

Results of the PKN ORLEN Group for the III quarter of 2010
(Translation of a document originally issued in Polish)

Summary of the results

Table 1

Q3 2009	Q2 2010	Q3 2010	% change	Key financial data, PLNm	9 months 2009	9 months 2010	% change
1	2	3	4 = (3-1) / 1	5	6	7	8 = (7-6) / 6
18 649	21 068	22 106	18.5	Sales revenues	50 121	60 616	20.9
1 050	1 735	1 403	33.6	Profit/loss from operations plus depreciation and amortisation (EBITDA)	2 698	4 203	55.8
423	1 123	789	86.5	Profit/loss from operations, including:	763	2 376	211.4
332	843	662	99.4	PKN ORLEN S.A.	359	1 987	453.5
-10	102	6	-	Unipetrol Group	-125	162	-
-157	-13	-77	51.0	ORLEN Lietuva	-169	-193	-14.2
258	191	198	-23.3	Other	698	420	-39.8
				Operating segments, including:			
137	983	462	237.2	Refining	791	1 871	136.5
65	122	142	118.5	Petrochemical	-180	369	-
363	216	309	-14.9	Retail	673	600	-10.8
-142	-198	-124	12.7	Corporate Functions ¹	-521	-464	10.9
627	612	614	-2.1	Depreciation and amortisation, including:	1 935	1 827	-5.6
316	313	314	-0.6	Refining	978	933	-4.6
200	192	192	-4.0	Petrochemical	605	569	-6.0
83	79	79	-4.8	Retail	265	239	-9.8
28	28	29	3.6	Corporate Functions ¹	87	86	-1.1
940	43	1 258	33.8	Net profit/loss	1 017	1 911	87.9
931	-5	1 242	33.4	Profit/loss attributable to equity holders of the Parent	1 006	1 830	81.9
49 095	52 105	50 364	2.6	Assets	49 095	50 364	2.6
21 924	22 678	23 826	8.7	Equity	21 924	23 826	8.7
13 696	9 752	9 876	-27.9	Net debt	13 696	9 876	-27.9
-827	2 468	400	-	Net cash provided by operating activities	2 245	3 284	46.3
-380	-381	-1 339	-252.4	Net cash used in investing activities	-2 940	-2 295	21.9
813	600	680	-16.4	Investment expenditures (CAPEX)	2 812	2 057	-26.8
-2.8	5.9	6.6	-	Return on capital employed (ROACE) (%) ²	-2.8	6.7	-
62.4	44.7	42.2	-20.2 p.p.	Financial leverage (%) ³	61.8	44.2	-17.6 p.p.
7.93	1.97	1.86	-76.5	Net debt/Profit from operations plus depreciation and amortisation for the last four quarters (EBITDA) ⁴	7.93	1.86	-76.5
3.97	2.69	2.33	-41.3	Net debt/Profit from operations plus depreciation and amortisation based on the LIFO method for the last four quarters (EBITDA) ⁵	3.97	2.33	-41.3
2.18	-0.01	2.90	33.0	Net profit/loss attributable to equity holders of the Parent per share (EPS)	2.35	4.28	82.1

Q3 2009	Q2 2010	Q3 2010	% change	Financial data adjusted by the effect of inventory valuation based on the LIFO method, PLNm	9 months 2009	9 months 2010	% change
116	682	736	534.5	Profit/loss from operations	-226	1 467	-
-307	-441	-53	82.7	Effect on inventory valuation ⁶ based on LIFO method on profit from operations, including:	-989	-909	8.1
-286	-465	-47	83.6	PKN ORLEN S.A.	-515	-831	-61.4
-18	-21	44	-	Unipetrol Group	-187	-58	69.0
4	47	-43	-	ORLEN Lietuva	-267	-20	92.5
692	-312	1 213	75.3	Net profit/loss	220	1 174	433.6

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

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

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

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

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.

Commentary

Results from operations and impact of the LIFO method of inventory valuation

The profit from operations of the ORLEN Capital Group („ORLEN Group”) for the III quarter of 2010 amounted to PLN 789 million as compared to PLN 423 million in the analogous period of the prior year. The cumulative result from operations of the ORLEN Group for the 9 months of 2010 reached the level of PLN 2,376 million as compared to PLN 763 million in prior year.

Using the LIFO method of inventory valuation, the ORLEN Group realized profit from operations of PLN 736 million in the III quarter of 2010 as compared to PLN 116 million in the III quarter of 2009.

Changes in results from operations of the most significant entities belonging to the ORLEN Group in comparison to the results for the III quarter of 2009 were as follows:

- in PKN ORLEN S.A. profit from operations was higher by PLN 330 million (y/y) and amounted to PLN 662 million, mainly as a consequence of the improvement in the refining segment result by PLN 257 million (y/y) and petrochemical segment by PLN 111 million (y/y), lower corporate functions costs by PLN 5 million (y/y) together with lower results of retail segment by PLN (-) 42 million. Changes of macroeconomic factors including Ural/Brent differential, refining margins and exchange rates (“macroeconomic factors”) and an increase of sales volumes, positively affected the result from operations of the refining segment. In result of stabilization of crude oil prices in 2010, an impact of inventory valuation on result from operations was negative and amounted to PLN (-) 239 million (y/y). Improvement of the results of the petrochemical segment was achieved mainly as the effect of increase of petrochemical margins, however segment result was lower due to decrease in fuel margin partially compensated by higher volumes and increase in non-fuel margin.
- in the ORLEN Lietuva Group (“ORLEN Lietuva”) result from operations was higher by PLN 80 million (y/y) and amounted to PLN (-) 77 million. Improvement of result from operations of the refining segment by PLN 62 million (y/y) mainly results from higher influence of changes in crude oil prices on inventory valuation in the amount of PLN 47 million together with increasing sales volume and positive influence of lower fixed costs and payroll costs (y/y). Improvement of result of retail segment by PLN 2 million (y/y) and lower corporate functions costs by PLN 16 million (y/y) is mainly the effect of activities carried out within optimization of fixed costs and payroll costs.
- in the Unipetrol Group (“Unipetrol Group”) result from operations increased by PLN 16 million (y/y) and amounted to PLN 6 million. Result from operations of the refining segment was higher by PLN 57 million (y/y), mainly as a consequence of positive impact of macroeconomic factors accompanied by the negative impact of changes in crude oil prices on inventory valuation in the amount of PLN (-) 19 million (y/y). The result of petrochemical segment was lower by PLN (-) 21 million (y/y) due to negative impact of changes in prices of petrochemical products on inventory valuation in the amount of PLN (-) 43 million (y/y). Above mentioned effect was partially balanced by higher sales volume and improvement of petrochemical margins (y/y). Lower result of the retail segment by PLN (-) 19 million is mainly a result of lower margins realized on sales of fuel and non-fuel products accompanied by similar sales volume (y/y).

Total impact of macroeconomic factors including Ural/Brent differential, model margins and foreign exchange rates on the reported result from operations of the ORLEN Group was positive and amounted to PLN 420 million (y/y).

Relatively stable crude oil prices in the III quarter of 2010 contributed to lower by PLN (-) 254 million (y/y) impact of change of crude oil prices on inventory valuation as compared to the III quarter 2009.

The increase of sales volume of the retail segment by 6% (y/y), achieved mainly on the Polish and German market, increase of sales in the refining segment by 3% (y/y) achieved mainly in Unipetrol Group and ORLEN Lietuva and higher by 8% (y/y) petrochemical sales volumes due to higher level of sales of olefins, polyolefins and fertilizers resulted in a positive impact on the reported result from operations in the total amount of PLN 100 million (y/y).

In the III quarter of 2010, the following significant shutdowns of production installations were performed:

- PKN ORLEN S.A. - planned 34-day shutdown of Gudron Hydrodesulfurisation Installation, planned 11-day shutdown of Hydrorecovery Instalation,
- Unipetrol Group – 5-day planned shutdown of Olefins Installation,
- Anwil Group – 92-day shutdown of the Chlorine and Lye Plant due to fire in June.

Activities carried out within optimization of fixed costs and payroll costs and lower depreciation and amortisation costs led to improvement of result from operation by PLN 18 million (y/y).

Results of the PKN ORLEN Group for the III quarter of 2010
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Positive result from other operating activities in the amount of PLN 53 million (y/y) is mainly the effect of higher by PLN 15 million (y/y) balance from sale of non-financial non-current assets and revenues from grants in the amount of PLN 30 million (y/y), received mainly in effect of reduction of nitrous suboxide emission on Nitrogenous Acid Installation in Anwil S.A.

Financial revenues and expenses and net result

Appreciation of PLN against foreign currencies in III quarter 2010 resulted in recognition of positive effect on revaluation of loans and settlements denominated in foreign currencies. As a consequence, the result on financing activities was positive in the III quarter 2010 and amounted to PLN 585 million. The main position comprised positive foreign exchange differences in the amount of PLN 695 million, including PLN 224 million of positive mainly unrealized foreign exchange differences on revaluation of loans mainly denominated in EUR. Other net foreign exchange differences in the amount of PLN 471 million concerned revaluation of trade and investment settlements, of which PLN 356 million included unrealized differences. Net interest costs in III quarter 2010 amounted to PLN (-) 78 million.

Foreign exchange gains on loans denominated in USD for which hedging relationship with net investment in ORLEN Lietuva was designated in the amount of PLN 582 million and foreign exchange losses on revaluation of subsidiaries in the amount of PLN 194 million were recognized in equity in line foreign exchange losses on subsidiaries from consolidation, according to IAS 39 (Financial instruments: recognition and measurement) and IAS 21 (The effects of changes in foreign exchange rates), respectively.

After consideration of share in profit from investments accounted for under equity method and tax charges, net profit of the PKN ORLEN Group for the III quarter of 2010 amounted to PLN 1,258 million.

Indebtedness and cash flows

As at 30 September 2010 net indebtedness of the ORLEN Group amounted to PLN 9,876 million and decreased by PLN (-) 387 million as compared to the end of 2009. The decrease of net indebtedness is the result of the repayment of loans and borrowings and decrease in the balance of cash of (-) PLN 559 million accompanied by increases of PLN 140 million, mainly due to revaluation of loans as a result of depreciation of PLN against USD and EUR.

In the III quarter of 2010 net indebtedness increased by PLN 124 million, of which proceeds from loans and borrowings and decrease in the balance of cash and cash equivalents amounted to PLN 1,092 million, and was accompanied by decrease in the effect of revaluation of loans of PLN (-) 1,000 million, due to the appreciation of Polish Zloty against foreign currencies.

Net cash provided by operating activities amounted to PLN 400 million in the III quarter of 2010. Operating cash flows included mainly net profit for the III quarter of 2010 decreased by foreign exchange differences in investing and financing activities and increased by depreciation and amortization in the total amount of PLN 1,666 million and negative change in the level of net working capital amounting to PLN (-) 1,225 million.

The most important influence on the level of net working capital had a decrease in the balance of liabilities of PLN (-) 858 million, in which, a decrease of PLN (-) 700 million, due to liabilities related to purchases of crude oil with extended payment terms.

Net cash used in investing activities in the III quarter of 2010 amounted to PLN (-) 1,339 million and relates mainly to acquisition of property, plant and equipment and intangible assets in the amount of PLN (-) 1.311 million and related mainly to investment program carried out, including about PLN 600 million repayment of investment liabilities with deferred payments from 2009.

Net cash used in financing activities in the III quarter of 2010 amounted to PLN 90 million and comprised mainly net repayment of loans and borrowings in the amount of PLN 241 million and debt costs in the amount of PLN (-) 147 million.

Consequently, the balance of cash and cash equivalents decreased by PLN (-) 850 million in the III quarter of 2010 and amounted to PLN 1.295 million as at 30 September 2010.

Detailed comments regarding revenues and operating results of particular segments were presented further on in this report.

Results of the PKN ORLEN Group for the III quarter of 2010
(Translation of a document originally issued in Polish)

Macroeconomic commentary

Crude oil prices, Ural/Brent differential and model margins

Table 2

Item	Quarter				% change
	Q1 2010	Q2 2010	Q3 2010	Q3 2009	
1	2	3	4	5	6=(4-5)/5
Brent crude oil (USD/bbl)	76.4	78.3	76.9	68.1	12.9
Brent / Ural differential (USD/bbl)	1.4	1.8	0.9	0.5	80.0
Model refining margin (USD/bbl)	4.0	4.7	3.1	3.1	0.0
Model petrochemical margin (EUR/t)	629	721	753	601	25.3
Quotations of margins (crack spreads)					
Refining products (USD/t)					
Gasoline	158	154	123	137	-10.2
Diesel fuel	77	103	95	62	53.2
Light heating oil	63	84	75	47	59.6
A-1 jet fuel	110	131	120	91	31.9
Heavy heating oil	-133	-156	-154	-119	29.4
Petrochemical products (EUR/t)					
Polyethylene	199	210	200	224	-10.7
Polypropylene	258	338	402	278	44.6
Ethylene	504	497	499	459	8.7
Propylene	454	528	497	346	43.6
Toluene	200	223	148	159	-6.9
Benzene	322	362	233	297	-21.5
Butadiene	557	809	1018	273	272.9

Exchange rates

Table 3

Currency	Average exchange rate ¹				% change	Year end exchange rate ¹				% change
	Q1 2010	Q2 2010	Q3 2010	Q3 2009		Q1 2010	Q2 2010	Q3 2010	Q3 2009	
1	2	3	4	5	6=(4-5)/5	7	8	9	10	11=(9-10)/10
PLN/USD	2.88	3.16	3.10	2.94	5.4	2.87	3.39	2.93	2.89	1.4
PLN/EUR	3.99	4.01	4.01	4.20	-4.5	3.86	4.15	3.99	4.22	-5.5
PLN/CZK	0.1542	0.1569	0.1607	0.1640	-2.0	0.1517	0.1609	0.1621	0.1676	-3.3
LTL/USD	2.49	2.71	2.68	2.42	10.7	2.55	2.82	2.54	2.36	7.6
LTL/EUR	3.45	3.45	3.45	3.45	0.0	3.45	3.45	3.45	3.45	0.0
CZK/USD	18.7	20.2	19.3	17.9	7.8	18.9	20.9	18.0	17.2	4.7
CZK/EUR	25.9	25.6	24.9	25.6	-2.7	25.4	25.7	24.6	25.2	-2.4

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

Fuel Consumption

Based on estimations consumption of gasolines in Poland in the III quarter of 2010 decreased by (-) 3.6% (y/y) and amounted to 1,110 thousand tonnes.

Consumption of diesel oil in the III quarter of 2010 increased by 2.0% (y/y) and amounted to 3,010 thousand tonnes.

Results of the PKN ORLEN Group for the III quarter of 2010

(Translation of a document originally issued in Polish)

Based on estimates from the Lithuanian market, consumption of gasolines in the III quarter of 2010 decreased by (-) 19.7% (y/y) and amounted to 80 thousand tonnes, while the consumption of diesel oil increased by 0.9% (y/y), and amounted to 272 thousand tonnes.

Based on estimates from the Czech market, consumption of gasolines in the III quarter of 2010 decreased by (-) 15.8% (y/y) and amounted to 462 thousand tonnes, while the consumption of diesel oil dropped by (-) 14.4% (y/y), and amounted to 954 thousand tonnes.

According to estimates from the German market, consumption of gasolines in the III quarter of 2010 decreased by (-) 1.2% (y/y) and amounted to 5,191 thousand tonnes. The consumption of diesel oil increased by 1.4% (y/y), to 8,369 thousand tonnes.

Presentation changes

In segment data relating to condensed consolidated statement of comprehensive income for the period of 9 and 3 months ended 30 September 2009 (disclosed in note 2 to the interim condensed consolidated financial statements) a reclassification adjustment was made from sales revenues and operating expenses of the refining segment to sales revenues and to operating expenses of the retail segment in the amount of PLN 940,038 thousand and PLN 385,958 thousand respectively. The adjustment reflects sales volumes generated through DOFO channel (Dealer Owned Franchise Operated), previously presented in the refining segment.

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

Results of the PKN ORLEN Group for the III quarter of 2010

(Translation of a document originally issued in Polish)

Segment commentary – Refining Segment

Table 4

Q1 2010	Q2 2010	Q3 2010	Q3 2009	% change	Item, PLNm	9 months 2010	9 months 2009	% change
1	2	3	4	5=(3-4)/4	6	7	8	9=(7-8)/8
13 383	15 844	16 782	13 987	20.0	Segment revenues, including:	46 009	36 660	25.5
9 266	11 389	11 803	9 765	20.9	Sales to external customers	32 457	25 952	25.1
4 117	4 455	4 979	4 222	17.9	Transactions with other segments	13 552	10 708	26.6
-12 972	-14 851	-16 337	-13 850	18.0	Segment expenses	-44 160	-35 973	22.8
15	-10	17	0	-	Other operating revenues/expenses. net	22	104	-78.8
426	983	462	137	237.2	Profit/Loss from operations	1 871	791	136.5
51	530	402	-134	-	Profit/Loss from operations under LIFO	983	-79	-
733	1 296	776	453	71.3	Profit / Loss from operations plus depreciation and amortisation (EBITDA)	2 804	1 769	58.5
132	191	195	170	14.7	CAPEX	518	738	-29.8
4 737	5 683	6 075	5 885	3.2	Sales of products (thousand tonnes)	16 495	16 622	-0.8

In the III quarter of 2010 profit from operations of the refining segment of the ORLEN Group amounted to PLN 462 million and increased by PLN 325 million (y/y) as compared to the analogous period of the previous year.

Change in macroeconomic factors including differential, refining margin and foreign exchange positively affected the result from operations by PLN 338 million (y/y).

Positive impact of changes in crude oil prices on inventory valuation in the III quarter 2010 was lower by PLN (-) 211 million (y/y) in comparison to the comparable data.

The increase in refining sales volume of 3% (y/y) recognized mainly in Unipetrol Group and ORLEN Lietuva resulted in the improvement of segment's profit from operations by PLN 46 million (y/y).

The optimization of segment's operating expenses and positive result from other operating activities additionally improved segment's result from operations.

In the III quarter of 2010 as compared to the III quarter of the prior year, the segment's CAPEX increased by PLN 25 million (y/y) to the level of PLN 195 million.

The most significant investments carried out in the III quarter of 2010 comprised: construction of Diesel Oil Desulphurisation installation VII Installation and Claus II Installation together with infrastructure, reconstruction of cauldron on Catalytic Cracking Installation II and continued construction of the fuel pipeline Ostrów Wielkopolski – Wrocław construction.

Results of the PKN ORLEN Group for the III quarter of 2010
(Translation of a document originally issued in Polish)

Segment commentary – Retail Segment

Table 5

Q1 2010	Q2 2010	Q3 2010	Q3 2009	% change	Item, PLNm	9 months 2010	9 months 2009	% change
1	2	3	4	5=(3-4)/4	6	7	8	9=(7-8)/8
5 586	7 041	7 497	6 598	13.6	Segment revenues, including:	20 123	17 672	13.9
5 559	7 011	7 466	6 557	13.9	Sales to external customers	20 036	17 603	13.8
27	30	31	41	-24.4	Transactions with other segments	87	69	26.1
-5 506	-6 846	-7 193	-6 213	15.8	Segment expenses	-19 545	-16 961	15.2
-5	21	5	-22	-	Other operating revenues/expenses, net	22	-38	-
75	216	309	363	-14.9	Profit/Loss from operations	600	673	-10.8
156	295	388	446	-13.0	Profit / Loss from operations plus depreciation and amortisation (EBITDA)	839	938	-10.6
21	56	58	46	26.1	CAPEX	135	143	-5.6
1 541	1 785	1 940	1 826	6.2	Sales of products (thousand tonnes)	5 266	5 001	5.3

In the III quarter of 2010 profit from operations of the retail segment of the ORLEN Group amounted to PLN 309 million as compared to PLN 363 million in the analogous period of the previous year.

Fuel sales volume increased by 6% (y/y) mainly on the Polish and German market reaching record level of 1,940 thousand tonnes which improved the segment's result from operations by PLN 22 million (y/y). Negative trend on the level of fuel margins mainly resulted from high level of fuel prices caused a decrease in segment's result from operations by PLN (-) 102 million (y/y).

Other factors mainly related to higher margins on sale of non-fuel merchandise and services, lower depreciation and amortisation costs and positive result from other operating activities regarding revaluation of segment's assets allowances led to improvement of profit from operations by PLN 26 million (y/y).

At the end of September 2010 the number of catering points such as Stop Café and Stop Café Bistro amounted to 618, which reflects an increase of 146 (y/y).

As compared to the III quarter of 2009, there was a increase in segment's CAPEX by PLN 12 million (y/y) to the level of PLN 58 million.

During the analyzed period 9 petrol stations in the Czech Republic and 2 in Poland underwent reconstruction in the ORLEN Group and 7 petrol stations were eliminated from the network, including 5 in Poland and for one in Germany and Czech Republic.

Results of the PKN ORLEN Group for the III quarter of 2010

(Translation of a document originally issued in Polish)

Segment commentary – Petrochemical Segment

Table 6

Q1 2010	Q2 2010	Q3 2010	Q3 2009	% change	Item, PLNm	9 months 2010	9 months 2009	% change
1	2	3	4	5=(3-4)/4	6	7	8	9=(7-8)/8
3 274	3 201	3 538	3 450	2.6	Segment revenues, including:	10 013	9 604	4.3
2 598	2 637	2 816	2 300	22.4	Sales to external customers	8 051	6 504	23.8
676	564	722	1 150	-37.2	Transactions with other segments	1 962	3 100	-36.7
-3 190	-3 165	-3 387	-3 390	-0.1	Segment expenses	-9 742	-9 802	-0.6
21	86	-9	5	-	Other operating revenues/expenses, net	98	18	444.4
105	122	142	65	118.5	Profit/Loss from operations	369	-180	-
65	134	149	29	413.8	Profit/Loss from operations under LIFO	348	-299	-
290	314	334	264	26.5	Profit / Loss from operations plus depreciation and amortisation (EBITDA)	938	425	120.7
619	339	386	552	-30.1	CAPEX	1 344	1 844	-27.1
1 239	1 077	1 212	1 126	7.6	Sales of products (thousand tonnes)	3 528	3 568	-1.1

In the III second quarter of 2010 segment's profit from operations amounted to PLN 142 million as compared to PLN 65 million in the III quarter of 2009.

Impact of macroeconomic factors connected with the increase of petrochemical margins (y/y) together with changes in foreign exchange rates increased the segment's result from operations by PLN 82 million (y/y).

The effect of changes in prices of petrochemical products on inventory valuation decreased profit from operations of the segment by PLN (-) 43 million (y/y).

Stable growth of sales of olefins and polyolefins and higher demand in the area of fertilizers together with lower sales of PVC as a consequence of breakdown of production installation in Anwil resulted in an increase of segment's profit from operations by PLN 32 million (y/y).

The optimization of segment's fixed costs, payroll costs and lower depreciation and amortisation costs increased segment's result from operation by PLN 18 million (y/y). Negative result from other operating activities of PLN (-) 14 million (y/y) mainly relates to assets impairment allowances.

During the III quarter of 2010 the segment's CAPEX decreased by PLN (-) 166 million (y/y) to the level of PLN 386 million.

The most significant investments realized in the III quarter of 2010 comprised of construction works on paraxylene and terephthalic acid production plant (PX/PTA) in PKN ORLEN S.A as well as installation of media in terephthalic acid production plant (PTA) and construction of oxygen plant in the Anwil Group.

Results of the PKN ORLEN Group for the III quarter of 2010
(Translation of a document originally issued in Polish)

Segment commentary – Corporate Functions

Table 7

Q1 2010	Q2 2010	Q3 2010	Q3 2009	% change	Item, PLNm	9 months 2010	9 months 2009	% change
1	2	3	4	5=(3-4)/4	6	7	8	9=(7-8)/8
65	82	71	73	-2.7	Segment revenues, including:	219	206	6.3
19	31	21	27	-22.2	Sales to external customers	72	62	16.1
46	51	50	46	8.7	Transactions with other segments	147	144	2.1
-211	-227	-200	-198	1.0	Segment expenses	-638	-630	1.3
4	-53	5	-17	-	Other operating revenues/expenses, net	-45	-97	-53.6
-142	-198	-124	-142	-12.7	Profit/Loss from operations	-464	-521	-10.9
-114	-170	-95	-114	-16.7	Profit / Loss from operations plus depreciation and amortisation (EBITDA)	-378	-435	-13.1
5	13	41	45	-8.9	CAPEX	60	87	-31.0

Improvement of the results of the corporate functions by PLN 18 million (y/y) is mainly the effect of savings in PKN ORLEN S.A. and ORLEN Lietuva including the result from other operating activities as well.

During the III quarter of 2010 the segment's CAPEX of PLN 41 million related mainly to investments within the IT area.

Results of the PKN ORLEN Group for the III quarter of 2010
(Translation of a document originally issued in Polish)

Interim Condensed Consolidated Financial Statements

POLSKI KONCERN NAFTOWY ORLEN S.A.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for 3 and 9 months ended
30 September 2010 and 30 September 2009

Table 8

Q1 2010	Q2 2010	Q3 2010	Q3 2009	% change	Item, PLNm	9 months 2010	9 months 2009	% change
1	2	3	4	5=(3-4)/4	6	7	8	9=(7-8)/8
17 442	21 068	22 106	18 649	18.5	Sales revenues	60 616	50 121	20.9
-15 895	-18 775	-20 144	-16 995	18.5	Cost of sales	-54 814	-45 671	20.0
1 547	2 293	1 962	1 654	18.6	Gross profit on sales	5 802	4 450	30.4
-797	-865	-887	-848	4.6	Distribution expenses	-2 548	-2 578	-1.2
-320	-349	-305	-349	-12.6	General and administrative expenses	-974	-1 095	-11.1
102	188	144	91	58.2	Other operating revenues	434	425	2.1
-68	-144	-125	-125	0.0	Other operating expenses	-338	-439	-23.0
464	1 123	789	423	86.5	Profit from operations	2 376	763	211.4
518	80	727	764	-4.8	Financial revenues	382	1 014	-62.3
-230	-1 171	-143	-162	-11.7	Financial expenses	-601	-834	-27.9
288	-1 091	584	602	-3.0	Financial revenues and expenses	-219	180	-
39	86	90	83	8.4	Share in profit from investments accounted for under equity method	215	229	-6.1
791	118	1 463	1 108	32.0	Profit before tax	2 372	1 172	102.4
-181	-75	-205	-168	22.0	Income tax expense	-461	-155	197.4
610	43	1 258	940	33.8	Net profit	1 911	1 017	87.9
					Items of other comprehensive income:			
-49	-193	98	38	157.9	Hedging instruments valuation	-144	24	-
29	2	4	20	-80.0	Hedging instruments settlement	35	104	-66.3
-170	668	-192	-359	-46.5	Foreign exchange differences on consolidation	306	307	-0.3
4	36	-19	-12	58.3	Deferred tax on other comprehensive income	21	-24	-
-186	513	-110	-313	-64.9	Total items of other comprehensive income	217	411	-47.2
423	557	1 148	628	82.8	Total comprehensive income	2 128	1 428	49.0
610	43	1 258	941	33.7	Net profit attributable to:	1 911	1 017	87.9
593	-5	1 242	931	33.4	equity holders of the parent	1 830	1 006	81.9
17	48	16	10	60.0	non-controlling interest	81	11	636.4
423	557	1 148	628	82.8	Total comprehensive income attributable to:	2 128	1 428	49.0
459	378	1 116	690	61.7	equity holders of the parent	1 953	1 260	55.0
-36	179	32	-62	-	non-controlling interest	175	168	4.2
1.39	-0.01	2.90	2.18	33.5	Net profit/(loss) and diluted net profit/(loss) per share attributable to equity holders of the parent (in PLN per share)	4.28	2.35	82.1

Results of the PKN ORLEN Group for the III quarter of 2010
(Translation of a document originally issued in Polish)

POLSKI KONCERN NAFTOWY ORLEN S.A.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 September 2010 and 31 December 2009

Table 9

31.03.2010	30.06.2010	30.09.2010	% change	Item, PLNm	31.12.2009	% change
1	2	3	4=(3-2)/2	5	6	7=(3-6)/6
ASSETS						
27 048	28 438	27 582	-3.0	Property, plant and equipment	27 070	1.9
70	73	73	0.0	Investment property	71	2.8
1 078	854	928	8.7	Intangible assets	690	34.5
98	97	97	0.0	Perpetual usufruct of land	96	1.0
1 440	1 504	1 516	0.8	Investments in associates	1 402	8.1
189	437	212	-51.5	Deferred tax assets	291	-27.1
56	56	56	0.0	Financial assets available for sale	60	-6.7
49	53	53	0.0	Non-current loans and receivables	47	12.8
30 028	31 512	30 517	-3.2	Total non-current assets	29 727	2.7
10 327	11 024	11 356	3.0	Inventory	10 620	6.9
5 940	6 994	6 822	-2.5	Trade and other receivables	5 417	25.9
196	173	147	-15.0	Short-term financial assets	181	-18.8
31	25	28	12.0	Income taxes receivable	34	-17.6
229	202	159	-21.3	Short-term prepayments	208	-23.6
2 427	2 145	1 295	-39.6	Cash and cash equivalents	2 941	-56.0
34	30	40	33.3	Non-current assets classified as held for sale	32	25.0
19 184	20 593	19 847	-3.6	Total current assets	19 433	2.1
49 212	52 105	50 364	-3.3	Total assets	49 160	2.4
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
-2	-156	-74	-52.6	Hedging reserve	15	-
-384	153	-55	-	Foreign exchange differences on subsidiaries from consolidation	-267	-79.4
17 598	17 593	18 835	7.1	Retained earnings	17 005	10.8
19 497	19 875	20 991	5.6	Total equity attributable to equity holders of the parent	19 038	10.3
2 634	2 803	2 835	1.1	Non-controlling interest	2 669	6.2
22 131	22 678	23 826	5.1	Total equity	21 707	9.8
9 654	9 252	9 571	3.4	Interest-bearing loans and borrowings	11 611	-17.6
649	648	649	0.2	Provisions	662	-2.0
832	932	862	-7.5	Deferred tax liabilities	836	3.1
129	125	120	-4.0	Other long-term liabilities	133	-9.8
11 264	10 957	11 202	2.2	Total long-term liabilities	13 242	-15.4
10 923	14 259	12 392	-13.1	Trade and other liabilities	11 495	7.8
3 064	2 645	1 600	-39.5	Interest-bearing loans and borrowings	1 594	0.4
56	39	48	23.1	Income tax liability	24	100.0
960	660	744	12.7	Provisions	847	-12.2
715	555	354	-36.2	Deferred income	134	164.2
99	312	198	-36.5	Other financial liabilities	117	69.2
15 817	18 470	15 336	-17.0	Total short-term liabilities	14 211	7.9
27 081	29 427	26 538	-9.8	Total liabilities	27 453	-3.3
49 212	52 105	50 364	-3.3	Total liabilities and shareholders' equity	49 160	2.4

Results of the PKN ORLEN Group for the III quarter of 2010
(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 2010 and 30 September 2009

Table 10

Q1 2010	Q2 2010	Q3 2010	Q3 2009	% change	Item, PLNm	9 months 2010	9 months 2009	% change
1	2	3	4	5=(3-4)/4	6	7	8	9=(7-8)/8
Cash flows – operating activities								
610	43	1 258	940	33.8	Net profit	1 911	1 017	87.9
Adjustments for:								
-39	-86	-90	-83	8.4	Share in profit from investments accounted for under equity method	-215	-229	-6.1
601	612	614	627	-2.1	Depreciation and amortisation	1 827	1 935	-5.6
-337	525	-206	-406	-49.3	Foreign exchange losses/(gains)	-18	57	-
122	89	84	121	-30.6	Interest and dividends	295	329	-10.3
14	-90	38	23	65.2	Loss / (Profit) on investing activities	-38	-18	111.1
-428	-1 062	103	-9	-	Change in receivables	-1 387	-327	324.2
254	-409	-470	-846	-44.4	Change in inventories	-626	-1 943	-67.8
-421	2 730	-858	-1 327	-35.3	Change in liabilities	1 451	1 571	-7.6
110	122	-22	-74	-70.3	Change in provisions	210	-551	-
181	74	205	168	22.0	Income tax expense	461	154	199.4
-35	-128	-146	-18	711.1	Income tax (paid) / received	-308	152	-
-216	48	-110	57	-	Other adjustments	-279	98	-
416	2 468	400	-827	-	Net cash provided by operating activities	3 284	2 245	46.3
Cash flows - investing activities								
-597	-600	-1 319	-630	109.4	Acquisition of property, plant and equipment and intangible assets	-2 517	-2 299	9.5
53	145	8	13	-38.5	Disposal of property, plant and equipment and intangible assets	206	66	212.1
0	13	0	0	-	Disposal of shares	13	1	1 200.0
0	0	0	-1	-	Acquisition of shares	0	-1 019	-
-30	-8	-113	0	-	Acquisition of short-term securities and deposits	-151	0	-
0	37	92	0	-	Proceeds from the sale of short-term securities	129	0	-
1	30	5	233	-97.9	Interest and dividend received	36	312	-88.5
-2	2	-12	5	-	Other	-11	-1	1 000.0
-575	-381	-1 339	-380	252.4	Net cash (used in) investing activities	-2 295	-2 940	-21.9
Cash flows - financing activities								
4 790	3 416	4 023	3 442	16.9	Proceeds from loans and borrowings	12 229	8 722	40.2
-4 986	-5 667	-3 782	-2 298	64.6	Repayment of loans and borrowings	-14 435	-7 929	82.1
-147	-113	-147	-152	-3.3	Interest paid	-407	-478	-14.9
-7	-6	-6	-11	-45.5	Payment of liabilities under finance lease agreements	-20	-65	-69.2
0	0	-10	-8	25.0	Dividends paid to non-controlling interests	-10	-8	25.0
-4	0	12	-1	-	Other	8	-1	-
-354	-2 370	90	972	-90.7	Net cash (used in) financing activities	-2 635	241	-
-513	-283	-849	-235	261.3	Decrease in cash and cash equivalents	-1 646	-454	262.6
-1	1	-1	1	-	Effect of exchange rate changes	0	1	-
2 941	2 427	2 145	1 125	90.7	Cash and cash equivalents, beginning of the period	2 941	1 344	118.8
2 427	2 145	1 295	891	45.3	Cash and cash equivalents, end of the period	1 295	891	45.3
107	112	109	25	336.0	incl. cash and cash equivalents not available for use	109	25	336.0

Results of the PKN ORLEN Group for the III quarter of 2010
(Translation of a document originally issued in Polish)

Operating Data

POLSKI KONCERN NAFTOWY ORLEN S.A. PRODUCTION VOLUMES for 3 months ended 30 September 2010 and 30 September 2009

Table 11

Output ('000 tonnes)	Q3 2010	Q3 2009	y/y change %	3Q 2010	% share	Q3 2010	% share	Q3 2010	% share		
1	2	3	4=(2-3)/3	5	6=5/total segment	7	8=7/total segment	9	10=9/total segment		
Refining Segment	ORLEN Group	ORLEN Group		PKN ORLEN S.A.		Unipetrol Group		ORLEN Lietuva			
Crude oil throughput	7 406	7 343	0.9	3 664	-	1 182	-	2 481	-		
Gasoline	1 712	1 734	-1.3	751	24.4	224	17.8	737	31.0		
Diesel fuel	2 854	2 516	13.4	1 367	44.4	508	40.4	988	41.5		
Light heating oil	148	173	-14.5	121	3.9	15	1.2	2	0.1		
A-1 jet fuel	234	214	9.3	132	4.3	28	2.2	74	3.1		
Heavy heating oil	692	708	-2.3	202	6.6	31	2.5	412	17.3		
LPG	182	157	15.9	69	2.2	48	3.8	84	3.5		
Bitumens	433	451	-4.0	0	0.0	90	7.2	61	2.6		
Engine oils	75	77	-2.6	0	0.0	24	1.9	0	0.0		
Other	251	337	-25.5	439	14.2	288	22.9	21	0.9		
Total products	6 581	6 367	3.4	3 081	-	1 256	-	2 379	-		
Petrochemical Segment	ORLEN Group	ORLEN Group		PKN ORLEN S.A.		Unipetrol Group		BOP		Anwil Group	
Polyethylene	118	111	6.3	0	0.0	69	7.5	50	52.1	0	0.0
Polypropylene	108	89	21.3	0	0.0	62	6.8	46	47.9	0	0.0
Ethylene	84	75	12.0	114	36.2	112	12.2	0	0.0	0	0.0
Propylene	51	60	-15.0	86	27.3	67	7.3	0	0.0	0	0.0
Toluene	12	26	-53.8	27	8.6	0	0.0	0	0.0	0	0.0
Benzene	69	70	-1.4	18	5.7	51	5.6	0	0.0	0	0.0
Ortoxylyene	0	6	-100.0	0	0.0	0	0.0	0	0.0	0	0.0
Acetone	6	5	20.0	6	1.9	0	0.0	0	0.0	0	0.0
Butadiene	32	16	100.0	17	5.4	15	1.6	0	0.0	0	0.0
Glycol	11	16	-31.3	11	3.5	0	0.0	0	0.0	0	0.0
Ethylene oxide	3	4	-25.0	3	1.0	0	0.0	0	0.0	0	0.0
Phenol	10	7	42.9	10	3.2	0	0.0	0	0.0	0	0.0
PVC	75	106	-29.2	0	0.0	0	0.0	0	0.0	75	15.8
PVC granulate	13	11	18.2	0	0.0	0	0.0	0	0.0	13	2.7
CANWIL	104	72	44.4	0	0.0	0	0.0	0	0.0	104	21.8
Ammonium nitrate	115	137	-16.1	0	0.0	0	0.0	0	0.0	115	24.2
Other	705	802	-12.1	23	7.3	542	59.0	0	0.0	169	35.5
Total products	1 516	1 613	-6.0	315	-	918	-	96	-	476	-
Total output	8 097	7 980	1.5	3 396	-	2 174	-	96	-	476	-

Results of the PKN ORLEN Group for the III quarter of 2010
(Translation of a document originally issued in Polish)

POLSKI KONCERN NAFTOWY ORLEN S.A.
SALES OF KEY PRODUCTS
for 3 and 9 months ended
30 September 2010 and 30 September 2009

Table 12

Q1 2010	Q2 2010	Q3 2010	Q3 2009	% change	Sales ('000 tonnes)	9 months 2010	9 months 2009	% change
1	2	3	4	5=(3-4)/4	6	7	8	9=(7-8)/8
Refining Segment								
1 038	1 275	1 314	1 340	-1.9	Gasoline	3 627	3 937	-7.9
1 760	2 192	2 275	2 024	12.4	Diesel fuel	6 227	6 163	1.0
285	125	175	158	10.8	Light heating oil	584	573	1.9
140	222	237	259	-8.5	A-1 jet fuel	599	570	5.1
668	695	726	745	-2.6	Heavy heating oil	2 089	1 908	9.5
97	129	133	111	19.8	LPG	358	324	10.5
42	331	424	466	-9.0	Bitumens	797	848	-6.0
34	28	32	29	10.3	Engine oils	94	91	3.3
673	686	759	753	0.8	Other	2 120	2 208	-4.0
4 737	5 683	6 075	5 885	3.2	Total products	16 495	16 622	-0.8
Retail Segment								
556	652	683	690	-1.0	Gasoline	1 891	1 927	-1.9
812	973	1 079	989	9.1	Diesel fuel	2 864	2 637	8.6
86	105	113	87	29.9	LPG	304	235	29.4
87	55	65	60	8.3	Other	207	202	2.5
1 541	1 785	1 940	1 826	6.2	Total products	5 266	5 001	5.3
6 278	7 468	8 015	7 711	3.9	(Refining + Retail) Segment	21 761	21 623	0.6
Petrochemical Segment								
106	125	120	101	18.8	Polyethylene	351	343	2.3
106	95	100	88	13.6	Polypropylene	301	287	4.9
74	75	74	68	8.8	Ethylene	223	193	15.5
55	47	56	59	-5.1	Propylene	157	155	1.3
17	3	10	14	-28.6	Toluene	30	51	-41.2
75	62	67	72	-6.9	Benzene	204	191	6.8
5	1	0	5	-	Ortoxylene	6	15	-60.0
6	3	6	6	0.0	Acetone	16	16	0.0
17	12	32	16	100.0	Butadiene	61	40	52.5
17	13	12	18	-33.3	Glycol	42	52	-19.2
4	4	3	5	-40.0	Ethylene oxide	12	13	-7.7
9	6	10	8	25.0	Phenol	24	25	-4.0
65	81	74	93	-20.4	PVC	220	279	39
13	14	14	18	-22.2	PVC granulate	41	46	-10.9
111	69	122	53	130.2	CANWIL	303	236	28.4
140	107	171	95	80.0	Ammonium nitrate	418	409	2.2
419	360	341	407	-16.2	Other	1 120	1 217	-8.0
1 239	1 077	1 212	1 126	7.6	Total products	3 528	3 568	-1.1
7 517	8 545	9 227	8 837	4.4	ORLEN Group - total	25 289	25 191	0.4

*) In the volume data regarding Q3 2009 and 9 months of 2009 reclassification adjustment of sales volumes between the Refining Segment and the Retail Segment in the amount of 196 and 508 thousand tonnes had been performed. The adjustment reflects sales volumes made through DOFO, previously presented in the refining segment.