + dividend received from Polkomtel) based on the LIFO method for the last four quarters.

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

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Commentary

Results from operations and financial activities

The profit from operations of the ORLEN Capital Group („ORLEN Group”) for the 3 quarter of 2011 amounted to PLN 778 million and achieved comparable level to the analogous period of the prior year. The cumulative result from operations for the 9 months of 2011 reached the level of PLN 3,127 million, that is an increase of PLN 751 million (y/y).

Positive effect of LIFO method of inventory valuation increasing the result from operations was higher by PLN 509 million (y/y) and amounted to PLN 562 million in the 3 quarter of 2011.

As a result, the profit from operations of the ORLEN Group based on the LIFO method of inventory valuation amounted to PLN 216 million in the 3 quarter of 2011 and for the 9 months of 2011 amounted to PLN 1,437 million.

Total impact of changes in macroeconomic factors including: refining and petrochemical margins, the URAL/Brent differential, changes in PLN exchange rates against foreign currencies and higher sales volume was negative in the 3 quarter of 2011 and amounted to PLN (-) 43 million (y/y).

Pressure on retail margins associated with high fuel prices was partly compensated by increasing sales volume, which, as a consequence, decreased the profit from retail segment by PLN (-) 128 million (y/y).

Other operating elements amounted cumulatively to PLN (-) 349 million (y/y) and were connected mainly with deterioration of trading conditions as a result of strong competitors pressure, implementation of legislative changes in the respect of bio fuel taxation from May 2011 and effects on other operating activities.

Net financial expenses in the 3 quarter of 2011 amounted to PLN (-) 979 million and comprised mainly negative foreign exchange differences, of which PLN (-) 465 million concerned the revaluation of loans, mainly in EUR and PLN (-) 514 million concerned trade settlements. More than a half of total value of net negative foreign exchange differences are unrealized. After taking into account net interest costs of PLN (-) 83 million, financial expenses amounted to PLN (-) 1,067 million.

Foreign exchange losses on loans denominated in USD for which hedging relationship with net investment in ORLEN Lietuva was designated in the amount of PLN (-) 728 million, according to IAS 39 (Financial instruments: recognition and measurement) and foreign exchange losses on revaluation of subsidiaries in the amount of PLN (-) 180 million, according to IAS 21 (The effects of changes in foreign exchange rates), were recognized in equity in line foreign exchange differences on subsidiaries from consolidation.

In the 2 quarter of 2011 shares in Polkomtel S.A. have been classified as assets held for sale. Consequently share in net result for 3 quarter of 2011 of this company has not been included in the statement of comprehensive income of the ORLEN Group.

After consideration of tax charges, net loss of the ORLEN Group for the 3 quarter of 2011 amounted to PLN (-) 249 million. Net profit of the ORLEN Group for 9 months of 2011 amounted to PLN 1,817 million.

Results from operations of the core entities belonging to the ORLEN Group in the 3 quarter of 2011

- PKN ORLEN S.A. – profit from operations was higher by PLN 7 million (y/y) and amounted to PLN 669 million.
 - result of the refining segment, lower by PLN (-) 21 million (y/y), is mainly the effect of the positive impact of increasing crude oil prices in PLN on inventory valuation of PLN 529 million (y/y), negative impact of macroeconomic factors, legislative changes in the respect of bio fuel taxation, deterioration of trading conditions due to competition activities. The increase of heavy fractions share in sales of products structure resulting from maintenance works carried out on Desulphurisation of Heavy Residue and Hydrogen Production Plant had negative impact on segment results,
 - improvement of results of the petrochemical segment by PLN 194 million (y/y) is a result of positive impact of price changes of petrochemical products on inventory valuation of PLN 24 million (y/y), macroeconomic factors and higher sales volume,
 - decrease of results of the retail segment by PLN (-) 133 million is mainly a result of lower fuel margins, partly compensated by higher sales volume and the improvement of non-fuel margins,
 - costs of corporate functions, higher by PLN 33 million (y/y), are mainly the effect of increasing scope of carried out strategic projects related mainly to upstream and energetic area.

Results of the PKN ORLEN Group for the 3 quarter of 2011

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- ORLEN Lietuva Group („ORLEN Lietuva”) – the result from operations was lower by PLN (-) 54 million (y/y) and amounted to PLN (-) 131 million.
 - decrease of the operating result of the refining segment by PLN (-) 66 million (y/y) is a result of negative impact of inventory valuation due to changes in crude oil prices of PLN (-) 96 million (y/y), accompanied by the negative impact of macroeconomic factors at the end of the 3 quarter of 2011 (y/y),
 - decrease of sales volume has not been fully compensated by improvement of fuel margins and resulted in a decline of the result of the retail segment by PLN (-) 1 million (y/y),
 - costs of corporate functions, lower by PLN 13 million (y/y), accompanied by a positive effect on other operating activities.
- Unipetrol Capital Group („Unipetrol Group”) – the result from operations was lower by PLN (-) 54 million (y/y) and amounted to PLN (-) 48 million.
 - result of the refining segment, lower by PLN (-) 35 million (y/y), reflects mainly the positive impact of crude oil price changes on inventory valuation of PLN 48 million, including negative influence of lower sales volume as a result of maintenance shutdown in September,
 - deterioration of petrochemical segment result by PLN (-) 49 million (y/y) is the negative impact of petrochemical margins and lower sales volume related to started maintenance shutdown, accompanied by positive impact of other operating activities,
 - result of the retail segment, lower by PLN (-) 1 million (y/y), is mainly the result of lower sales volume, partly compensated by higher fuel margins,
 - costs of corporate functions, lower by PLN 31 million (y/y), including positive effect on other operating activities relating to reimbursement of unjustified fine imposed by European Commission in previous years.

Net indebtedness and cash flows

As at 30 September 2011 net indebtedness of the ORLEN Group amounted to PLN 9,280 million and increased by PLN 1,433 million as compared to the level to the end of 2010. Within 9 months of 2011 the increase in net indebtedness due to drawing of loans and borrowings and changes in the balance of cash and cash equivalents as well as valuation of indebtedness of PLN 355 million, accompanied by increases of PLN 1,078 million due to foreign exchange differences on revaluation of loans denominated in foreign currencies.

In the 3 quarter of 2011 net indebtedness increased by PLN 1,396 million due to drawing of loans, change in the balance of cash and cash equivalents and valuation of indebtedness of PLN 23 million as well as due to foreign exchange differences on revaluation of PLN 1,373 million of loans denominated in foreign currencies.

Net cash provided by operating activities amounted to PLN 480 million in the 3 quarter of 2011. Operating cash flows included mainly net profit increased by depreciation and amortization and adjustment of foreign exchange differences cumulatively of PLN 848 million and the change in balance of net working capital of PLN (-) 254.

Net cash used in investing activities in the 3 quarter of 2011 amounted to PLN (-) 406 million and concerned mainly net expenditures for acquisition of property, plant and equipment and intangible assets of PLN (-) 616 million relating to carried investment programs as well as interest and dividends received of PLN 258 million.

Cash flows from financing activities amounted to PLN 495 million in the 3 quarter of 2011 and concerned mainly net proceeds from loans and borrowings of PLN 589 million as well as debt costs of PLN (-) 92 million.

Consequently, the balance of cash and cash equivalents increased in the 3 quarter of 2011 by PLN 570 million and amounted to PLN 2,529 million as at 30 September 2011.

Detailed comments on revenues and operating results of particular segments were presented in follow – up paper.

Results of the PKN ORLEN Group for the 3 quarter of 2011
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Macroeconomic commentary

Crude oil prices, differential and margins

Table 2

Item	Quarter				change %
	Q1 2011	Q2 2011	Q3 2011	Q3 2010	
1	2	3	4	5	6=(4-5)/5
Brent crude oil (USD/bbl)	105.4	117.0	113.4	76.9	47.5
Brent / URAL differential (USD/bbl)	2.9	2.9	0.7	0.9	-22.2
Model refining margin (USD/bbl)	1.5	1.4	2.7	3.1	-12.9
Model petrochemical margin (EUR/t)	751	795	663	753	-12.0
Quotations of margins (crack margins)					
Refining products (USD/t)					
Gasoline	126	172	167	123	35.8
Diesel oil	118	100	110	95	15.8
Light heating oil	89	73	86	75	14.7
Jet A-1 fuel	173	168	159	120	32.5
Heavy heating oil	-243	-265	-231	-154	-50.0
Petrochemical products (EUR/t)					
Polyethylene	178	213	186	200	-7.0
Polypropylene	337	310	253	402	-37.1
Ethylene	567	583	501	499	0.4
Propylene	542	597	495	497	-0.4
Toluene	180	149	201	148	35.8
Benzene	379	241	208	233	-10.7
Butadiene	883	1 435	1 815	1 018	78.3
Paraxylene	612	546	500	321	55.8

Exchange rates

Table 3

Currency	Average exchange rates ¹⁾				change %	Period end exchange rates ¹⁾				change %
	Q1 2011	Q2 2011	Q3 2011	Q3 2010		Q1 2011	Q2 2011	Q3 2011	Q3 2010	
1	2	3	4	5	6=(4-5)/5	7	8	9	10	11=(9-10)/10
PLN/USD	2.88	2.75	2.94	3.10	-5.2	2.82	2.75	3.26	2.93	11.3
PLN/EUR	3.94	3.96	4.15	4.01	3.5	4.01	3.99	4.41	3.99	10.5
PLN/CZK	0.16	0.16	0.17	0.16	6.3	0.16	0.16	0.18	0.16	12.5
LTL/USD	2.53	2.40	2.44	2.68	-9.0	2.46	2.40	2.54	2.54	0.0
LTL/EUR	3.45	3.45	3.45	3.45	0.0	3.45	3.45	3.45	3.45	0.0
CZK/USD	17.8	16.9	17.3	19.3	-10.4	17.3	16.8	18.3	18.0	1.7
CZK/EUR	24.4	24.3	24.4	24.9	-2.0	24.5	24.3	24.8	24.6	0.8

1) Based on daily exchange rates of NBP, Czech Republic National Bank and Bank of Lithuania.

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Fuel consumption

Fuel consumption was presented on the basis of estimates of Agencja Rynku Energii S.A. ("ARE") (Energy Market Agency) with respect to Polish market, on the basis of the Czech Statistical Office with respect to Czech market, on the basis of data of Association of the German Petroleum Industry with respect to German market and on the basis of data of the Lithuanian Statistical Office with respect to Lithuanian market.

Table 4

Countries, (‘000 tonnes)	Q1 2011	Q2 2011	Q3 2011	Q3 2010	change %
1	2	3	4	5	6=(4-5)/5
Poland	3 640	4 057	4 304	4 339	-0.8%
Gasoline	891	1 038	1 082	1 093	-1.0%
Diesel Oil	2 749	3 019	3 222	3 246	-0.7%
Lithuania	259	366	379	372	1.9%
Gasoline	56	67	71	79	-10.1%
Diesel Oil	203	299	308	293	5.1%
Czech Republic	1 262	1 484	1 520	1 525	-0.3%
Gasoline	379	489	477	495	-3.6%
Diesel Oil	883	995	1 043	1 030	1.3%
Germany	12 086	13 131	13 585	13 661	-0.6%
Gasoline	4 565	5 027	5 044	5 180	-2.6%
Diesel Oil	7 521	8 104	8 541	8 481	0.7%

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Segment commentary – Refining Segment

Table 5

Q1 2011	Q2 2011	Q3 2011	Q3 2010	change %	Item, PLNm	9 months 2011	9 months 2010	change %
1	2	3	4	5=(3-4)/4	6	7	8	9=(7-8)/8
17 614	19 854	22 281	16 782	32.8	Segment revenues, including:	59 749	46 009	29.9
12 303	13 682	15 727	11 803	33.2	Sales to external customers	41 711	32 457	28.5
5 311	6 172	6 554	4 979	31.6	Transactions with other segments	18 038	13 552	33.1
-16 595	-19 372	-21 964	-16 337	34.4	Segment expenses	-57 932	-44 160	31.2
9	28	18	17	5.9	Other operating revenues/expenses, net	56	22	154.5
1 028	510	335	462	-27.5	Profit/Loss from operations	1 873	1 871	0.1
185	303	-215	402	-	Profit/Loss from operations under LIFO	273	983	-72.2
1 305	781	613	776	-21.0	Profit/Loss from operations plus depreciation and amortisation (EBITDA)	2 699	2 804	-3.7
146	256	286	195	46.7	CAPEX	688	518	32.8
5 217	5 545	6 279	6 075	3.4	Sales of products (thousand tonnes)	17 041	16 495	3.3

The profit from operations of refining segment of the ORLEN Group for the 3 quarter of 2011 amounted to PLN 335 million and was lower by PLN (-) 127 million (y/y).

Positive impact of changes in crude oil prices on inventory valuation in the 3 quarter of 2011 was higher by PLN 490 million (y/y).

Cumulative negative impact of macroeconomic factors including URAL/Brent differential, refining margin and foreign exchange rates amounted to PLN (-) 106 million (y/y).

As the effect of termination of maintenance shutdown of Desulphurisation of Heavy Residue and Hydrogen Production Plant in the 3 quarter of 2011 in PKN ORLEN S.A., being conducted mainly in the 2 quarter of 2011, fuel share decreased and heavy fractions of heating oil share increased in refining products sales structure. As a result, sales volume effect of the segment was negative and amounted to PLN (-) 149 million (y/y).

Operating result declined by PLN (-) 362 million (y/y) due to influence of other operating elements connected mainly with deterioration of trading conditions as the result of strong competitors pressure and implementation of legislative changes in the respect of bio fuel taxation from May 2011.

In the 3 quarter of 2011 as compared to the analogous period of the previous year, the segment's investment expenditure ("CAPEX") increased by PLN 91 million (y/y) to the level of PLN 286 million.

The most significant investments comprised: construction of K8 boiler in Heat and Power station, modernization and intensification of Alkylation HF installation, development of Warehouse Base in Wrocław in PKN ORLEN S.A.; replacement of the part of reactor of Fluid Catalytic Cracking installation, as well as purchase and installation of heat exchangers in ORLEN Lietuva; expenses connected with periodic maintenance works carried out on refining installations in Unipetrol Group.

Results of the PKN ORLEN Group for the 3 quarter of 2011

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Segment commentary – Retail Segment

Table 6

Q1 2011	Q2 2011	Q3 2011	Q3 2010	change %	Item, PLNm	9 months 2011	9 months 2010	change %
1	2	3	4	5=(3-4)/4	6	7	8	9=(7-8)/8
6 965	8 437	9 131	7 497	21.8	Segment revenues, including:	24 533	20 123	21.9
6 938	8 407	9 103	7 466	21.9	Sales to external customers	24 448	20 036	22.0
27	30	28	31	-9.7	Transactions with other segments	85	87	-2.3
-6 933	-8 239	-8 947	-7 193	24.4	Segment expenses	-24 118	-19 545	23.4
-6	-6	-3	5	-	Other operating revenues/expenses, net	-15	22	-
26	192	181	309	-41.4	Profit/Loss from operations	400	600	-33.3
108	269	264	388	-32.0	Profit/Loss from operations plus depreciation and amortization (EBITDA)	642	839	-23.5
22	90	100	58	72.4	CAPEX	212	135	57.0
1 600	1 836	1 987	1 940	2.4	Sales of products (thousand tonnes)	5 423	5 266	3.0

In the 3 quarter of 2011 profit from operations of the retail segment of the ORLEN Group amounted to PLN 181 million and decreased by PLN (-) 128 million (y/y).

The increase in sales volume of the retail segment by 2% (y/y), achieved on Polish and German markets improved segment's operating profit by PLN 11 million (y/y).

Impact of strong pressure on retail margins visible on Polish market amounted to PLN (-) 128 million (y/y) and was partly compensated by increases on other markets as well as higher margins realized on sales of non-fuel goods and services.

Impact of other factors of PLN (-) 11 million (y/y) is mainly a result of lack of positive effects on other operating activities occurring in the 3 quarter of 2010.

At the end of September 2011 the number of catering points such as Stop Café and Stop Café Bistro amounted to 643 and was higher by 25 (y/y).

In comparison to the 3 quarter of 2010 investment expenditure ("CAPEX") increased by PLN 42 million to the level of PLN 100 million. In the 3 quarter of 2011 13 new fuel stations were launched in CoDo system in the ORLEN Group: 1 new fuel station in Poland, 11 in Germany and 1 in Czech Republic. 3 fuel stations were shut down: 1 in Poland and 2 in Germany and 10 fuel stations in CoDo system were modernized: 8 fuel stations in Poland, 1 in Czech Republic and 1 in Germany.

Additionally 9 new fuel stations in Poland were launched in franchise system, 1 fuel station in Poland and in Czech Republic were shut down.

Results of the PKN ORLEN Group for the 3 quarter of 2011

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Segment commentary - Petrochemical Segment

Table 7

Q1 2011	Q2 2011	Q3 2011	Q3 2010	change %	Item, PLNm	9 months 2011	9 months 2010	change %
1	2	3	4	5=(3-4)/4	6	7	8	9=(7-8)/8
4 184	4 368	4 679	3 538	32.2	Segment revenues, including:	13 231	10 013	32.1
3 413	3 527	3 819	2 816	35.6	Sales to external customers	10 759	8 051	33.6
771	841	860	722	19.1	Transactions with other segments	2 472	1 962	26.0
-3 815	-3 931	-4 323	-3 387	27.6	Segment expenses	-12 069	-9 742	23.9
16	84	11	-9	-	Other operating revenues/expenses, net	111	98	13.3
385	521	367	142	158.5	Profit/Loss from operations	1 273	369	245.0
339	489	355	149	138.3	Profit/Loss from operations under LIFO	1 183	348	239.9
552	726	592	334	77.2	Profit/Loss from operations plus depreciation and amortisation (EBITDA)	1 870	938	99.4
135	101	220	386	-43.0	CAPEX	457	1 344	-66.0
1 253	1 216	1 360	1 212	12.2	Sales of products (thousand tonnes)	3 829	3 528	8.5

In the 3 quarter of 2011 segment's profit from operations of the ORLEN Group amounted to PLN 367 million and was higher by PLN 225 million (y/y).

Positive effect of changes in prices of petrochemical products on valuation of inventories in the 3 quarter of 2011 was higher by PLN 19 million (y/y) in relation to the comparable data.

Impact of lower petrochemical margins and changes in foreign exchange rates was mostly compensated by increasing quotations of paraxylene (PX) and lowered the segment's result from operations by PLN (-) 23 million (y/y).

Increase of segment's sales volume arising mainly from the commencement of sales of terephthalic acid (PTA) as well as higher sales volume of plastics, accompanied by lower sales of olefins and polyolefins as the result of maintenance works, resulted in an increase of segment's profit from operations by PLN 224 million (y/y).

Other factors including higher depreciation and amortisation related to the commencement of operations of PX/PTA complex as well as positive effects on other operating activities increased the segment's result from operations by PLN 5 million (y/y).

During the 3 quarter of 2011 the segment's CAPEX was lower by PLN (-) 166 million and amounted to PLN 220 million.

The most significant investments realized in the 3 quarter of 2011 comprised: completion works connected with PX/PTA complex in PKN ORLEN S.A., construction of Granular Magnesium Sulfate production plant and construction of synthesis gas drying installation in Anwil S.A., as well as replacement of GT/GB power transformers at Olefin's Installation and periodic maintenance works at petrochemical installation in Unipetrol Group.

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Segment commentary – Corporate Functions

Table 8

Q1 2011	Q2 2011	Q3 2011	Q3 2010	change %	Item, PLNm	9 months 2011	9 months 2010	change %
1	2	3	4	5=(3-4)/4	6	7	8	9=(7-8)/8
74	80	86	71	21.1	Segment revenues, including:	240	219	9.6
21	25	33	21	57.1	Sales to external customers	79	72	9.7
53	55	53	50	6.0	Transactions with other segments	161	147	9.5
-203	-265	-239	-200	19.5	Segment expenses	-707	-638	10.8
29	-29	48	5	860.0	Other operating revenues/expenses, net	48	-45	-
-100	-214	-105	-124	15.3	Profit/Loss from operations	-419	-464	9.7
-72	-190	-77	-95	18.9	Profit/Loss from operations plus depreciation and amortisation (EBITDA)	-339	-378	10.3
23	50	15	41	-63.4	CAPEX	88	60	46.7

Policy in the area of corporate functions expenses remains focused on their optimization, taking into account current needs and market situation.

Additional expenses are allocated mainly to realization of strategic development projects, mostly in upstream and power industry.

After considering the positive influence of outcome on other operating activities which include one-off effects, corporate functions expenses in the 3 quarter and for the 9 months of 2011 were lower than in the previous year.

Capital expenditures („CAPEX”) of PLN 15 million in the 3 quarter of 2011 related mainly to the IT area and upstream.

Results of the PKN ORLEN Group for the 3 quarter of 2011
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Interim condensed consolidated financial statements

POLSKI KONCERN NAFTOWY ORLEN S.A.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for 3 and 9 months ended
30 September 2011 and 30 September 2010

Table 9

Q1 2011	Q2 2011	Q3 2011	Q3 2010	change %	Item, PLNm	9 months 2011	9 months 2010	change %
1	2	3	4	5=(3-4)/4	6	7	8	9=(7-8)/8
22 674	25 641	28 682	22 106	29.7	Sales revenues	76 997	60 616	27.0
-20 177	-23 440	-26 689	-20 144	32.5	Cost of sales	-70 306	-54 814	28.3
2 497	2 201	1 993	1 962	1.6	Gross profit on sales	6 691	5 802	15.3
-878	-907	-939	-887	5.9	Distribution expenses	-2 724	-2 548	6.9
-329	-362	-350	-305	14.8	General and administrative expenses	-1 041	-974	6.9
165	199	211	144	46.5	Other operating revenues	576	434	32.7
-116	-122	-137	-125	9.6	Other operating expenses	-375	-338	10.9
1 339	1 009	778	789	-1.4	Profit from operations	3 127	2 376	31.6
247	159	74	727	-89.8	Financial revenues	367	382	-3.9
-275	-172	-1 141	-143	697.9	Financial expenses	-1 476	-601	145.6
-28	-13	-1 067	584	-	Financial revenues and expenses	-1 109	-219	406.4
64	123	1	90	-98.9	Share in profit from investments accounted for under equity method	188	215	-12.6
1 375	1 119	-288	1 463	-	Profit before tax	2 206	2 372	-7.0
-227	-201	39	-205	-	Income tax expense	-389	-461	-15.6
1 148	918	-249	1 258	-	Net profit	1 817	1 911	-4.9
					Items of other comprehensive income :			
474	-423	-176	98	-	Hedging instruments valuation	-125	-144	-13.2
-2	71	-226	4	-	Hedging instruments settlement	-157	35	-
170	10	802	-192	-	Foreign exchange differences on consolidation	982	306	220.9
-90	67	77	-19	-	Deferred tax on other comprehensive income items	54	21	157.1
552	-275	477	-110	-	Total items of other comprehensive income	754	217	247.5
1 700	643	228	1 148	-80.1	Total net comprehensive income	2 571	2 128	20.8
1 148	918	-249	1 258	-	Net profit attributable to:	1 817	1 911	-4.9
1 105	899	-258	1 242	-	equity holders of the parent	1 745	1 830	-4.6
43	19	9	16	-43.8	non-controlling interest	72	81	-11.1
1 700	643	228	1 148	-80.1	Total comprehensive income attributable to:	2 571	2 128	20.8
1 584	612	3	1 116	-99.7	equity holders of the parent	2 199	1 953	12.6
116	31	225	32	603.1	non-controlling interest	372	175	112.6
2.58	2.10	-0.60	2.90	-	Net profit/ (loss) and diluted net profit/ (loss) per share attributable to equity holders of the parent (in PLN per share)	4.08	4.28	-4.7

Results of the PKN ORLEN Group for the 3 quarter of 2011

(Translation of a document originally issued in Polish)

POLSKI KONCERN NAFTOWY ORLEN S.A.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 September 2011 and 31 December 2010

Table 10

31.03.2011	30.06.2011	30.09.2011	change %	Item, PLNm	31.12.2010	change %
1	2	3	4=(3-2)/2	5	6	7=(3-6)/6
ASSETS						
27 136	26 814	28 275	5.4	Property, plant and equipment	27 403	3.2
74	74	79	6.8	Investment property	72	9.7
1 815	1 264	1 356	7.3	Intangible assets	1 103	22.9
96	96	97	1.0	Perpetual usufruct of land	96	1.0
1 549	34	35	2.9	Investments accounted for under equity method	1 501	-97.7
44	78	45	-42.3	Financial assets available for sale	43	4.7
54	35	336	860.0	Deferred tax assets	164	104.9
124	115	29	-74.8	Other non-current assets	49	-40.8
30 892	28 510	30 252	6.1	Total non-current assets	30 431	-0.6
12 840	14 461	15 772	9.1	Inventories	11 295	39.6
7 225	7 823	8 019	2.5	Trade and other receivables	6 289	27.5
654	264	192	-27.3	Other short-term financial assets	225	-14.7
30	26	31	19.2	Income tax receivable	48	-35.4
2 638	1 959	2 529	29.1	Cash and cash equivalents	2 821	-10.4
34	1 429	1 440	0.8	Non-current assets classified as held for sale	41	3412.2
23 421	25 962	27 983	7.8	Total current assets	20 719	35.1
54 313	54 472	58 235	6.9	Total assets	51 150	13.9
LIABILITIES AND SHAREHOLDERS' EQUITY						
1 058	1 058	1 058	0.0	Share capital	1 058	0.0
1 227	1 227	1 227	0.0	Share premium	1 227	0.0
450	162	-163	-	Hedging reserve	64	-
-56	-56	532	-	Foreign exchange differences on subsidiaries from consolidation	-149	-
20 533	21 435	21 225	-1.0	Retained earnings	19 428	9.2
23 212	23 826	23 879	0.2	Total equity attributable to equity holders of the parent	21 628	10.4
2 728	2 724	2 816	3.4	Non-controlling interest	2 612	7.8
25 940	26 550	26 695	0.5	Total equity	24 240	10.1
6 713	8 509	9 219	8.3	Interest-bearing loans and borrowings	9 124	1.0
635	627	654	4.3	Provisions	636	2.8
818	819	867	5.9	Deferred tax liabilities	819	5.9
17	17	16	-5.9	Deferred income	17	-5.9
131	152	220	44.7	Other long-term liabilities	89	147.2
8 314	10 124	10 976	8.4	Total long-term liabilities	10 685	2.7
13 426	14 927	16 310	9.3	Trade and other liabilities	13 436	21.4
4 381	1 334	2 590	94.2	Interest-bearing loans and borrowings	1 544	67.7
194	246	218	-11.4	Income tax liability	23	847.8
1 209	659	803	21.9	Provisions	1 002	-19.9
687	518	332	-35.9	Deferred income	75	342.7
162	100	296	196.0	Other financial liabilities	145	104.1
-	14	15	7.1	Liabilities directly associated with non-current assets classified as held for sale	-	-
20 059	17 798	20 564	15.5	Total short-term liabilities	16 225	26.7
28 373	27 922	31 540	13.0	Total liabilities	26 910	17.2
54 313	54 472	58 235	6.9	Total liabilities and shareholders' equity	51 150	13.9

Results of the PKN ORLEN Group for the 3 quarter of 2011

(Translation of a document originally issued in Polish)

POLSKI KONCERN NAFTOWY ORLEN S.A.
CONSOLIDATED STATEMENT OF CASH FLOWS
for 3 and 9 months ended
30 September 2011 and 30 September 2010

Table 11

Q1 2011	Q2 2011	Q3 2011	Q3 2010	change %	Item, PLNm	9 months 2011	9 months 2010	change %
1	2	3	4	5=(3-4)/4	6	7	8	9=(7-8)/8
Cash flows- operating activities								
1 148	918	-249	1 258	-	Net profit	1 817	1 911	-4.9
					Adjustments for:			
-64	-123	-1	-90	-98.9	Share in profit from investments accounted for under equity method	-188	-215	-12.6
554	577	614	614	0.0	Depreciation and amortisation	1 745	1 827	-4.5
70	-3	483	-206	-	Foreign exchange loss/(gain)	550	-18	-
75	116	90	84	7.1	Interest and dividends net	281	295	-4.7
-23	32	35	38	-7.9	Loss / (Profit) on investing activities	44	-38	-
-817	-407	-47	103	-	Change in receivables	-1 271	-1 387	-8.4
-1 541	-1 653	-846	-470	80.0	Change in inventories	-4 040	-626	545.4
388	1 478	639	-858	-	Change in liabilities	2 505	1 451	72.6
156	133	117	-22	-	Change in provisions	406	210	93.3
227	201	-39	205	-	Income tax expense	389	461	-15.6
-60	-74	-82	-146	-43.8	Income tax (paid)	-217	-308	-29.5
-155	-188	-234	-110	112.7	Other adjustments	-576	-279	106.5
-42	1 007	480	400	20.0	Net cash provided by / (used in) operating activities	1 445	3 284	-56.0
Cash flows - investing activities								
-849	-401	-616	-1 319	53.3	Acquisition of property, plant and equipment and intangible assets	-1 867	-2 517	25.8
273	0	5	8	-37.5	Disposal of property, plant and equipment and intangible assets	278	206	35.0
3	0	0	0	-	Disposal of shares	3	13	-76.9
11	61	40	92	-56.5	Disposal of other securities	112	129	-13.2
0	-12	-95	0	-	Acquisition of shares	-108	0	-
-54	-38	-17	-113	85.0	Acquisition of short-term securities and deposits	-109	-151	27.8
4	2	258	5	5 060.0	Interest and dividends received	265	36	636.1
5	-14	19	-12	-	Other	10	-11	-
-607	-402	-406	-1 339	69.7	Net cash provided by / (used in) investing activities	-1 416	-2 295	38.3
Cash flows - financing activities								
3 040	9 642	3 200	4 023	-20.5	Proceeds from loans and borrowings	15 883	12 229	29.9
-2 459	-10 766	-2 611	-3 782	-31.0	Repayment of loans and borrowings	-15 837	-14 435	9.7
-98	-155	-92	-147	-37.4	Interest paid	-346	-407	-15.0
-7	-7	-8	-6	33.3	Payment of liabilities under finance lease agreements	-21	-20	5.0
		-11	-9	22.2	Dividends paid to non-controlling interest	-11	-10	10.0
-3	1	17	11	54.5	Other	15	8	87.5
473	-1 285	495	90	450.0	Net cash provided by / (used in) financing activities	-317	-2 635	88.0
Net (decrease)/ increase in cash and cash equivalents								
-176	-680	569	-849	-	Effect of exchange rate changes on cash and cash equivalents	-4	0	-
2 821	2 638	1 959	2 145	-8.7	Cash and cash equivalents, beginning of the period	2 821	2 941	-4.1
2 638	1 959	2 529	1 295	95.3	Cash and cash equivalents, end of the period	2 529	1 295	95.3
70	69	75	109	-31.2	incl. restricted cash	75	109	-31.2

Results of the PKN ORLEN Group for the 3 quarter of 2011
(Translation of a document originally issued in Polish)

Operating data

POLSKI KONCERN NAFTOWY ORLEN S.A. PRODUCTION for 3 months ended 30 September 2011 and 30 September 2010

Table 12

Production (‘000 tonnes)	Q3 2011	Q3 2010	change %	Q3 2011	share %	Q3 2011	share %	Q3 2011	share %		
1	2	3	4=(2-3)/3	5	6=5/total segment	7	8=7/seg- razem	9	10=9/total segmen		
Refining Segment	ORLEN Group	ORLEN Group		PKN ORLEN S.A.		Unipetrol Group		ORLEN Lietuva			
Crude oil throughput	7 418	7 406	0,2	3 953	-	941	-	2 435	-		
Gasoline	1 579	1 712	-7.8	626	19.4	209	20.1	742	30.8		
Diesel oil	2 957	2 854	3.6	1 556	48.2	419	40.4	981	40.7		
Light heating oil	112	148	-24.3	85	2.6	12	1.2	3	0.1		
A-1 jet fuel	257	234	9.8	124	3.8	24	2.3	109	4.5		
Heavy heating oil	798	692	15.3	315	9.8	19	1.8	426	17.7		
LPG	154	182	-15.4	55	1.7	43	4.1	73	3.0		
Bitumens	436	433	0.7	0	0.0	76	7.3	58	2.4		
Engine oils	58	75	-22.7	0	0.0	30	2.9	0	0.0		
Other	173	251	-31.1	467	14.5	206	19.8	21	0.9		
Total products	6 524	6 581	-0.9	3 228	-	1 038	-	2 413	-		
Petrochemical Segment	ORLEN Group	ORLEN Group		PKN ORLEN S.A.		Unipetrol Group		BOP		Anwil Group	
Polyethylene	97	118	-17.8	0	0.0	52	7.0	45	51.7	0	0.0
Polypropylene	87	108	-19.4	0	0.0	45	6.1	42	48.3	0	0.0
Ethylene	64	84	-23.8	122	25.5	85	11.5	0	0.0	0	0.0
Propylene	61	51	19.6	85	17.7	59	8.0	0	0.0	0	0.0
Toluene	0	12	-	0	0.0	0	0.0	0	0.0	0	0.0
Benzene	91	69	31.9	52	10.9	39	5.3	0	0.0	0	0.0
Ortoxylyene	4	0	-	4	0.8	0	0.0	0	0.0	0	0.0
Acetone	7	6	16.7	7	1.5	0	0.0	0	0.0	0	0.0
Butadiene	31	32	-3.1	18	3.8	14	1.9	0	0.0	0	0.0
Glycol	22	11	100.0	22	4.6	0	0.0	0	0.0	0	0.0
Ethylene oxide	7	3	133.3	7	1.5	0	0.0	0	0.0	0	0.0
Phenol	11	10	10.0	11	2.3	0	0.0	0	0.0	0	0.0
PVC	95	75	26.7	0	0.0	0	0.0	0	0.0	98	17.9
PVC granulate	13	13	0.0	0	0.0	0	0.0	0	0.0	13	2.4
CANWIL	77	104	-26.0	0	0.0	0	0.0	0	0.0	77	14.1
Ammonium nitrate	139	115	20.9	0	0.0	0	0.0	0	0.0	139	25.5
Ammonium sulphate	50	51	-2.0	0	0.0	0	0.0	0	0.0	50	9.2
PTA	133	0	-	133	27.8	0	0.0	0	0.0	0	0.0
Other	628	654	-4.0	18	3.8	448	60.4	0	0.0	169	31.0
Total products	1 617	1 516	6.7	479	-	742	-	87	-	546	-
Total output	8 141	8 097	0.5	3 707	-	1 780	-	87	-	546	-

Results of the PKN ORLEN Group for the 3 quarter of 2011

(Translation of a document originally issued in Polish)

POLSKI KONCERN NAFTOWY ORLEN S.A.

SALES

for 3 and 9 months ended

30 September 2011 and 30 September 2010

Table 13

Q1 2011	Q2 2011	Q3 2011	Q3 2010	change %	Sales (‘000 tonnes)	9 months 2011	9 months 2010	change %
1	2	3	4	5=(3-4)/4	6	7	8	9=(7-8)/8
Refining Segment								
1 115	1 204	1 252	1 314	-4.7	Gasoline	3 570	3 627	-1.6
1 988	2 129	2 360	2 275	3.7	Diesel oil	6 476	6 227	4.0
230	106	148	175	-15.4	Light heating oil	484	584	-17.1
125	221	281	237	18.6	Jet A-1 fuel	627	599	4.7
845	681	833	726	14.7	Heavy heating oil	2 359	2 089	12.9
110	126	164	133	23.3	LPG	401	358	12.0
55	336	447	424	5.4	Bitumens	838	797	5.1
31	40	39	32	21.9	Engine oils	110	94	17.0
718	702	755	759	-0.5	Other	2 176	2 120	2.6
5 217	5 545	6 279	6 075	3.4	Total products	17 041	16 495	3.3
Retail Segment								
557	654	681	683	-0.3	Gasoline	1 892	1 891	0.1
909	1 055	1 138	1 079	5.5	Diesel oil	3 102	2 864	8.3
70	85	90	113	-20.4	LPG	246	304	-19.1
64	42	78	65	20.0	Other	183	207	-11.6
1 600	1 836	1 987	1 940	2.4	Total products	5 423	5 266	3.0
6 817	7 381	8 266	8 015	3.1	(Refining + Retail) Segment	22 464	21 761	3.2
Petrochemical Segment								
114	112	110	120	-8.3	Polyethylene	336	351	-4.3
100	99	94	100	-6.0	Polypropylene	293	301	-2.7
81	67	67	74	-9.5	Ethylene	215	223	-3.6
54	50	53	56	-5.4	Propylene	157	157	0.0
16	3	1	10	-90.0	Toluene	19	30	-36.7
82	87	95	67	41.8	Benzene	264	204	29.4
0	3	4	0	-	Ortoxylyene	7	6	16.7
7	6	7	6	16.7	Acetone	20	16	25.0
31	31	31	32	-3.1	Butadiene	93	61	52.5
20	20	21	12	75.0	Glycol	61	42	45.2
7	7	7	3	133.3	Ethylene oxide	21	12	75.0
10	10	11	10	10.0	Phenol	32	24	33.3
88	85	95	74	28.4	PVC	269	220	22.3
15	12	14	14	0.0	PVC granulate	40	41	-2.4
116	65	104	122	-14.8	CANWIL	284	303	-6.3
145	106	178	171	4.1	Ammonium nitrate	429	418	2.6
42	69	41	53	-22.6	Ammonium sulphate	152	146	4.1
1	83	139	0	-	PTA	222	0	-
324	301	288	288	0.0	Other	915	973	-6.0
1 253	1 216	1 360	1 212	12.2	Total products	3 829	3 528	8.5
8 070	8 597	9 626	9 227	4.3	ORLEN Group - total	26 293	25 289	4.0