



**Polski Koncern Naftowy ORLEN
Spółka Akcyjna Group**
**Opinion and Report
of the Independent Auditor
Financial Year ended
31 December 2011**

The opinion contains 3 pages
The report supplementing the auditor's opinion
contains 17 pages
Opinion of the independent auditor
and report supplementing the auditor's opinion
on the consolidated financial statements
for the financial year ended
31 December 2011



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

OPINION OF THE INDEPENDENT AUDITOR

To the General Meeting Polski Koncern Naftowy ORLEN Spółka Akcyjna

We have audited the accompanying consolidated financial statements of Polski Koncern Naftowy ORLEN Spółka Akcyjna Group, whose parent entity is seated in Płock, 7 Chemików Street ("PKN ORLEN S.A. Group", "the Group"), which comprise the consolidated statement of financial position as at 31 December 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, comprising of a summary of significant accounting policies, notes and other explanatory information.

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

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

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the accompanying consolidated financial statements of PKN ORLEN S.A. Group have been prepared and present fairly, in all material respects, the financial position of the Group as at 31 December 2011 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, and are in compliance with the respective regulations that apply to the consolidated financial statements, applicable to the Group.

Emphasis of Matter

Without qualify our opinion, we draw your attention to the fact that in 2011 the Group has recognised impairment losses on non-current assets of PLN 1.855.850 thousand. The Group's projected future financial performance, which was the basis for impairment testing of non-current assets, is based on number of assumptions, that are, in respect of macroeconomic factors, beyond the Group's control. As described in note 14 to the accompanying consolidated financial statements, a change in these assumptions may influence the Group's financial position, including the results of the tests for impairment of non-current assets, and consequently may lead to changes in the financial position and performance of the Group.



Other Matters

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

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



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



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

28 March 2012
Warsaw



TRANSLATION

**Polski Koncern Naftowy ORLEN
Spółka Akcyjna Group**

**Report supplementing
the auditor's opinion
on the consolidated financial
statements
Financial Year ended
31 December 2011**

The report supplementing the auditor's opinion
contains 17 pages
Report supplementing the auditor's opinion
on the consolidated financial statements
for the financial year ended
31 December 2011

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1. General

1.1 Identification of the Group

1.1.1 Name of the Group

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

1.1.2 Registered office of the Parent Company of the Group

7 Chemików Street
 09-411 Płock

1.1.3 Registration of the Parent Company in the National Court Register

Registration court:	District Court for the Capital City in Warsaw in Warsaw, XIV Commercial Department of the National Court Register
Date:	19 July 2011
Registration number:	KRS 0000028860
Share capital as at balance sheet date:	534.636.000

1.1.4 Management of the Parent Company

The Management Board is responsible for management of the Parent Company.

At 31 December 2011, the Management Board of the Parent Company was comprised of the following members:

- Dariusz Krawiec – President of the Management Board, Chief Executive Officer,
- Sławomir Jędrzejczyk – Vice-President of the Management Board, Chief Financial Officer,
- Krystian Pater – Member of the Management Board, Refinery,
- Grażyna Piotrowska-Oliwa – Member of the Management Board, Sales,
- Piotr Wielowieyski – Member of the Supervisory Board delegated to perform the duties of Member of the Management Board, Petrochemistry.

In 2011 the following changes in the composition of the Management Board of PKN ORLEN S.A. occurred:

- | | |
|-------------------|--------------------------------------------------------------------------|
| Wojciech Kotlarek | – Member of the Management Board, Sales (until 29 June 2011) |
| Marek Serafin | – Member of the Management Board, Petrochemistry (until 8 December 2011) |

On 6 March 2012 the Supervisory Board appointed Mr. Piotr Chelmiński to the position of the Management Board Member, Petrochemistry effective 10 March 2012.

On 7 March 2012 Mrs. Grażyna Piotrowska-Oliwa resigned from the position of the Management Board Member, Sales effective 18 March 2012.



Effective from 9 March 2012 Mr. Piotr Wielowieyski ceased to perform duties of the Member or the Management Board, Petrochemistry.

On 14 March 2012 the Supervisory Board appointed Mr. Marek Podstawa to the position of the Management Board Member, Sales effective 19 March 2012.

1.2 Information about companies comprising the Group

1.2.1 Companies included in the consolidated financial statements

As at 31 December 2011, the following companies were consolidated by the Group:

Parent Company:

- PKN ORLEN S.A.

Subsidiaries consolidated on the full consolidation basis:

- ORLEN Deutschland GmbH
- ORLEN Gaz Sp. z o.o.
- ORLEN PetroCentrum Sp. z o.o.
- ORLEN Medica Sp. z o.o.
 - Sanatorium Uzdrowskowe Krystynka Sp. z o.o. (full consolidation method)
- ORLEN Budonaft Sp. z o.o.
- ORLEN Koltrans Sp. z o.o.
- ORLEN Transport Sp. z o.o.
- ORLEN Asfalt Sp. z o.o.
- ORLEN Laboratorium Sp. z o.o.
- ORLEN Oil Sp. z o.o. Group
 - ORLEN Oil Sp. z o.o. (parent company)
 - ORLEN Oil Cesko s.r.o (full consolidation method)
 - Platinum Oil Sp. z o.o. (full consolidation method)
 - Platinum Oil Małopolskie Centrum Dystrybucji Sp. z o.o. (full consolidation method)
- ORLEN Petrotank Sp. z o.o.
- Anwil S.A. Group
 - Anwil S.A. (parent company)



- Przedsiębiorstwo Inwestycyjno – Remontowe Remwil Sp. z o.o. (full consolidation method)
- Przedsiębiorstwo Produkcyjno – Handlowo – Usługowe Pro – Lab Sp. z o.o. (full consolidation method)
- Przedsiębiorstwo Usług Specjalistycznych i Projektowych Chemeko Sp. z o.o. (full consolidation method)
- Spolana a.s. (full consolidation method)
- Rafineria Trzebinia S.A. Group
 - Rafineria Trzebinia S.A. (parent company)
 - Energomedia Sp. z o.o. (full consolidation method)
 - Euronaft Trzebinia Sp. z o.o. (full consolidation method)
 - Fabryka Parafin Naftowax Sp. z o.o. (full consolidation method)
 - EkoNaft Sp. z o.o. (full consolidation method)
 - Zakładowa Straż Pożarna Sp. z o.o. (full consolidation method)
- Rafineria Nafty Jedlicze S.A. Group
 - Rafineria Nafty Jedlicze S.A. (parent company)
 - Raf- Służba Ratownicza Sp. z o.o. (full consolidation method)
 - RAF-KOLTRANS Sp. z o.o. (full consolidation method)
 - Konsorcjum Olejów Przetworzonych – Organizacja Odzysku S.A. (full consolidation method)
 - RAF-BIT Sp. z o.o.
- Inowrocławskie Kopalnie Soli „Solino” S.A.
- Unipetrol a.s. Group
 - Unipetrol a.s. (parent company)
 - Vyzkumny ustav anorganické chemie a.s.
 - UNIPETROL DEUTSCHLAND GmbH (full consolidation method)
 - UNIPETROL RPA s.r.o. Group (full consolidation method)
 - UNIPETROL RPA s.r.o. (parent company)
 - UNIPETROL SLOVENSKO s.r.o. (full consolidation method)
 - UNIPETROL DOPRAVA s.r.o. (full consolidation method)



- POLYMER INSTITUTE BRNO s.r.o. (full consolidation method)
- HC VERVA Litvinov a.s. (full consolidation method)
- BENZINA s.r.o. Group (full consolidation method)
 - BENZINA s.r.o. (parent company)
 - PETROTRANS s.r.o. (full consolidation method)
- PARAMO a.s. Group (full consolidation method)
 - PARAMO a.s. (parent company)
 - PARAMO OIL s.r.o (full consolidation method)
 - PARAMO ASFALT s.r.o. (full consolidation method)
 - MOGUL SLOVAKIA s.r.o. (full consolidation method)
- Česka Rafinerska a.s. (proportional consolidation method)
- UNIPETROL SERVICES s.r.o. (full consolidation method)
- BUTADIEN KRALUPY a.s. (proportional consolidation method)
- Ship-Service S.A.
- ORLEN Automatyka Sp. z o.o.
- Petrolot Sp. z o.o.
- ORLEN Projekt S.A.
- ORLEN Wir Sp. z o.o.
- ORLEN Administracja Sp. z o.o.
- ORLEN Eko Sp. z o.o.
- ORLEN Księgowość Sp. z o.o.
- ORLEN Upstream Sp. z o.o.
- ORLEN Holding Malta Ltd. Group
 - ORLEN Holding Malta Ltd. (parent company)
 - ORLEN Insurance Ltd. (full consolidation method)
- AB Orlen Lietuva Group (formerly AB Mazeikiu Nafta)
 - AB ORLEN Lietuva (parent company)
 - UAB Mazeikiu naftos sveikatos priežiūros centras (full consolidation method)



- UAB PASLAUGOS TAU (full consolidation method)
- UAB EMAS (full consolidation method)
- AB Ventus-Nafta (full consolidation method)
- UAB Mazeikiu naftos prekybos namai Group:
 - UAB Mazeikiu naftos prekybos namai (parent company)
 - SIA ORLEN Latvija (full consolidation method)
 - OU ORLEN Eesti (full consolidation method)
- ORLEN Finance AB
- ORLEN International Exploration & Production Company BV Group
 - ORLEN International Exploration & Production Company BV (parent company)
 - SIA Balin Energy (proportional consolidation method)
- ORLEN Ochrona Sp. z o.o.
- ORLEN Centrum Serwisowe Sp. z o.o.,
- ORLEN Capital AB
- Baltic Spark Sp. z o.o.
- Baltic Power Sp. z o.o.

Joint ventures consolidated on the proportional consolidation basis:

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

The following subsidiaries were consolidated for the first time during the year ended 31 December 2011:

- Sanatorium Uzdrowskowie Krystynka Sp. z o.o. – subject to consolidation for the period from 1 January 2011 to 31 December 2011,
- Platinum Oil Małopolskie Centrum Dystrybucji Sp. z o.o. – subject to consolidation for the period from 1 January 2011 to 31 December 2011,
- Zakładowa Straż Pożarna Sp. z o.o. – subject to consolidation for the period from 1 January 2011 to 31 December 2011,

Uy

- Raf-Służba Ratownicza Sp. z o.o. – subject to consolidation for the period from 1 January 2011 to 31 December 2011,
- RAF-BIT Sp. z o.o. – subject to consolidation for the period from 1 January 2011 to 31 December 2011,
- Vyzkumny ustav anorganické chemie a.s – subject to consolidation for the period from 1 January 2011 to 31 December 2011,
- POLYMER INSTITUTE BRNO s.r.o – subject to consolidation for the period from 1 January 2011 to 31 December 2011,
- PARAMO OIL s.r.o – subject to consolidation for the period from 1 January 2011 to 31 December 2011,
- PARAMO ASFALT s.r.o. – subject to consolidation for the period from 1 January 2011 to 31 December 2011,
- MOGUL SLOVAKIA s.r.o – subject to consolidation for the period from 1 January 2011 to 31 December 2011,
- Baltic Spark Sp. z o.o.– subject to consolidation for the period from 18 October 2011 to 31 December 2011,
- Baltic Power Sp. z o.o. – subject to consolidation for the period from 18 October 2011 to 31 December 2011.

The following subsidiaries were not consolidated as at 31 December 2011, as a result of liquidation:

- UNIPETROL TRADE a.s.- liquidated on 27 September 2011.
- UNIPETROL SCHWEIZ AG – in liquidation
- Mazeikiu Nafta Trading House Sp. z o.o. - liquidated on 15 November 2011

On 31 May 2011 ORLEN Prewencja Sp. z o.o. merged with ORLEN Eko Sp. z o.o.

1.2.2 Entities excluded from consolidation

As at 31 December 2011 all subsidiaries were consolidated.

1.3 Auditor information

1.3.1 Key certified auditor information

Name and surname:	Monika Bartoszewicz
Registration number:	10268

Name and surname:	Marta Zemka
Registration number:	10427



1.3.2 Audit auditor information

Name:	KPMG Audyt Sp. z o.o.
Registered office:	Warsaw
Address:	51 Chłodna Street, 00-867 Warsaw
Registration number:	KRS 0000104753
Registration court:	District Court for the Capital City Warsaw in Warsaw, XII Commercial Department of the National Court Register
Share capital:	PLN 125,000
NIP number:	526-10-24-841

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

1.4 Prior period consolidated financial statements

The consolidated financial statements for the financial year ended 31 December 2010 were audited by KPMG Audyt Sp. z o.o. and received an unqualified opinion.

The consolidated financial statements were approved at the General Meeting on 29 June 2011.

The consolidated financial statements were submitted to Registry Court on 6 July 2011 and were published in Monitor Polski B No. 2163 on 10 November 2011.

1.5 Audit scope and responsibilities

This report was prepared for the General Meeting of PKN ORLEN S.A. seated in Płock, 7 Chemików Street and relates to the consolidated financial statements comprising: the consolidated statement of financial position as at 31 December 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, comprising of a summary of significant accounting policies and other explanatory information.

The consolidated financial statements have been audited in accordance with the contract dated 8 December 2010, concluded on the basis of the resolution of the Supervisory Board dated 7 October 2010 on the appointment of the auditor.

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

We audited the consolidated financial statements in the Parent Company's head office during the period from 6 December 2011 till 16 December 2011 and from 23 January 2012 till 28 March 2012. The audit was preceded by quarterly reviews.

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

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



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

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

Key certified auditors and KPMG Audyt Sp. z o.o. fulfill independence requirements as described in Art. 56 points 3 and 4 of the Act on Certified Auditors and Their Government, Audit Firms and Public Oversight dated 7 May 2009 (Official Journal from 2009, No. 77, item 649).

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

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

1.6.1 Parent Company

The financial statements of the Parent Company for the year ended 31 December 2011 were audited by KPMG Audyt Sp. z o.o., certified auditor number 458, and received an unqualified opinion.

1.6.2 Other consolidated entities

Entity's name	Authorized auditor	Financial year end	Type of auditor's opinion
ORLEN Deutschland GmbH	KPMG AG	31 December 2011	Unqualified opinion
ORLEN Gaz Sp. z o.o.	KPMG Audyt Sp. z o.o.	31 December 2011	Unqualified opinion
ORLEN PetroCentrum Sp. z o.o.	KPMG Audyt Sp. z o.o.	31 December 2011	Unqualified opinion
ORLEN Medica Sp. z o.o.	DGA Audyt Sp. z o.o.	31 December 2011	Unqualified opinion
ORLEN Budonaft Sp. z o.o.	DGA Audyt Sp. z o.o.	31 December 2011	Unqualified opinion
ORLEN Laboratorium Sp. z o.o.	DGA Audyt Sp. z o.o.	31 December 2011	Unqualified opinion
ORLEN Asphalt Sp. z o.o.	KPMG Audyt Sp. z o.o.	31 December 2011	Unqualified opinion
ORLEN Oil Sp. z o.o. Group	KPMG Audyt Sp. z o.o.	31 December 2011	Unqualified opinion
ORLEN Petrotank Sp. z o.o.	KPMG Audyt Sp. z o.o.	31 December 2011	Unqualified opinion
Anwil S.A. Group	KPMG Audyt Sp. z o.o.	31 December 2011	Unqualified opinion
Rafineria Nafty Jedlicze S.A. Group	KPMG Audyt Sp. z o.o.	31 December 2011	Unqualified opinion
Inowrocławskie Kopalnie Soli "Solino" S.A.	KPMG Audyt Sp. z o.o.	31 December 2011	Unqualified opinion
Unipetrol a.s. Group	KPMG Ceska Republika Audyt s.r.o.	31 December 2011	Unqualified opinion
Ship-Service S.A.	KPMG Audyt Sp. z o.o.	31 December 2011	Unqualified opinion
ORLEN Automatyka Sp. z o.o.	DGA Audyt Sp. z o.o.	31 December 2011	Unqualified opinion



Petrolot Sp. z o.o.	KPMG Audyt Sp. z o.o.	31 December 2011	Unqualified opinion
ORLEN Holding Malta Ltd.	KPMG Ltd.	31 December 2011	Unqualified opinion
ORLEN Projekt Sp. z o.o.	DGA Audyt Sp. z o.o.	31 December 2011	Unqualified opinion
ORLEN Wir Sp. z o.o.	DGA Audyt Sp. z o.o.	31 December 2011	Unqualified opinion
ORLEN Administracja Sp. z o.o.	DGA Audyt Sp. z o.o.	31 December 2011	Unqualified opinion
ORLEN Eko Sp. z o.o.	DGA Audyt Sp. z o.o.	31 December 2011	Unqualified opinion
ORLEN Księgowość Sp. z o.o.	DGA Audyt Sp. z o.o.	31 December 2011	Unqualified opinion
ORLEN Insurance Ltd.	KPMG Ltd.	31 December 2011	Unqualified opinion
AB ORLEN Lietuva Group	UAB KPMG Baltics	31 December 2011	Unqualified opinion
ORLEN Finance AB	KPMG AB	31 December 2011	Unqualified opinion
ORLEN Ochrona Sp. z o.o.	DGA Audyt Sp. z o.o.	31 December 2011	Unqualified opinion
Basell ORLEN Polyolefins Sp. z o.o. Group	KPMG Audyt Sp. z o.o.	31 December 2011	Unqualified opinion
Płocki Park Przemysłowo - Technologiczny S.A.	DGA Audyt Sp. z o.o.	31 December 2011	Unqualified opinion
ORLEN KolTrans Sp. z o.o.	DGA Audyt Sp. z o.o.	31 December 2011	Unqualified opinion
ORLEN Upstream Sp. z o.o.	KPMG Audyt Sp. z o.o.	31 December 2011	Unqualified opinion
ORLEN Centrum Serwisowe Sp. z o.o.	DGA Audyt Sp. z o.o.	31 December 2011	Unqualified opinion
Rafineria Trzebinia S.A. Group	KPMG Audyt Sp. z o.o.	31 December 2011	Audit in progress
ORLEN Transport Sp. z o.o.	DGA Audyt Sp. z o.o.	31 December 2011	Unqualified opinion

The financial statements of 14 entities included in the consolidated financial statements were audited by certified auditor other than KPMG. The total assets presented in the financial statements of these entities as at 31 December 2011 amount to 0,76 % of the total consolidated assets of the Group before consolidated eliminations and the revenues of these entities for the financial year ended 31 December 2011 amount to 0,51 % of the consolidated revenues of the Group, before eliminations of intercompany transactions.

The financial statements of other entities in the Group were not required to be audited for the financial year ended 31 December 2011.



2 Financial analysis of the Group

2.1 Summary of the consolidated financial statements

2.1.1 Consolidated statement of financial position

ASSETS	31.12.2011 PLN '000	% of total assets	31.12.2010 PLN '000	% of total assets
Non-current assets				
Property, plant and equipment	26,578,651	45.2	27,403,013	53.6
Investment property	117,645	0.2	71,976	0.1
Intangible assets	1,323,044	2.3	1,102,709	2.2
Perpetual usufruct of land	95,664	0.2	96,354	0.2
Investments accounted for under equity method	13,125	-	1,501,016	2.9
Financial assets available for sale	40,520	0.1	42,783	0.1
Deferred tax assets	399,526	0.6	163,893	0.3
Other non-current assets	30,966	0.1	49,130	0.1
Total non-current assets	28,599,141	48.7	30,430,874	59.5
Current assets				
Inventories	16,296,517	27.8	11,294,851	22.1
Trade and other receivables	8,071,011	13.7	6,288,802	12.3
Other short-term financial assets	293,434	0.5	224,601	0.4
Income tax receivable	33,684	0.1	48,273	0.1
Cash and cash equivalents	5,409,166	9.2	2,820,742	5.5
Non-current assets held for sale	28,525	-	41,649	0.1
Total current assets	30,132,337	51.3	20,718,918	40.5
TOTAL ASSETS	58,731,478	100.0	51,149,792	100.0
EQUITY AND LIABILITIES				
	31.12.2011 PLN '000	% of total assets	31.12.2010 PLN '000	% of total assets
Equity				
Share capital	1,057,635	1.8	1,057,635	2.1
Share premium	1,227,253	2.1	1,227,253	2.4
Hedging reserve	(24,305)	-	63,872	0.1
Revaluation reserve	5,301	-	-	-
Foreign exchange differences on subsidiaries from consolidation	415,628	0.7	(149,492)	(0.3)
Retained earnings	21,852,261	37.2	19,428,670	38.0
Total equity attributable to equity holders of the parent	24,533,773	41.8	21,627,938	42.3
Non-controlling interest	2,264,910	3.8	2,612,015	5.1
Total equity	26,798,683	45.6	24,239,953	47.4
Liabilities				
Interest-bearing loans and borrowings	10,537,792	17.9	9,123,987	17.8
Provisions	621,379	1.1	635,618	1.2
Deferred tax liabilities	740,910	1.3	818,581	1.6
Deferred income	16,239	-	16,960	-
Other long-term liabilities	203,682	0.3	89,675	0.2
Total long-term liabilities	12,120,002	20.6	10,684,821	20.8
Trade and other payables	15,092,524	25.8	13,435,998	26.4
Interest-bearing loans and borrowings	2,459,799	4.2	1,543,740	3.0
Income tax liability	673,643	1.1	23,370	-
Provisions	1,008,140	1.7	1,002,428	2.0
Deferred income	136,379	0.2	74,959	0.1
Other financial liabilities	442,308	0.8	144,523	0.3
Total short-term liabilities	19,812,793	33.8	16,225,018	31.8
Total liabilities	31,932,795	54.4	26,909,839	52.6
TOTAL EQUITY AND LIABILITIES	58,731,478	100.0	51,149,792	100.0



2.1.2 Consolidated statement of comprehensive income

	1.01.2011 - 31.12.2011	% of total sales	1.01.2010 - 31.12.2010	% of total sales
	PLN '000		PLN '000	
Income statement				
Sales revenues	106,973,074	100.0	83,547,432	100.0
Cost of sales	(98,397,811)	(92.0)	(75,566,961)	(90.4)
Gross profit on sales	8,575,263	8.0	7,980,471	9.6
Distribution expenses	(3,660,256)	(3.5)	(3,394,612)	(4.2)
General and administrative expenses	(1,468,298)	(1.4)	(1,365,195)	(1.7)
Other operating revenues	1,006,655	1.0	771,321	1.0
Other operating expenses	(2,386,892)	(2.2)	(869,336)	(1.0)
Profit from operations	2,066,472	1.9	3,122,649	3.7
Financial revenues	2,780,145	2.6	446,754	0.5
Financial expenses	(2,243,175)	(2.1)	(751,248)	(0.8)
Financial revenues and expenses	536,970	0.5	(304,494)	(0.3)
Share in profit from investments accounted for under equity method	188,299	0.2	252,012	0.3
Profit before tax	2,791,741	2.6	3,070,167	3.7
Income tax expense	(776,738)	(0.7)	(614,700)	(0.8)
Net profit	2,015,003	1.9	2,455,467	2.9
Items of other comprehensive income				
Hedging instruments valuation	42,798	-	25,502	-
Hedging instruments settlement	(159,052)	(0.1)	35,020	-
Fair value measurement of investment property as at the date of reclassification	10,389	-	-	-
Foreign exchange differences on consolidation	759,813	0.7	153,734	0.2
Deferred tax on other comprehensive income items	20,114	-	(11,499)	-
Other comprehensive income for the period, net	674,062	0.6	202,757	0.2
Total net comprehensive income	2,689,065	2.5	2,658,224	3.2
Net profit/(loss) attributable to:				
equity holders of the parent	2,363,397		2,371,358	
non-controlling interest	(348,394)		84,109	
Net profit/(loss)	2,015,003		2,455,467	
Total comprehensive income attributable to:				
equity holders of the parent	2,845,641		2,537,678	
non-controlling interest	(156,576)		120,546	
Total net comprehensive income	2,689,065		2,658,224	



2.2 Selected financial ratios

	2011	2010	2009
1. Return on sales			
$\frac{\text{net profit} \times 100\%}{\text{net revenues}}$	1.9%	2.9%	1.9%
2. Return on equity			
$\frac{\text{net profit} \times 100\%}{\text{equity} - \text{net profit}}$	8.1%	11.3%	6.4%
3. Debtors turnover			
$\frac{\text{average trade receivables (gross)} \times 365 \text{ days}}{\text{net revenues}}$	21 days	21 days	25 days
4. Debt ratio			
$\frac{\text{liabilities} \times 100\%}{\text{equity and liabilities}}$	54.4%	52.6%	61.2%
5. Current ratio			
$\frac{\text{current assets}}{\text{current liabilities}}$	1.5	1.3	1.4

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

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



3 Detailed report

3.1 Accounting principles

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

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

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

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

3.2 Basis of preparation of the consolidated financial statements

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

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

3.3 Method of consolidation

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

3.4 Goodwill arising on consolidation

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

3.5 Consolidation of equity and calculation of non-controlling interest

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

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

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



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

3.6 Consolidation eliminations

Intercompany balances within the Group were eliminated on consolidation.

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

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

3.7 Notes to the consolidated financial statements

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

3.8 Management Board Report on the Operations of ORLEN Capital Group

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



3.9 Information on the opinion of the independent auditor

Based on our audit of the consolidated financial statements of the Group as at and for the year ended 31 December 2011, we have issued an unqualified with the following emphasis of matters:

“Without qualify our opinion, we draw your attention to the fact that in 2011 the Group has recognised impairment losses on non-current assets of PLN 1.855.850 thousand. The Group’s projected future financial performance, which was the basis for impairment testing of non-current assets, is based on number of assumptions, that are, in respect of macroeconomic factors, beyond the Group’s control. As described in note 14 to the accompanying consolidated financial statements, a change in these assumptions may influence the Group’s financial position, including the results of the tests for impairment of non-current assets, and consequently may lead to changes in the financial position and performance of the Group.”

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



Certified Auditor No. 10427
Marta Zemka



Certified Auditor No. 10268
Director
Monika Bartoszewicz

28 March 2012
Warsaw