

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

Summary of the results

Table 1

Q4 2009	Q3 2010	Q4 2010	% change (y/y)	Key financial data, PLNm	2009	2010	% change (y/y)
17 807	22 106	22 931	28.8	Sales revenue	67 928	83 547	23.0
965	1 403	1 343	39.2	Profit /(loss) from operations plus depreciation and amortisation (EBITDA)	3 659	5 546	51.6
334	789	747	123.7	Profit /(loss) from operations, including:	1 097	3 123	184.7
432	662	770	78.2	PKN ORLEN S.A.	790	2 757	249.0
-58	6	32	-	Unipetrol Group	-182	195	-
-64	-77	-88	-37.5	ORLEN Lietuva	-233	-281	-20.6
24	198	33	37.5	Other	722	452	-37.4
				Operating segments, including:			
333	462	610	83.2	Refining	1 124	2 481	120.7
-17	142	117	-	Petrochemical	-196	486	-
207	309	224	8.2	Retail	880	825	-6.3
-189	-124	-204	-7.9	Corporate Functions ¹	-711	-669	5.9
631	614	596	-5.5	Depreciation and amortisation, including:	2 562	2 423	-5.4
310	314	317	2.3	Refining	1 288	1 250	-3.0
202	192	168	-16.8	Petrochemical	805	737	-8.4
90	79	82	-8.9	Retail	354	321	-9.3
29	29	29	0.0	Corporate Functions ¹	115	115	0.0
283	1 258	544	92.2	Net profit/ (loss)	1 300	2 455	88.8
302	1 242	541	79.1	Profit /(loss) attributable to equity holders of the Parent	1 309	2 371	81.1
49 088	50 364	51 150	4.2	Assets	49 088	51 150	4.2
21 707	23 826	24 240	11.7	Equity	21 707	24 240	11.7
10 263	9 876	7 847	-23.5	Net debt	10 263	7 847	-23.5
2 916	400	2 826	-3.1	Net cash provided by operating activities	5 162	6 110	18.4
414	-1 339	-625	-	Net cash provided by/(used in) investing activities	-2 527	-2 920	15.6
964	680	955	-0.9	Capital expenditures (CAPEX)	3 776	3 011	-20.3
2.6	6.6	7.7	5.1p.p.	Return on capital employed (ROACE) (%)²	2.7	7.9	5.2p.p.
54.9	42.2	36.9	-18.0p.p.	Financial leverage (%)³	54.0	39.4	-14.6p.p.
2.51	1.86	1.38	-45.0	Net debt/Profit from operations plus depreciation and amortisation for the last four quarters (EBITDA)⁴	2.52	1.38	-45.2
3.50	2.33	1.83	-47.7	Net debt/Profit from operations plus depreciation and amortisation based on the LIFO method for the last four quarters (EBITDA)⁵	3.51	1.83	-47.9
0.71	2.90	1.26	77.5	Net profit/loss attributable to equity holders of the Parent per share (EPS)	3.06	5.54	81.0
Q4 2009	Q3 2010	Q4 2010	% change (y/y)	Financial data adjusted by the effect of inventory valuation based on the LIFO method, PLNm	2009	2010	% change (y/y)
171	736	248	45.0	Profit/loss from operations based on the LIFO method	-55	1 715	-
-163	-53	-499	-206.1	Effect on inventory valuation ⁶ based on LIFO method on profit from operations, including:	-1 152	-1 408	-22.2
-38	-47	-245	-544.7	PKN ORLEN S.A.	-554	-1 076	-94.2
-49	44	-100	-104.1	Unipetrol Group	-236	-158	33.1
-78	-43	-130	-66.7	ORLEN Lietuva	-345	-150	56.5
152	1 213	134	-11.8	Net profit /(loss)	372	1 308	251.6

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 on inventory valuation

The profit from operations of the ORLEN Capital Group („ORLEN Group”) for the IV quarter of 2010 amounted to PLN 747 million as compared to PLN 334 million in the analogous period of the prior year. Throughout 2010 the profit from operations of the ORLEN Capital Group amounted to PLN 3,123 million and was higher by PLN 2,026 million as compared to prior year.

Using the LIFO method of inventory valuation, profit from operations of the ORLEN Group for the IV quarter of 2010 amounted to PLN 248 million and was higher by PLN 77 million as compared to analogous period of 2009. The profit from operations for the year 2010 using the LIFO method of inventory valuation amounted to PLN 1,715 million and was higher by PLN 1,770 million in comparison to prior year.

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

- in PKN ORLEN S.A. result from operations was higher by PLN 338 million (y/y) and amounted to PLN 770 million. The improvement of results was achieved in every operating segment of the company. The increase of operating profit of the refining segment by PLN 324 million (y/y) includes positive net changes of macroeconomic factors including Ural/Brent differential, refining margins and exchange rates as well as the positive influence of the increase of crude oil prices on inventory valuation. Improvement of results from operations of the petrochemical segment by PLN 35 million (y/y) is mainly the effect of the higher level of petrochemical margins, which was partially limited by the appreciation of average exchange rate of PLN against EUR. Higher profit from operations of the retail segment by PLN 27 million (y/y) is mainly a consequence of higher sales volume as well as fuel and non-fuel margins. The increase of costs of corporate functions by PLN (-) 48 million (y/y) results mainly from the effect of valuation of provisions for employee benefits and higher costs regarding development projects.
- in the ORLEN Lietuva Group (“ORLEN Lietuva”) result from operations was lower by PLN (-) 24 million (y/y) and amounted to PLN (-) 88 million. The positive impact of inventory valuation, improvement of macroeconomic factors and the increase of sales volume of refining segment was compensated by PLN (-) 138 million (y/y) by other operating activities including mainly one-off, non-monetary effects of valuation of property, plant and equipment as well as valuation of business risk provisions. As a consequence the operating result of the refining segment was lower by PLN (-) 50 million (y/y). The increase of the result in the retail segment by PLN 1 million (y/y) and lower costs of corporate functions by PLN 25 million (y/y) are mainly the effect of activities carried out within optimization of operating costs.
- in the Unipetrol Group (“Unipetrol Group”) result from operations increased by PLN 90 million (y/y) and amounted to PLN 32 million. Result from operations of the refining segment was higher by PLN 47 million (y/y), mainly as a consequence of positive impact of macroeconomic factors and the positive impact of changes in crude oil price on inventory valuation accompanied by the negative impact of change in sales structure as a result of lower burden of the Hydrocracking Installation in the Litvinov refinery. The result of the petrochemical segment was higher by PLN 41 million (y/y) due to increase of sales volume and improvement of petrochemical margins as well as positive impact of changes in petrochemical products prices on inventory valuation. Lower result of the retail segment by PLN (-) 10 million (y/y) is mainly the effect of lower margins realized on sales of fuel and non-fuel products accompanied by maintained sales volume at the time of decreasing fuel consumption. Lower corporate functions costs by PLN 12 million (y/y) result mainly from the optimization of operating costs.

The positive impact of increasing crude oil prices on inventory valuation in the ORLEN Group in the IV quarter of 2010 amounted to PLN 499 million and was higher by PLN 336 million as compared to the parallel period of the prior year.

Total impact of macroeconomic factors including Ural/Brent differential, model margins and foreign exchange rates as well as sales volumes on the reported profit from operations of the ORLEN Group was positive and amounted to PLN 344 million (y/y).

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

- PKN ORLEN S.A.: 2-day shutdown and lower burden of the Hydrocracking Installation in second half of the IV quarter, 7-day shutdown of Diesel Oil Desulphurisation VII, technically connected with the shutdown of Hydrogen Production Plant I,

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

(Translation of a document originally issued in Polish)

- ORLEN Lietuva: 28-day shutdown of Reforming Installation, 3-day shutdown of Diesel Oil Desulphurisation Installation compensated by transfers of gasoline components from PKN ORLEN S.A.,
- Unipetrol Group: 15-day shutdown of Hydrocracking Installation, 9-day shutdown of Olefins Installation, 11-day shutdown of Polypropylene Installation,
- Anwil Group: 74-day shutdown of the Chlorine and Lye Plant due to a breakdown of installation in June 2010.

The negative impact of the change in balance of other operating activities in the amount of PLN (-) 236 million (y/y) is mainly the effect of recognition in the IV quarter of 2010 one-off non-monetary effect of valuation of property, plant and equipment in the amount of PLN (-) 256 million regarding mainly ORLEN Lietuva, Anwil and Rafineria Trzebinia.

Financial revenues and expenses and net result

Net financial expenses in the IV quarter 2010 amounted to PLN (-) 86 million and comprised mainly net interest expenses in the amount of PLN (-) 71 million. The negative balance of foreign exchange differences on translation of loans, borrowings and other trade and investment settlements amounted to PLN (-) 12 million in the analyzed period.

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 (-) 57 million and foreign exchange losses on revaluation of subsidiaries in the amount of PLN (-) 5 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 IV quarter of 2010 amounted to PLN 544 million.

Net profit of the PKN ORLEN Group in 2010 amounted to PLN 2,455 million and was higher by PLN 1,155 million as compared to prior year.

Indebtedness and cash flows

As at 31 December 2010 net indebtedness of the ORLEN Group amounted to PLN 7,847 million and decreased by PLN (-) 2,416 million as compared to the end of 2009. The decrease of net indebtedness is the result of the repayment of loans and change in the balance of cash and cash equivalents as well as valuation of indebtedness of PLN (-) 2,609 million accompanied by increases of PLN 193 million, mainly due to the foreign exchange differences on revaluation.

Net cash provided by operating activities amounted to PLN 6,110 million in 2010 and was higher by PLN 948 million as compared to prior year.

Operating cash flows included mainly net profit increased by depreciation and amortisation in the total amount of PLN 4,878 million and change in the level of net working capital amounting to PLN 879 million.

Net expenses on investing activities of PLN (-) 2,920 million related mainly to investment program carried out.

Net cash used in financing activities comprised mainly net repayment of loans and borrowings and paid interest of PLN (-) 3,298 million.

Consequently, the balance of cash and cash equivalents decreased by PLN (-) 120 million and amounted to PLN 2,821 million.

In the IV quarter of 2010 net indebtedness decreased by PLN (-) 2,029 million mainly due to repayment of loans, revaluation of loans and the increase of cash and cash equivalents balance of PLN 2,081 million. The increase of foreign exchange differences on revaluation amounted to PLN 52 million and regarded mainly the revaluation of loans denominated in USD.

Net cash provided by operating activities amounted to PLN 2,826 million in the IV quarter of 2010. Operating cash flows included mainly net profit for the IV quarter of 2010 increased by depreciation and amortisation of PLN 1,140 million as well as positive change in the level of net working capital amounting to PLN 1,441 million. The most important influence on the balance of net working capital level related to the increase in the balance of liabilities of PLN 832 million as well as the decrease in the balance of receivables of PLN 592 million.

Net cash used in investing activities in the IV quarter of 2010 amounted to PLN (-) 625 million and relates mainly to acquisition of property, plant and equipment and intangible assets in the amount of PLN (-) 727 million and related mainly to investment program carried out. Net expenses on acquisition of shares amounted to PLN (-) 76 million and related mainly to the increase of capital commitment of the Group in Rafineria Trzebinia S.A. and Anwil S.A. by the buyout of minority interest as well as the disposal of shares in SK Eurochem through Anwil S.A.

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

(Translation of a document originally issued in Polish)

As a result of the abovementioned transactions, PKN ORLEN's share in the share capital of Rafineria Trzebinia S.A. and Anwil S.A. increased to 86.35% and 90.35%, respectively.

Net cash used in financing activities in the IV quarter of 2010 amounted to PLN (-) 663 million and comprised mainly net repayment of loans and borrowings in the amount of PLN (-) 514 million and debt costs in the amount of PLN (-) 139 million.

Consequently, the balance of cash and cash equivalents increased by PLN 1,526 million in the IV quarter of 2010 and amounted to PLN 2,821 million as at 31 December 2010.

Sale of part of mandatory reserves of crude oil

In the IV quarter of 2010 within the process of optimization of mandatory reserves, PKN ORLEN S.A. concluded an agreement with Maury Sp. z o.o. for the sale of crude oil in the approximate amount of PLN 910 million. Simultaneously an agreement for the services of maintaining the sold crude oil as a mandatory reserve on the PKN ORLEN's S.A. account in the period of one year was signed. PKN ORLEN S.A. considers the possibility of prolongation of the agreement for the future periods.

The abovementioned agreements were concluded by PKN ORLEN S.A. after prior acceptance of the Material Reserves Agency.

Revenues from sale of mandatory reserves were recognized as revenues from sale of merchandise and raw materials. Cost of crude oil sold was recognized as cost of merchandise and raw materials sold. In the period when the concluded agreement is in force, PKN ORLEN S.A. will pay fees to Maury Sp. z o.o. for the services of maintaining mandatory reserves on PKN ORLEN's S.A. account. These fees are recognized as operating expenses of the period. Maury Sp. z o.o. will pay fees to PKN ORLEN S.A. for the lease of warehouse capacity used for the purpose of storage of purchased crude oil.

The abovementioned transaction is the second of this type concluded by PKN ORLEN S.A. in 2010. The sale of the first installment of mandatory reserves of crude oil on terms compliant with these described above has been realized in the I quarter of 2010 with Lambourn Sp. z o.o. in the approximate amount of PLN 800 million.

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

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

Macroeconomic commentary

Crude oil prices, differential and margins

Table 2

Item	Quarter					% change
	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q4 2009	
1	2	3	4	5	6	7=(5-6)/6
Brent crude oil (USD/bbl)	76.4	78.3	76.9	86.5	74.5	16.1
Brent / Ural differential (USD/bbl)	1.4	1.8	0.9	1.5	0.7	114.3
Model refining margin (USD/bbl)	4.0	4.7	3.1	3.3	2.2	50.0
Model petrochemical margin (EUR/t)	629	721	753	667	600	11.2
Quotations of margins (crack margins)						
Refining products (USD/t)						
Gasoline	158	154	123	133	123	8.1
Diesel oil	77	103	95	107	69	55.1
Light heating oil	63	84	75	78	54	44.4
A-1 jet fuel	110	131	120	131	103	27.2
Heavy heating oil	-133	-156	-154	-190	-130	-46.2
Petrochemical products (EUR/t)						
Polyethylene	199	210	200	142	205	-30.7
Polypropylene	258	338	402	355	277	28.2
Ethylene	504	497	499	509	467	9.0
Propylene	454	528	497	469	369	27.1
Toluene	200	223	148	155	132	17.4
Benzene	322	362	233	218	161	35.4
Butadiene	557	809	1 018	846	526	60.8

Exchange rates

Table 3

Currency	Average exchange rates ¹⁾					% change	Year end exchange rates ¹⁾					% change
	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q4 2009		Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q4 2009	
1	2	3	4	5	6	7=(5-6)/6	8	9	10	11	12	13=(11-12)/12
PLN/USD	2.88	3.16	3.10	2.92	2.82	3.5	2.87	3.39	2.93	2.96	2.85	3.9
PLN/EUR	3.99	4.01	4.01	3.97	4.17	-4.8	3.86	4.15	3.99	3.96	4.11	-3.6
PLN/CZK	0.1542	0.1569	0.1607	0.1601	0.1610	-0.6	0.1517	0.1609	0.1621	0.1580	0.1554	1.7
LTL/USD	2.49	2.71	2.68	2.54	2.34	8.5	2.55	2.82	2.54	2.61	2.41	8.3
LTL/EUR	3.45	3.45	3.45	3.45	3.45	0.0	3.45	3.45	3.45	3.45	3.45	0.0
CZK/USD	18.7	20.2	19.3	18.3	17.5	4.6	18.9	20.9	18.0	18.8	18.4	2.2
CZK/EUR	25.9	25.6	24.9	24.8	25.9	-4.2	25.4	25.7	24.6	25.1	26.5	-5.3

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

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

Fuel Consumption

Table 4

Countries (‘000 tonnes)	Q1 2010	Q2 2010	Q3 2010	Q4 2010 ¹⁾	Q4 2009	2010 ¹⁾	2009	% change	% change
1	2	3	4	5	6	7	8	9=(5-6)/6	10=(7-8)/8
Poland	3 306	3 771	4 152	3 916	3 875	15 145	15 128	1.1	0.1
Gasoline	922	1 046	1 115	1 017	1 058	4 100	4 312	-3.9	-4.9
Diesel oil	2 384	2 725	3 037	2 899	2 817	11 045	10 816	2.9	2.1
Lithuania	263	339	372	324	345	1 298	1 290	-6.1	0.6
Gasoline	67	75	79	69	93	290	376	-25.8	-22.9
Diesel oil	196	264	293	255	252	1 008	914	1.2	10.3
Czech Republic	1 190	1 473	1 485	1 376	1 514	5 524	6 055	-9.1	-8.8
Gasoline	390	483	477	422	465	1 772	1 984	-9.2	-10.7
Diesel oil	800	990	1 008	954	1 049	3 752	4 071	-9.1	-7.8
Germany	11 611	13 271	13 601	13 367	12 913	51 850	51 159	3.5	1.4
Gasoline	4 459	5 187	5 172	4 922	4 960	19 740	20 169	-0.8	-2.1
Diesel oil	7 152	8 084	8 429	8 445	7 953	32 110	30 990	6.2	3.6

1) Based on estimated data from Polish, Lithuanian, Czech and German market

Presentation changes

In segment data relating to consolidated statement of comprehensive income for the period of 12 and 3 months ended 31 December 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 1,304,031 thousand and PLN 363,993 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 IV quarter of 2010
(Translation of a document originally issued in Polish)

Segment commentary – Refining Segment

Table 5

Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q4 2009	% change	Item, PLNm	12 months 2010	12 months 2009	% change
1	2	3	4	5	6=(4-5)/5	7	8	9	10=(8-9)/9
13 383	15 844	16 782	17 973	13 435	33.8	Segment revenues, including:	63 982	50 095	27.7
9 266	11 389	11 803	13 022	9 313	39.8	Sale to external customers	45 479	35 265	29.0
4 117	4 455	4 979	4 951	4 122	20.1	Transactions with other segments	18 503	14 830	24.8
-12 972	-14 851	-16 337	-17 183	-13 112	31.0	Segment expenses	-61 343	-49 083	25.0
15	-10	17	-180	10	-	Other operating revenues/expenses, net	-158	112	-
426	983	462	610	333	83.2	Profit/Loss from operations	2 481	1 124	120.7
51	530	402	141	173	-18.5	Profit/Loss from operations under LIFO	1 124	94	1 095.7
733	1 296	776	927	643	44.2	Profit/Loss from operations plus depreciation and amortisation (EBITDA)	3 731	2 412	54.7
132	191	195	260	254	2.4	CAPEX	778	992	-21.6
4 737	5 683	6 075	5 925	5 471	8.3	Sales of products (thousand tonnes)	22 419	22 092	1.5

In the IV quarter of 2010 profit from operations of the refining segment of the ORLEN Group amounted to PLN 610 million and increased by PLN 277 million (y/y) as compared to the analogous period of the previous year.

Positive impact of changes in crude oil prices on inventory valuation in the IV quarter 2010 was higher by PLN 309 million in comparison to the comparable data.

Positive impact of macroeconomic factors including differential, refining margin and foreign exchange rates was higher by PLN 309 million (y/y).

Negative result from other operating activities of PLN (-) 190 million resulted mainly from recognition of one-off non-monetary effects on valuation of property, plant and equipment in ORLEN Lietuva and Rafineria Trzebinia.

Shutdowns of production installations in PKN ORLEN and Unipetrol Group resulted in decrease of share of gasoline and increase of share of heavy heating oil in sales structure of refining products. As a result the effect of sales volume refining segment was negative and amounted to PLN (-) 101 million (y/y).

The influence of other factors, including mainly higher depreciation and amortisation costs and fixed costs due to shutdowns of production installations was negative and amounted to PLN (-) 50 million (y/y).

In the IV quarter of 2010 as compared to the IV quarter of the prior year, the segment's CAPEX increased by PLN 6 million (y/y) to the level of PLN 260 million.

The most significant investments carried out in the IV quarter of 2010 comprised: construction of K8 boiler in Heat and Power station, construction of Claus II Installation together with infrastructure, modernization and intensification of Alkylation HF installation, construction and start-up of Diesel Oil Desulphurisation Installation VII together with infrastructure, reconstruction of boiler on Catalytic Cracking Installation II in PKN ORLEN S.A., as well as reconstruction of hydrorefinement heater and modernization of KU-201 boiler in LK-2 complex in ORLEN Lietuva.

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

Segment commentary – Retail Segment

Table 6

Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q4 2009	% change	Item, PLNm	12 months 2010	12 months 2009	% change
1	2	3	4	5	6=(4-5)/5	7	8	9	10=(8-9)/9
5 586	7 041	7 497	7 028	6 108	15.1	Segment revenues, including:	27 152	23 780	14.2
5 559	7 011	7 466	7 001	6 084	15.1	Sales to external customers	27 037	23 688	14.1
27	30	31	27	24	12.5	Transactions with other segments	115	92	25.0
-5 506	-6 846	-7 193	-6 806	-5 901	15.3	Segment expenses	-26 351	-22 862	15.3
-5	21	5	2	0	-	Other operating revenues/expenses, net	24	-38	-
75	216	309	224	207	8.2	Profit/Loss from operations	825	880	-6.3
156	295	388	306	297	3.0	Profit / Loss from operations plus depreciation and amortisation (EBITDA)	1 146	1 234	-7.1
21	56	58	219	161	36.0	CAPEX	354	304	16.4
1 541	1 785	1 940	1 759	1 712	2.7	Sales of products (thousand tonnes)	7 025	6 713	4.6

In the IV quarter of 2010 profit from operations of the retail segment of the ORLEN Group amounted to PLN 224 million and increased by PLN 17 million in comparison to the parallel period of the previous year.

An increase by 3% (y/y) in the retail sales, achieved mainly on Polish market accompanied by stable sales volume on German, Czech and Lithuanian markets improved segment's operating profit by PLN 15 million (y/y).

The effect of lower fuel margins on German and Czech markets was partly compensated by increases on Polish market. As a result, segment's profit from operations decreased by PLN (-) 10 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 and increase in petrol station costs improved profit from operations by PLN 12 million (y/y).

At the end of December 2010 the number of catering points such as Stop Café and Stop Café Bistro amounted to 621, which constitutes an increase of 154 (y/y).

As compared to the IV quarter of 2009, there was an increase in segment's CAPEX by PLN 58 million to the level of PLN 219 million, mainly due purchase of 56 petrol stations by ORLEN Deutschland, formerly belonging to OMV network.

In the IV quarter of 2010 5 new stations were started operation in ORLEN Group including: 3 in Poland and 2 in the Czech Republic; 8 petrol stations in the Czech Republic and 2 in Poland underwent modernization and 2 petrol stations were closed in Poland. In addition, 16 new petrol stations were started operation in DoFo channel in Poland and 7 petrol stations were eliminated from the network, including 4 in Poland and 3 in Germany.

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

Segment commentary – Petrochemical Segment

Table 7

1Q 2010	2Q 2010	3Q 2010	4Q 2010	4Q 2009	% change	Item, PLNm	12 months 2010	12 months 2009	% change
1	2	3	4	5	6=(4-5)/5	7	8	9	10=(8-9)/9
3 274	3 201	3 538	3 594	3 452	4.1	Segment revenues, including:	13 607	13 056	4.2
2 598	2 637	2 816	2 902	2 373	22.3	Sales to external customers	10 953	8 877	23.4
676	564	722	692	1 079	-35.9	Transactions with other segments	2 654	4 179	-36.5
-3 190	-3 165	-3 387	-3 477	-3 520	-1.2	Segment expenses	-13 219	-13 319	-0.8
21	86	-9	0	51	-	Other operating revenues/expenses, net	98	67	46.3
105	122	142	117	-17	-	Profit/Loss from operations	486	-196	-
65	134	149	87	-20	-	Profit/Loss from operations under LIFO	435	-319	-
290	314	334	285	185	54.1	Profit / Loss from operations plus depreciation and amortisation (EBITDA)	1 223	609	100.8
619	339	386	405	512	-20.9	CAPEX	1 748	2 356	-25.8
1 239	1 077	1 212	1 204	1 249	-3.6	Sales of products (thousand tonnes)	4 733	4 819	-1.8

In the IV quarter of 2010 segment's profit from operations amounted to PLN 117 million, as compared to the operating loss of PLN (-) 17 million in the IV quarter of 2009.

The influence of macroeconomic factors connected with the increase of petrochemical margins, partially limited by appreciation of average exchange rate of PLN against EUR improved segment's result from operations by PLN 108 million (y/y).

The positive effect of changes in prices of petrochemical products on inventory valuation in the IV quarter 2010 was higher by PLN 27 million (y/y) in comparison to comparable data.

Lower segment's fixed costs and depreciation and amortisation costs exceeded an increase of payroll costs due to increase of employment on the new PX/PTA installations that are being put into use and increased segment's result by PLN 30 million (y/y).

Increase of sales volumes of olefins, polyolefins and artificial fertilizers accompanied by stable sales of PVC resulted in an increase of segment's profit from operations by PLN 13 million (y/y).

The impact of other factors in the amount of PLN (-) 44 million (y/y) comprised mainly the effect of valuation of property, plant and equipment of Spolana (Anwil Group) in the amount of PLN (-) 87 million (y/y) and grants received of PLN 35 million (y/y) as a result of the reduction of nitrous oxide emissions and received compensation due to a breakdown of the electrolysis plant of the Chlorine and Lye Plant in Anwil Group.

During the IV quarter of 2010 the segment's CAPEX decreased by PLN (-) 107 million (y/y) to the level of PLN 405 million.

The most significant investments realized in the IV quarter of 2010 comprised: continuation of construction works on paraxylene and terephthalic acid production plant (PX/PTA) in PKN ORLEN S.A as well as modernization of water supply in the Anwil Group.

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

(Translation of a document originally issued in Polish)

Segment commentary – Corporate Functions

Table 8

1Q 2010	2Q 2010	3Q 2010	4Q 2010	4Q 2009	% change	Item, PLNm	12 months 2010	12 months 2009	% change
1	2	3	4	5	6=(4-5)/5	7	8	9	10=(8-9)/9
65	82	71	59	73	-19.2	Segment revenues, including:	277	279	-0.7
19	31	21	8	36	-77.8	Sales to external customers	79	98	-19.4
46	51	50	51	37	37.8	Transactions with other segments	198	181	9.4
-211	-227	-200	-247	-244	1.2	Segment expenses	-885	-873	1.4
4	-53	5	-16	-18	-11.1	Other operating revenues/expenses, net	-61	-117	-47.9
-142	-198	-124	-204	-189	7.9	Profit/Loss from operations	-669	-711	-5.9
-114	-170	-95	-175	-160	9.4	Profit / Loss from operations plus depreciation and amortisation (EBITDA)	-554	-596	-7.0
5	13	41	71	37	91.9	CAPEX	131	124	5.6

Increase of corporate functions costs in the IV quarter of 2010 by (-) PLN 15 million (y/y) is mainly the result of valuation of provisions for employee benefits and higher costs of development projects.
The costs of corporate functions in 2010 were lower by PLN 42 million as compared to 2009.

During the IV quarter of 2010 the segment's CAPEX of PLN 71 million related mainly to investments within the IT area and upstream.

Results of the PKN ORLEN Group for the IV 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 12 months ended 31 December 2010 and 31 December 2009

Table 9

1Q 2010	2Q 2010	3Q 2010	4Q 2010	4Q 2009	% change	Item, PLNm	12 months 2010	12 months 2009	% change
1	2	3	4	5	6=(4-5)/5	7	8	9	10=(8-9)/9
17 442	21 068	22 106	22 931	17 807	28.8	Sales revenues	83 547	67 928	23.0
-15 895	-18 775	-20 144	-20 753	-16 176	28.3	Cost of sales	-75 567	-61 843	22.2
1 547	2 293	1 962	2 178	1 631	33.5	Gross profit on sales	7 980	6 085	31.1
-797	-865	-887	-846	-929	-8.9	Distribution expenses	-3 394	-3 508	-3.2
-320	-349	-305	-391	-410	-4.6	General and administrative expenses	-1 365	-1 505	-9.3
102	188	144	338	837	-59.6	Other operating revenues	771	1 258	-38.7
-68	-144	-125	-532	-795	-33.1	Other operating expenses	-869	-1 233	-29.5
464	1 123	789	747	334	123.7	Profit from operations	3 123	1 097	184.7
518	80	727	114	96	18.8	Financial revenues	446	1 094	-59.2
-230	-1 171	-143	-200	-204	-2.0	Financial expenses	-751	-1 023	-26.6
288	-1 091	584	-86	-108	-20.4	Financial revenues and expenses	-305	71	-
39	86	90	37	43	-14.0	Share in profit from investments accounted for under equity method	252	273	-7.7
791	118	1 463	698	269	159.5	Profit before tax	3 070	1 441	113.0
-181	-75	-205	-154	14	-	Income tax expense	-615	-141	336.2
610	43	1 258	544	283	92.2	Net profit	2 455	1 300	88.8
Items of other comprehensive income:									
-49	-193	98	170	-29	-	Hedging instruments valuation	26	-4	-
29	2	4	0	42	-	Hedging instruments settlement	35	146	-76.0
-170	668	-192	-152	-511	-70.3	Foreign exchange differences on consolidation	154	-203	-
4	36	-19	-32	-3	966.7	Deferred tax on other comprehensive income	-12	-27	-55.6
-186	513	-110	-14	-500	-97.2	Total items of other comprehensive income	203	-89	-
423	557	1 148	530	-217	-	Total comprehensive income	2 658	1 211	119.5
610	43	1 258	544	283	92.2	Net profit attributable to:	2 455	1 300	88.8
593	-5	1 242	541	302	79.1	equity holders of the parent	2 371	1 309	81.1
17	48	16	3	-19	-	non-controlling interest	84	-9	-
423	557	1 148	530	-217	-	Total comprehensive income attributable to:	2 658	1 211	119.5
459	378	1 116	585	-27	-	equity holders of the parent	2 538	1 233	105.8
-36	179	32	-55	-190	-71.1	non-controlling interest	120	-22	-
1.39	-0.01	2.90	1.26	0.71	77.5	Net profit /(loss) and diluted net Profit /(loss) per share attributable to equity holders of the parent (in PLN per share)	5.54	3.06	81.0

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

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

Table 10

31.03.2010	30.06.2010	30.09.2010	31.12.2010	% change	Item, PLNm	31.12.2009	% change
1	2	3	4	5=(4-3)/3	6	7	8=(4-7)/7
ASSETS							
27 048	28 438	27 582	27 403	-0.6	Property, plant and equipment	26 998	1.5
70	73	73	72	-1.4	Investment property	71	1.4
1 078	854	928	1 103	18.9	Intangible assets	690	59.9
98	97	97	96	-1.0	Perpetual usufruct of land	96	0.0
1 440	1 504	1 516	1 501	-1.0	Investments accounted for under equity method	1 402	7.1
189	437	212	164	-22.6	Deferred tax assets	291	-43.6
56	56	56	43	-23.2	Financial assets available for sale	60	-28.3
49	53	53	49	-7.5	Non-current loans and receivables	47	4.3
30 028	31 512	30 517	30 431	-0.3	Total non-current assets	29 655	2.6
10 327	11 024	11 356	11 295	-0.5	Inventory	10 620	6.4
5 940	6 994	6 822	6 109	-10.5	Trade and other receivables	5 417	12.8
196	173	147	225	53.1	Short-term financial assets	181	24.3
31	25	28	48	71.4	Income tax receivable	34	41.2
229	202	159	180	13.2	Prepayments	208	-13.5
2 427	2 145	1 295	2 821	117.8	Cash and cash equivalents	2 941	-4.1
34	30	40	41	2.5	Non-current assets held for sale	32	28.1
19 184	20 593	19 847	20 719	4.4	Total current assets	19 433	6.6
49 212	52 105	50 364	51 150	1.6	Total assets	49 088	4.2
LIABILITIES AND SHAREHOLDERS' EQUITY							
1 058	1 058	1 058	1 058	0.0	Share capital	1 058	0.0
1 227	1 227	1 227	1 227	0.0	Share Premium	1 227	0.0
-2	-156	-74	64	-	Hedging reserve	15	326.7
-384	153	-55	-149	170.9	Foreign exchange differences on subsidiaries from consolidation	-267	-44.2
17 598	17 593	18 835	19 428	3.1	Retained earnings	17 005	14.2
19 497	19 875	20 991	21 628	3.0	Total equity attributable to equity holders of the parent	19 038	13.6
2 634	2 803	2 835	2 612	-7.9	Non-controlling interest	2 669	-2.1
22 131	22 678	23 826	24 240	1.7	Total equity	21 707	11.7
9 654	9 252	9 571	9 124	-4.7	Interest-bearing loans and borrowings	11 611	-21.4
649	648	649	636	-2.0	Provisions	662	-3.9
832	932	862	819	-5.0	Deferred tax liabilities	836	-2.0
129	125	120	89	-25.8	Other long-term liabilities	98	-9.2
11 264	10 957	11 202	10 668	-4.8	Total long-term liabilities	13 207	-19.2
10 923	14 259	12 392	13 436	8.4	Trade and other liabilities	11 495	16.9
3 064	2 645	1 600	1 544	-3.5	Interest-bearing loans and borrowings	1 594	-3.1
56	39	48	23	-52.1	Income tax liability	24	-4.2
960	660	744	1 002	34.7	Provisions	847	18.3
715	555	354	92	-74.0	Deferred income	97	-5.2
99	312	198	145	-26.8	Other financial liabilities	117	23.9
15 817	18 470	15 336	16 242	5.9	Total short-term liabilities	14 174	14.6
27 081	29 427	26 538	26 910	1.4	Total liabilities	27 381	-1.7
49 212	52 105	50 364	51 150	1.6	Total liabilities and shareholders' equity	49 088	4.2

Results of the PKN ORLEN Group for the IV 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 12 months ended
31 December 2010 and 31 December 2009

Table 11

1Q 2010	2Q 2010	3Q 2010	4Q 2010	4Q 2009	% change	Item, PLNm	12 months 2010	12 months 2009	% change
1	2	3	4	5	6=(4-5)/5	7	8	9	10=(8-9)/9
Cash flows – operating activities									
610	43	1 258	544	283	92.2	Net profit	2 455	1 300	88.8
Adjustments for:									
-39	-86	-90	-37	-44	-15.9	Share in profit from investments accounted for under equity method	-252	-272	-7.4
601	612	614	596	631	-5.5	Depreciation and amortization	2 423	2 562	-5.4
-337	525	-206	-19	-180	-89.4	Foreign exchange losses/(gains)	-37	-123	-69.9
122	89	84	95	55	72.7	Interest and dividends	390	384	1.6
14	-90	38	260	-697	-	Loss / (Profit) on investing activities	222	-715	-
-428	-1 062	103	592	984	-39.8	Change in receivables	-795	656	-
254	-409	-470	17	281	-94.0	Change in inventories	-609	-1 663	-63.4
-421	2 730	-858	832	1 250	-33.4	Change in liabilities	2 283	2 821	-19.1
110	122	-22	215	549	-60.8	Change in provisions	425	-2	-
181	74	205	154	-14	-	Income tax expense	615	141	336.2
-35	-128	-146	-210	-133	57.9	Income tax (paid) / received	-518	19	-
-216	48	-110	-213	-49	334.7	Other adjustments	-492	54	-
416	2 468	400	2 826	2 916	-3.1	Net cash provided by operating activities	6 110	5 162	18.4
Cash flows - investing activities									
-597	-600	-1 319	-1 207	-371	225.3	Acquisition of property, plant and equipment and intangible assets	-3 724	-2 671	39.4
53	145	8	480	762	-37.0	Disposal of property, plant and equipment and intangible assets	686	828	-17.1
0	13	0	40	1	3 900.0	Sale of shares	53	1	5 200.0
0	0	0	-116	-1	11 500.0	Acquisition of shares	-116	-1 019	-88.6
-30	-8	-113	-24	-57	-57.9	Acquisition of short-term securities and deposits	-175	-57	207.0
0	37	92	69	0	-	Proceeds from the sale of short-term securities	199	0	-
1	30	5	123	112	9.8	Interest and dividend received	159	424	-62.5
-2	2	-12	10	-32	-	Other	-2	-33	-93.9
-575	-381	-1 339	-625	414	-	Net cash (used in) investing activities	-2 920	-2 527	15.6
Cash flows - financing activities									
4 790	3 416	4 023	2 460	2 471	-0.4	Proceeds from loans and borrowings	14 689	11 193	31.2
-4 986	-5 667	-3 782	-2 974	-3 532	-15.8	Repayment of loans and borrowings	-17 409	-11 461	51.9
-147	-113	-147	-139	-189	-26.5	Interest paid	-545	-667	-18.3
-7	-6	-6	-4	-15	-73.3	Payment of liabilities under finance lease agreements	-24	-80	-70.0
0	0	-10	0	-5	-	Dividends paid to non-controlling interests	-11	-13	-15.4
-4	0	12	-6	-6	0.0	Other	2	-7	-
-354	-2 370	90	-663	-1 276	-48.0	Net cash (used in) financing activities	-3 298	-1 035	218.6
-513	-283	-849	1 538	2 054	-25.1	(Decrease)/ Increase in cash and cash equivalents	-108	1 600	-
-1	1	-1	-12	-4	200.0	Effect of exchange rate changes	-12	-3	300.0
2 941	2 427	2 145	1 295	891	45.3	Cash and cash equivalents, beginning of the period	2 941	1 344	118.8
2 427	2 145	1 295	2 821	2 941	-4.1	Cash and cash equivalents, end of the period	2 821	2 941	-4.1
107	112	109	68	24	183.3	incl. cash and cash equivalents not available for use	68	24	183.3

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

Operating Data

POLSKI KONCERN NAFTOWY ORLEN S.A. PRODUCTION for 3 months ended 31 December 2010 and 31 December 2009

Table 12

Production (‘000 tonnes)	4Q 2010	4Q 2009	y/y change %	4Q. 2010	% share	4Q 2010	% share	4Q 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	7 542	6 605	14.2	3 788	-	1 141	-	2 541	-		
Gasoline	1 692	1 574	7.5	687	22.6	207	17.4	797	32.7		
Diesel oil	2 843	2 601	9.3	1 366	45.0	461	38.8	1 024	42.1		
Light heating oil	283	278	1.8	245	8.1	21	1.8	3	0.1		
A-1 jet fuel	145	141	2.8	96	3.2	21	1.8	28	1.2		
Heavy heating oil	755	618	22.2	217	7.1	36	3.0	468	19.2		
LPG	162	118	37.3	72	2.4	36	3.0	64	2.6		
Bitumens	288	292	-1.4	0	0.0	70	5.9	29	1.2		
Engine oils	75	69	8.7	0	0.0	24	2.0	0	0.0		
Other	227	310	-26.8	353	11.6	313	26.3	21	0.9		
Total products	6 470	6 001	7.8	3 036	-	1 189	-	2 434	-		
Petrochemical Segment	ORLEN Group	ORLEN Group		PKN ORLEN S.A.		Unipetrol Group		BOP		Anwil Group	
Polyethylene	117	115	1.7	0	0.0	69	7.4	48	50.0	0	0.0
Polypropylene	105	104	1.0	0	0.0	57	6.1	48	50.0	0	0.0
Ethylene	79	75	5.3	116	34.2	111	12.0	0	0.0	0	0.0
Propylene	49	53	-7.5	89	26.3	64	6.9	0	0.0	0	0.0
Toluene	5	27	-81.5	23	6.8	0	0.0	0	0.0	0	0.0
Benzene	77	73	5.5	21	6.2	56	6.0	0	0.0	0	0.0
Ortoxylene	0	5	-100.0	0	0.0	0	0.0	0	0.0	0	0.0
Acetone	7	6	16.7	7	2.1	0	0.0	0	0.0	0	0.0
Butadiene	32	16	100.0	17	5.0	14	1.5	0	0.0	0	0.0
Glycol	23	15	53.3	23	6.8	0	0.0	0	0.0	0	0.0
Ethylene oxide	6	5	20.0	6	1.8	0	0.0	0	0.0	0	0.0
Phenol	11	9	22.2	11	3.2	0	0.0	0	0.0	0	0.0
PVC	68	86	-20.9	0	0.0	0	0.0	0	0.0	68	12.0
PVC granulate	12	11	9.1	0	0.0	0	0.0	0	0.0	12	2.1
CANWIL	110	76	44.7	0	0.0	0	0.0	0	0.0	110	19.4
Ammonium nitrate	149	143	4.2	0	0.0	0	0.0	0	0.0	149	26.3
Other	782	773	1.2	26	7.7	557	60.0	0	0.0	227	40.1
Total products	1 632	1 592	2.5	339	-	928	-	96	-	566	-
Total output	8 102	7 593	6.7	3 375	-	2 117	-	96	-	566	-

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

(Translation of a document originally issued in Polish)

POLSKI KONCERN NAFTOWY ORLEN S.A.
SALES
for 3 and 12 months ended
31 December 2010 and 31 December 2009

Table 13

1Q 2010	2Q. 2010	3Q. 2010	4Q 2010	4Q. 2009 ¹⁾	% change	Sales (‘000 tonnes)	12 months 2010	12 months 2009 ¹⁾	% change
1	2	3	4	5	6=(4-5)/5	7	8	9	10=(8-9)/9
Refining Segment									
1 038	1 275	1 314	1 338	1 264	5.9	Gasoline	4 966	5 201	-4.5
1 760	2 192	2 275	2 192	1 989	10.2	Diesel oil	8 419	8 152	3.3
285	125	175	263	281	-6.4	Light heating oil	847	854	-0.8
140	222	237	164	168	-2.4	A-1 jet fuel	763	738	3.4
668	695	726	780	590	32.2	Heavy heating oil	2 869	2 498	14.9
97	129	133	134	101	32.7	LPG	492	425	15.8
42	331	424	292	266	9.8	Bitumens	1 089	1 113	-2.2
34	28	32	34	42	-19.0	Engine oils	128	134	-4.5
673	686	759	728	770	-5.5	Other	2 846	2 977	-4.4
4 737	5 683	6 075	5 925	5 471	8.3	Total products	22 419	22 092	1.5
Retail Segment									
556	652	683	607	630	-3.7	Gasoline	2 498	2 557	-2.3
812	973	1 079	975	919	6.1	Diesel oil	3 838	3 556	7.9
86	105	113	99	76	30.3	LPG	404	311	29.9
87	55	65	78	87	-10.3	Other	285	289	-1.4
1 541	1 785	1 940	1 759	1 712	2.7	Total products	7 025	6 713	4.6
6 278	7 468	8 015	7 684	7 183	7.0	(Refining + Retail) Segment	29 444	28 805	2.2
Petrochemical Segment									
106	125	120	118	114	3.5	Polyethylene	469	457	2.6
106	95	100	106	95	11.6	Polypropylene	407	382	6.5
74	75	74	76	68	11.8	Ethylene	299	261	14.6
55	47	56	56	59	-5.1	Propylene	213	214	-0.5
17	3	10	7	23	-69.6	Toluene	37	74	-50.0
75	62	67	78	72	8.3	Benzene	282	263	7.2
5	1	0	0	5	-	Ortoxylylene	6	20	-70.0
6	3	6	7	5	40.0	Acetone	23	21	9.5
17	12	32	31	16	93.8	Butadiene	93	57	63.2
17	13	12	23	18	27.8	Glycol	65	70	-7.1
4	4	3	6	5	20.0	Ethylene oxide	18	18	0.0
9	6	10	11	9	22.2	Phenol	35	34	2.9
65	81	74	63	58	8.6	PVC	283	337	-16.0
13	14	14	13	19	-31.6	PVC granulate	53	65	-18.5
111	69	122	98	87	12.6	CANWIL	401	323	24.1
140	107	171	149	179	-16.8	Ammonium nitrate	567	589	-3.7
419	360	341	362	417	-13.2	Other	1 482	1 634	-9.3
1 239	1 077	1 212	1 204	1 249	-3.6	Total products	4 733	4 819	-1.8
7 517	8 545	9 227	8 888	8 432	5.4	ORLEN Group - total	34 177	33 624	1.6

¹⁾ In the volume data regarding Q4 2009 and 12 months of 2009 reclassification adjustment of sales volumes between the refining segment and the retail segment in the amount of 188 and 696 thousand tonnes had been performed. The adjustment reflects sales volumes made through DOFO channel previously presented in the refining segment.