TRANSLATION

Polski Koncern Naftowy ORLEN
Spółka Akcyjna

Supplementary report on the audit of the separate financial statements

Financial Year ended
31 December 2015

The supplementary report contains 9 pages
The supplementary report on the audit
of the separate financial statements
for the financial year ended
31 December 2015

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1. General

1.1. General information about the Company

1.1.1. Company name

Polski Koncern Naftowy ORLEN Spółka Akcyjna

1.1.2. Registered office

ul. Chemików 7
09-411 Płock

1.1.3. Registration in the register of entrepreneurs of the National Court Register

Registration court:	District Court for the Capital City of Warsaw in Warsaw, XIV Commercial Department of the National Court Register
Date:	19 July 2001
Registration number:	KRS 0000028860
Share capital as at the end of reporting period:	PLN 534 636 326.25

1.1.4. Management of the Company

The Management Board is responsible for management of the Company.

As at 31 December 2015, the Management Board of the Company was comprised of the following members:

- Wojciech Jasiński – President of the Management Board, Chief Executive Officer,
- Sławomir Jędrzejczyk – Vice-President of the Management Board, Chief Financial Officer,
- Piotr Chełmiński – Member of the Management Board, Business Development /Power and Heat Generation Officer,
- Krystian Pater – Member of the Management Board, Production,
- Marek Podstawa – Member of the Management Board, Sales.

According to the resolution of the Supervisory Board dated 16 December 2015, Mr. Dariusz Krawiec was dismissed from the position of President of the Management Board and Mr. Wojciech Jasiński was appointed to the position of President of the Management Board.

According to the resolution of the Supervisory Board dated 8 February 2016, Mr. Marek Podstawa was dismissed from the position of Member of the Management Board, Sales and Mr. Zbigniew Leszczyński was appointed to this position.

According to the resolution of the Supervisory Board dated 8 February 2016, Mr. Mirosław Kochalski was appointed to the position of Vice-President of the Management Board, Corporate Affairs.

1.2. Key Certified Auditor and Audit Firm Information

1.2.1. Key Certified Auditor information

Name and surname:	Zbigniew Libera
Registration number:	90047

1.2.2. Audit Firm information

Name:	KPMG Audyt Sp. z o.o.
Address of registered office:	ul. Inflancka 4A, 00-189 Warsaw
Registration number:	KRS 0000104753
Registration court:	District Court for the Capital City of 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 into the register of audit firms, maintained by the National Council of Certified Auditors, under number 458.

1.3. Prior period financial statements

The separate financial statements for the financial year ended 31 December 2014 were audited by KPMG Audyt Sp. z o.o. and received an unmodified opinion.

The separate financial statements were approved at the General Meeting on 28 April 2015 where it was resolved to cover the net loss for the prior financial year of PLN 4,671,826,145.06 million with the reserve capital.

The separate financial statements were submitted to the Registry Court on 5 May 2015.

1.4. Audit scope and responsibilities

This report was prepared for the General Meeting of Polski Koncern Naftowy ORLEN Spółka Akcyjna with its registered office in Płock, ul. Chemików 7 and relates to the separate financial statements comprising: the separate statement of financial position as at 31 December 2015, the separate statement of profit or loss and other comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information and notes.

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

The separate financial statements were audited in accordance with the contract dated 7 April 2015, concluded on the basis of the resolution of the Supervisory Board dated 25 November 2014 on the appointment of the auditor.

We conducted our audit in accordance with section 7 of the Accounting Act dated 29 September 1994 (Official Journal from 2013, item 330 with amendments) ("the Accounting Act") and International Standards on Auditing as adopted by the National Council of Certified Auditors as the National Standards on Assurance.

We audited the separate financial statements at the Company during the period from 30 November 2015 to 11 December 2015 and from 18 January 2016 to 23 March 2016. The audit was preceded by quarterly reviews.

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

Our responsibility is to express an opinion and to prepare a supplementary report on the audit of the separate financial statements and whether the financial statements are derived from properly maintained accounting records based on our audit.

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

All required statements, explanations and information were provided to us by Management of the Company and all our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

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 the Audit Firm.

The Key Certified Auditor and the Audit Firm fulfill the independence requirements as described in Art. 56 points 3 and 4 of the Act on Certified Auditors and their Self-Governance, Audit Firms authorized to Audit Financial Statements and Public Oversight dated 7 May 2009 (Official Journal from 2015, item 1011 with amendments).

2. Financial analysis of the Company

2.1. Summary analysis of the separate financial statements

2.1.1. Separate statement of financial positions

ASSETS	31.12.2015 PLN million	% of total assets	31.12.2014 PLN million	% of total assets
Non-current assets				
Property, plant and equipment	14,303	38.7	13,465	35.5
Intangible assets	962	2.6	334	0.9
Shares in related parties	7,568	20.4	6,733	17.7
Deferred tax assets	-	-	169	0.4
Other financial assets	179	0.5	970	2.6
Other assets	134	0.4	131	0.3
Total non-current assets	**23,146**	**62.6**	**21,802**	**57.4**
Current assets				
Inventories	7,715	20.9	6,497	17.1
Trade and other receivables	4,291	11.6	4,960	13.0
Other financial assets	788	2.1	1,206	3.2
Cash	964	2.6	3,475	9.2
Non-current assets classified as held for sale	77	0.2	38	0.1
Total current assets	**13,835**	**37.4**	**16,176**	**42.6**
TOTAL ASSETS	**36,981**	**100.0**	**37,978**	**100.0**

EQUITY AND LIABILITIES	31.12.2015 PLN million	% of total assets	31.12.2014 PLN million	% of total assets
Equity				
Share capital	1,058	2.9	1,058	2.8
Share premium	1,227	3.3	1,227	3.2
Hedging reserve	(143)	(0.4)	(1,370)	(3.6)
Retained earnings	15,704	42.5	15,387	40.5
Total equity	**17,846**	**48.3**	**16,302**	**42.9**
Liabilities				
Non-current liabilities				
Loans, borrowings and bonds	8,125	22.0	9,212	24.3
Provisions	317	0.9	355	0.9
Deffered tax liabilities	380	1.0	-	-
Other financial liabilities	637	1.7	1,812	4.8
Total non-current liabilities	**9,459**	**25.6**	**11,379**	**30.0**
Current liabilities				
Trade and other liabilities	6,651	18.0	7,572	19.9
Loans, borrowings and bonds	1,117	3.0	930	2.4
Provisions	383	1.0	342	0.9
Deferred income	116	0.3	97	0.3
Other financial liabilities	1,409	3.8	1,356	3.6
Total current liabilities	**9,676**	**26.1**	**10,297**	**27.1**
Total liabilities	**19,135**	**51.7**	**21,676**	**57.1**
TOTAL EQUITY AND LIABILITIES	**36,981**	**100.0**	**37,978**	**100.0**

2.1.2. Separate statement of profit or loss and other comprehensive income

	1.01.2015-31.12.2015 PLN million	% of total sales revenues	1.01.2014 - 31.12.2014 PLN million	% of total sales revenues
Sales revenues	60,466	100.0	76,972	100.0
Cost of sales	(55,565)	(91.9)	(74,283)	(96.5)
Gross profit on sales	**4,901**	**8.1**	**2,689**	**3.5**
Distribution expenses	(2,306)	(3.8)	(2,177)	(2.8)
Administrative expenses	(867)	(1.4)	(823)	(1.1)
Other operating income	196	0.3	311	0.4
Other operating expenses	(155)	(0.3)	(380)	(0.5)
Profit/(Loss) from operations	**1,769**	**2.9**	**(380)**	**(0.5)**
Finance income	872	1.4	1,477	1.9
Finance costs	(1,333)	(2.2)	(5,977)	(7.8)
Net finance income and costs	**(461)**	**(0.8)**	**(4,500)**	**(5.9)**
Profit/(Loss) before tax	**1,308**	**2.1**	**(4,880)**	**(6.3)**
Tax expense	(260)	(0.4)	208	0.2
Net profit/(loss)	**1,048**	**1.7**	**(4,672)**	**(6.1)**
Other comprehensive income:				
which will not be reclassified into profit or loss	**4**	**-**	**(7)**	**-**
which were or will be reclassified into profit or loss	**1,227**	**2.0**	**(1,538)**	**(2.0)**
hedging instruments	*1,515*	*2.5*	*(1,899)*	*(2.5)*
deferred tax	*(288)*	*(0.5)*	*361*	*0.5*
	1,231	**2.0**	**(1,545)**	**(2.0)**
Total net comprehensive income	**2,279**	**3.7**	**(6,217)**	**(8.1)**
Net profit/(loss) and diluted net profit/(loss) per share (in PLN per share)	2.45		(10.92)	

2.2. Selected financial ratios

		2015	2014	2013
1.	**Return on sales**			
	profit for the period x 100% / revenue	1.7%	negative value	0.7%
2.	**Return on equity**			
	profit for the period x 100% / equity - profit for the period	6.2%	negative value	2.7%
3.	**Debtors' days**			
	average trade receivables x 365 days / revenue	25 days	24 days	25 days
4.	**Debt ratio**			
	liabilities x 100% / equity and liabilities	51.7%	57.1%	45.0%
5.	**Current ratio**			
	current assets / current liabilities	1.4	1.6	1.6

- Revenue includes revenue from sales 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, with no deduction made for allowances.

3. Detailed report

3.1. Accounting system

The Company maintains current documentation describing the applied accounting principles adopted by the Management Board to the extent required by Art. 10 of the Accounting Act.

During the audit of the separate financial statements we tested, on a sample basis, the operation of the accounting system.

On the basis of the work performed, we have not identified any material irregularities in the accounting system, which have not been corrected and that could have a material effect on the separate financial statements. Our audit was not conducted for the purpose of expressing a comprehensive opinion on the operation of the accounting system.

The Company performed a physical verification of its assets in accordance with the requirements and time frame specified in Art. 26 of the Accounting Act, and reconciled and recorded the result thereof in the accounting records.

3.2. Notes to the separate financial statements

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

3.3. Report on the Company's activities

The report on the Company's activities includes, in all material respects, 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 2014, item 133) and the information is consistent with the separate financial statements.

On behalf of KPMG Audyt Sp. z o.o.
Registration No. 458
ul. Inflancka 4A
00-189 Warsaw

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Zbigniew Libera
Key Certified Auditor
Registration No. 90047
Director

23 March 2016
Warsaw