

Results of the ORLEN Capital Group for the IV quarter of 2011

(Translation of a document originally issued in Polish)

Summary of the results

Table 1

Q4 2010	Q3 2011	Q4 2011	% change	Key financial data, PLNm	12 months 2010	12 months 2011	% change
1	2	3	4=(3-1)/1	5	6	7	8=(7-6)/6
22 931	28 682	29 976	30,7	Total sales revenue	83 547	106 973	28,0
1 343	1 392	763	-43,2	Profit from operations plus depreciation and amortisation (EBITDA)	5 546	5 634	1,6
747	778	128	-82,9	Profit/loss from operations, including:	3 123	3 254	4,2
770	669	858	11,4	PKN ORLEN S.A.	2 757	3 178	15,3
32	-48	-355	-	Unipetrol Group	195	-286	-
-88	-131	-192	-118,2	ORLEN Lietuva	-281	-219	22,1
33	288	-183	-	Other	452	581	28,5
				Operating segments, including:			
610	335	346	-43,3	Refining	2 481	2 219	-10,6
117	367	-202	-	Petrochemical	486	1 071	120,4
224	181	40	-82,1	Retail	825	439	-46,8
-204	-105	-56	72,5	Corporate Functions ¹	-669	-475	29,0
596	614	635	6,5	Depreciation and Amortisation, including:	2 423	2 380	-1,8
317	278	288	-9,1	Refining	1 250	1 114	-10,9
168	225	224	33,3	Petrochemical	737	821	11,4
82	83	92	12,2	Retail	321	334	4,0
29	28	31	6,9	Corporate Functions ¹	115	111	-3,5
544	-249	1 285	136,2	Net profit/loss	2 455	3 103	26,4
541	-258	1 443	166,7	Profit/loss attributable to equity holders of the Parent	2 371	3 188	34,5
51 150	58 235	59 865	17,0	Assets	51 150	59 865	17,0
24 240	26 695	27 863	14,9	Equity	24 240	27 863	14,9
7 847	9 280	7 589	-3,3	Net debt	7 847	7 589	-3,3
2 826	480	-681	-	Net cash provided by/(used in) operating activities	6 110	764	-87,5
-625	-406	2 910	-	Net cash provided by/(used in) investing activities	-2 920	1 493	-
955	621	689	-27,9	Investment expenditures (CAPEX)	3 011	2 133	-29,2
7,7	8,9	7,4	-0,3p.p.	Return on capital employed (ROACE) (%) ²	7,9	7,8	-0,1p.p.
36,9	32,2	30,9	-6,0p.p.	Financial leverage (%) ³	39,4	29,6	-9,8p.p.
1,38	1,41	1,29	-6,5	Net debt/Profit from operations plus depreciation and amortisation for the last four quarters (EBITDA) ⁴	1,38	1,29	-6,5
1,83	2,11	2,15	17,5	Net debt/Profit from operations plus depreciation and amortisation based on the LIFO method for the last four quarters (EBITDA) ⁵	1,83	2,15	17,5
1,26	-0,60	3,37	167,5	Net profit/loss attributable to equity holders of the Parent per share (EPS)	5,54	7,45	34,5
Q4 2010	Q3 2011	Q4 2011	% change	Financial data adjusted by the effect of inventory valuation based on the LIFO method, PLNm	12 months 2010	12 months 2011	% change
248	216	-531	-	Profit/loss from operations based on LIFO method, including:	1 715	905	-47,2
525	69	209	-60,2	PKN ORLEN S.A.	1 681	1 072	-36,2
-68	-48	-394	-479,4	Unipetrol Group	37	-409	-
-218	-77	-166	23,9	ORLEN Lietuva	-431	-306	29,0
9	272	-180	-	Other	428	548	28,0
-499	-562	-659	-32,1	Effect on inventory valuation ⁶ based on LIFO method on profit from operations, including:	-1 408	-2 349	-66,8
-245	-600	-649	-164,9	PKN ORLEN S.A.	-1 076	-2 106	-95,7
-100	0	-39	61,0	Unipetrol Group	-158	-123	22,2
-130	54	26	-	ORLEN Lietuva	-150	-87	42,0
-24	-16	3	-	Other	-24	-33	-37,5
134	-702	752	461,2	Net profit/loss based on LIFO	1 308	1 196	-8,6

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 financial activities

The profit from operations of the ORLEN Capital Group ("ORLEN Group") for the IV quarter of 2011 amounted to PLN 128 million. The cumulative result from operations for 2011 reached the level of PLN 3,254 million (y/y) and increased by PLN 131 million in comparison to prior year.

Due to increasing crude oil prices LIFO effect that increase result from operations in the IV quarter of 2011 amounted to PLN 659 million and was higher by PLN 160 million (y/y). In 2011 LIFO adjustment was higher by PLN 941 million (y/y) and increased result from operations by PLN 2,349 million.

As a result, the profit from operations of the ORLEN Group based on the LIFO method of inventory valuation amounted to PLN (-) 531 million in the IV quarter of 2011 and for the cumulative 12 months of 2011 amounted to PLN 905 million in comparison to PLN 1,715 million in 2010.

Negative impact of changes in macroeconomic factors including: refining and petrochemical margins, the URAL/Brent differential, changes in PLN exchange rates against foreign currencies was negative and amounted to PLN (-) 321 million (y/y) and was partially compensated by positive impact of higher sales volume of PLN 228 million (y/y).

Sustaining high crude oil prices resulted in increase in fuel prices and decrease in retail margins. Total impact of lower retail margins and increase in petrol stations costs due to higher sales volume resulted in decrease of operating result by PLN (-) 183 million.

Negative impact of change in other operating activities balance amounted to PLN (-) 202 million (y/y) and was mainly a result of higher impairment allowances of property, plant and equipment by PLN (-) 406 million (y/y) and higher compensations earned by PLN 88 million (y/y) and other positions by PLN 96 million (y/y) related to decrease of CO₂ emission rights provision. Impairment allowances that were recognized in the IV quarter of 2011 comprised mainly assets in Spolana from Anwil Group, Paramo refinery from Unipetrol Group, ORLEN Lietuva Group and retail segment in PKN ORLEN S.A. Compensations received in the analyzed period comprised mainly return of PLN 46 million from ENERGA-OPERATOR S.A. and compensations earned by ORLEN Lietuva Group on damages incurred during Refinery fire in 2006 of PLN 98 million.

Other operating items amounted to PLN (-) 301 million (y/y) and were connected mainly with implementation of legislative changes in the respect of bio components in fuels taxation

In the IV quarter of 2011 sale of Polkomtel shares has been finalized and as a result a profit of PLN 2,277 million was recognized in the financial activity.

Other items of net financial expenses amounted to PLN (-) 597 million and comprised mainly negative foreign exchange differences on revaluation of loans and other positions denominated in foreign currencies of PLN (-) 328 million and net interest and valuation of financial instruments of PLN (-) 262 million. Consequently positive balance of financial activity in the IV quarter of 2011 amounted to PLN 1,680 million.

Foreign exchange losses on loans denominated in USD for which hedging relationship with net investment in ORLEN Lietuva was designated in the amount of PLN (-) 196 million, according to IAS 39 (Financial instruments: recognition and measurement) and foreign exchange losses on revaluation of subsidiaries in the amount of PLN (-) 97 million, according to IAS 21 (The effects of changes in foreign exchange rates), were recognized in equity in line foreign exchange differences on subsidiaries from consolidation.

After consideration of tax charges, net profit of ORLEN Capital Group for IV quarters of 2011 amounted to PLN 1,285 million and for the year 2011 amounted to PLN 3,103 million, respectively.

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

- PKN ORLEN S.A. – result from operations was higher by PLN 88 million (y/y) and amounted to PLN 858 million.
 - result of the refining segment, higher by PLN 80 million (y/y) is mainly the effect of the positive impact of increasing crude oil prices in PLN on inventory valuation of PLN 405 million (y/y), accompanied by negative impact of macroeconomic factors and legislative changes in the respect of bio components in

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- fuels taxation. Increase of heavy fractions share in sales of products structure resulted from carried out maintenance works and had a negative impact on volumes.
 - decrease of the retail segment result by PLN (-) 175 million is mainly a result of lower fuel margins, due to recognition of impairment allowances of property, plant and equipment, partly compensated by higher sales volume.
 - improvement of results of the petrochemical segment by PLN 118 million (y/y) is a result of positive impact of macroeconomic factors taking into account increasing paraxylene quotations and higher sales volume, accompanied by higher depreciation and amortization costs due to launching PX/PTA Complex.
 - costs of corporate functions, lower by PLN 65 million (y/y), are mainly the effect of other operating activities due to compensations received from ENERGA-OPERATOR S.A. as a result of overruling by Supreme Court the unfavorable sentence for PKN ORLEN S.A.
- ORLEN Lietuva Capital Group („ORLEN Lietuva”) – the result from operations was lower by PLN (-) 104 million (y/y) and amounted to PLN (-) 192 million.
 - decrease of the operating result of the refining segment by PLN (-) 170 million (y/y) is a result of negative impact of inventory valuation of PLN (-) 156 million (y/y) and unfavorable impact of macroeconomic factors accompanied by higher sales volume and positive change in other operating result due to recognition of lower (y/y) impairment allowances of assets,
 - increase of the retail segment result by PLN 1 million (y/y) is a result of increase in fuel and non-fuel margins.
 - costs of corporate functions, lower by PLN 65 million (y/y) are a result of positive effect of other operating activities due to compensations earned on damages incurred during refinery fire in 2006.
- Unipetrol Capital Group („Unipetrol Group”) – the result from operations was lower by PLN (-) 387 million (y/y) and amounted to PLN (-) 355 million.
 - result of the refining segment, lower by PLN (-) 234 million (y/y), reflects mainly the negative impact of crude oil price changes on inventory valuation of PLN (-) 49 million, negative influence of macroeconomic factors and lower sales volume due to cyclical maintenance shutdowns in Litvinov Refinery and recognition of impairment allowances of property, plant and equipment in Paramo.
 - result of the retail segment, lower by PLN (-) 4 million (y/y), is mainly the result of lower fuel margins and lower sales volume.
 - deterioration of petrochemical segment result by PLN (-) 157 million (y/y) due to the negative impact of petrochemical margins and recognition of impairment allowance of assets.
 - costs of corporate functions were lower by PLN 8 million (y/y).

Net indebtedness and cash flows

As at 31 December 2011 net indebtedness of the ORLEN Capital Group amounted to PLN 7,589 million and decreased by PLN (-) 258 million as compared to the level at the end of 2010. Within 2011 the decrease in net indebtedness due to drawing of loans and borrowings and changes in the balance of cash and cash equivalents as well as valuation of indebtedness amounted to PLN (-) 1,701 million and was accompanied by increases of PLN 1,443 million due to foreign exchange differences on revaluation of loans denominated in foreign currencies. In the IV quarter of 2011 net indebtedness decreased by PLN (-) 1,691 million due to drawing of loans, change in the balance of cash and cash equivalents and valuation of indebtedness of PLN (-) 2,056 million accompanied by increase in foreign exchange differences on revaluation of loans denominated in foreign currencies of PLN 365 million.

Net cash used in operating activities amounted to PLN (-) 681 million in the IV quarter of 2011.

Negative operating cash flows included mainly decrease in operating results due to difficult market conditions and increase in working capital due to increasing crude oil prices and products of the Group.

Net cash provided by investing activities in the IV quarter of 2011 amounted to PLN 2,910 million and concerned mainly proceeds from sale of shares of PLN 3,672 million (mainly sale of shares in Polkomtel S.A.) and net expenditures for acquisition of property, plant and equipment and intangible assets of PLN (-) 632 million relating to carried investment programs.

Cash flows from financing activities amounted to PLN 649 million in the IV quarter of 2011 and concerned mainly net proceeds from loans and borrowings of PLN 825 million as well as debt costs of PLN (-) 151 million.

Consequently, the balance of cash and cash equivalents increased in the IV quarter of 2011 by PLN 2,878 million (q/q) and amounted to PLN 5,409 million as at 31 December 2011.

Cash and cash equivalents include short term bank deposits and Polish government bonds purchased within buy-sell-back transactions of an average buyout less than 3 months.

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

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Macroeconomic commentary

Crude oil prices, BRENT/URAL differential and model margins

Table 2

Item	Quarter					change %
	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q4 2010	
1	2	3	4	5	6	7=(5-6)/6
Brent crude oil (USD/bbl)	105.4	117.0	113.4	109.4	86.5	26.5
Brent / URAL differential (USD/bbl)	2.9	2.9	0.7	0.3	1.5	-80.0
Model refining margin (USD/bbl)	1.5	1.4	2.7	2.8	3.3	-15.2
Model petrochemical margin (EUR/t)	751	795	663	609	667	-8.7
Quotations of margins (crack margins)						
Refining products (USD/t)						
Gasoline	126	172	167	107	133	-19.5
Diesel oil	118	100	110	146	107	36.4
Light heating oil	89	73	86	118	78	51.2
Jet A-1 fuel	173	168	159	180	131	37.4
Heavy heating oil	-243	-265	-231	-207	-190	-8.9
Petrochemical products (EUR/t)						
Polyethylene	178	213	186	152	142	7.0
Polypropylene	337	310	253	234	355	-34.1
Ethylene	567	583	501	483	509	-5.1
Propylene	542	597	495	412	469	-12.2
Toluene	180	149	201	151	155	-2.6
Benzene	379	241	208	62	218	-71.6
Butadiene	883	1 435	1 815	1 235	846	46.0
Paraxylene	612	546	500	517	428	20.8

Exchange rates

Table 3

Currency	Average exchange rates ¹⁾					change %	Period end exchange rates ¹⁾					change %
	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q4 2010		Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q4 2010	
1	2	3	4	5	6	7=(5-6)/6	8	9	10	11	12	13=(11-12)/12
PLN/USD	2.88	2.75	2.94	3.28	2.92	12.3	2.82	2.75	3.26	3.42	2.96	15.5
PLN/EUR	3.94	3.96	4.15	4.42	3.97	11.3	4.01	3.99	4.41	4.42	3.96	11.6
PLN/CZK	0.16	0.16	0.17	0.18	0.16	12.5	0.16	0.16	0.18	0.17	0.16	6.3
LTL/USD	2.53	2.4	2.44	2.56	2.54	0.8	2.46	2.4	2.54	2.67	2.61	2.3
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	17.8	16.9	17.3	18.8	18.3	2.7	17.3	16.8	18.3	19.9	18.8	5.9
CZK/EUR	24.4	24.3	24.4	25.3	24.8	2.0	24.5	24.3	24.8	25.8	25.1	2.8

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

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Fuel consumption

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

Table 4

Countries, ('000 tonnes)	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q4 2010	change %	change %
1	2	3	4	5	6	7=(5-6)/6	8=(5-4)/4
Poland	3 640	4 057	4 319	4 234	4 092	3.5%	-2.0%
Gasoline	891	1 038	1 069	1 002	1 012	-1.0%	-6.3%
Diesel Oil	2 749	3 019	3 250	3 232	3 080	4.9%	-0.6%
Lithuania	259	366	380	339	356	-4.8%	-10.8%
Gasoline	56	67	70	63	72	-12.5%	-10.0%
Diesel Oil	203	299	310	276	284	-2.8%	-11.0%
Czech Republic	1 262	1 484	1 581	1 373	1 406	-2.3%	-13.2%
Gasoline	379	489	481	423	451	-6.2%	-12.1%
Diesel Oil	883	995	1 100	950	955	-0.5%	-13.6%
Germany	12 086	13 131	13 725	13 539	13 271	2.0%	-1.4%
Gasoline	4 565	5 027	5 054	5 047	4 897	3.1%	-0.1%
Diesel Oil	7 521	8 104	8 671	8 492	8 374	1.4%	-2.1%

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Segment commentary – Refining Segment

Table 5

Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q4 2010	change %	Item, PLNm	12 months 2011	12 months 2010	change %
1	2	3	4	5	6=(4-5)/5	7	8	9	10=(8-9)/9
17 614	19 854	22 281	23 738	17 973	32.1	Segment revenues, including:	83 487	63 982	30.5
12 303	13 682	15 727	16 764	13 022	28.7	Sales to external customers	58 476	45 479	28.6
5 311	6 172	6 554	6 974	4 951	40.9	Transactions with other segments	25 011	18 503	35.2
-16 595	-19 372	-21 964	-23 205	-17 183	35.0	Segment expenses	-81 137	-61 343	32.3
9	28	18	-187	-180	3.9	Other operating revenues/expenses, net	-131	-158	17.1
1 028	510	335	346	610	-43.3	Profit/Loss from operations	2 219	2 481	-10.6
185	303	-215	-295	141	-	Profit/Loss from operations under LIFO	-22	1 124	-
1 305	781	613	634	927	-31.6	Profit/Loss from operations plus depreciation and amortisation (EBITDA)	3 333	3 731	-10.7
146	256	286	212	260	-18.5	CAPEX	900	778	15.7
5 217	5 545	6 279	5 992	5 925	1.1	Sales of products (thousand tonnes)	23 033	22 419	2.7

The profit from operations of refining segment of the ORLEN Group for the IV quarter of 2011 amounted to PLN 346 million and was lower by PLN (-) 264 million (y/y).

Positive impact of changes in crude oil prices on inventory valuation in the IV quarter of 2011 was higher by PLN 172 million (y/y).

Cumulative negative impact of macroeconomic factors including URAL/Brent differential, refining margin and foreign exchange rates against PLN amounted to PLN (-) 226 million (y/y).

Maintenance shutdown of Fluid Catalytic Cracking II Installation in the IV quarter of 2011 in PKN ORLEN S.A., decreased fuels outputs and as a consequence influenced product sales structure. The above described effect together with lower sales volume on Czech market due to cyclical shutdown in Litvinow Refinery decreased segment's operating result by PLN (-) 81 million (y/y).

Impact of other operating elements comprising mainly implementation of legislative changes in the respect of bio components in fuels taxation and negative effects on other operating activities was compensated partially by lower segment's depreciation and amortization and amounted to PLN (-) 129 million (y/y).

In the IV quarter of 2011 as compared to the analogous period of the previous year, the segment's investment expenditure ("CAPEX") decreased by PLN (-) 48 million (y/y) to the level of PLN 212 million.

The most significant investments held in the IV quarter comprised: construction of K8 boiler in Heat and Power station, modernization and intensification of Alkylation HF installation, development of Water-Refining Blocks no 1,3,4 and development of Warehouse Base in Wrocław in PKN ORLEN S.A.; replacement of the part of reactor of Fluid Catalytic Cracking installation and construction works on Granulation and Desulphurization Installation in ORLEN Lietuva; expenses connected with periodic maintenance works carried out on refining installations in Unipetrol Group.

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Segment commentary – Retail Segment

Table 6

Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q4 2010	change %	Item, PLNm	12 months 2011	12 months 2010	change %
1	2	3	4	5	6=(4-5)/5	7	8	9	10=(8-9)/9
6 965	8 437	9 131	9 620	7 028	36.9	Segment revenues, including:	34 153	27 152	25.8
6 938	8 407	9 103	9 589	7 001	37.0	Sales to external customers	34 037	27 037	25.9
27	30	28	31	27	14.8	Transactions with other segments	116	115	0.9
-6 933	-8 239	-8 947	-9 527	-6 806	40.0	Segment expenses	-33 646	-26 351	27.7
-6	-6	-3	-53	2	-	Other operating revenues/expenses, net	-68	24	-
26	192	181	40	224	-82.1	Profit/Loss from operations	439	825	-46.8
108	269	264	132	306	-56.9	Profit/Loss from operations under LIFO	773	1 146	-32.5
22	90	100	213	219	-2.7	CAPEX	425	354	20.1
1 600	1 836	1 987	1 922	1 759	9.3	Sales of products (thousand tonnes)	7 345	7 025	4.6

In the IV quarter of 2011 profit from operations of the retail segment of the ORLEN Group amounted to PLN 40 million and decreased by PLN (-) 184 million (y/y).

The increase in sales volume of the retail segment by 9% (y/y), achieved on Polish and German markets improved segment's operating profit by PLN 47 million (y/y).

Sustaining high crude oil prices resulted in increase in fuel prices and as a consequence decreased retail margins. Total impact of lower retail margins on Polish and Czech market together with increasing non-fuel margins decreased segment's operating result by PLN (-) 138 million (y/y). Negative higher fuel station costs due to higher sales volume decreased segment's operating result by PLN (-) 39 million.

Impact of other factors of PLN (-) 54 million (y/y) is mainly a result of negative effects on other operating activities. In the IV quarter of 2011 in PKN ORLEN S.A. impairment allowances of segment's property plant and equipment of PLN (-) 73 million were recognized.

At the end of December 2011 the number of catering points such as Stop Café and Stop Café Bistro amounted to 653 and was higher by 27 (y/y).

In comparison to the IV quarter of 2010 investment expenditure ("CAPEX") decreased by PLN (-) 6 million to the level of PLN 213 million. In the IV quarter of 2011 7 new fuel stations were launched in CoDo system in the ORLEN Group (2 new fuel stations in Poland, 4 in Germany and 1 in Czech Republic). 20 fuel stations in CoDo system were modernized (19 fuel stations in Poland and 1 in Czech Republic). Additionally 16 new fuel stations were launched within franchise system in Poland.

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Segment commentary - Petrochemical Segment

Table 7

Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q4 2010	change %	Item, PLNm	12 months 2011	12 months 2010	change %
1	2	3	4	5	6=(4-5)/5	7	8	9	10=(8-9)/9
4 184	4 368	4 679	4 426	3 594	23.1	Segment revenues, including:	17 657	13 607	29.8
3 413	3 527	3 819	3 554	2 902	22.5	Sales to external customers	14 313	10 953	30.7
771	841	860	872	692	26.0	Transactions with other segments	3 344	2 654	26.0
-3 815	-3 931	-4 323	-4 329	-3 477	24.5	Segment expenses	-16 399	-13 219	24.1
16	84	11	-299	0	-	Other operating revenues/expenses, net	-187	98	-
385	521	367	-202	117	-	Profit/Loss from operations	1 071	486	120.4
339	489	355	-220	87	-	Profit/Loss from operations under LIFO	963	435	121.4
552	726	592	22	285	-92.3	Profit/Loss from operations plus depreciation and amortisation (EBITDA)	1 892	1 223	54.7
135	101	220	185	405	-54.3	CAPEX	642	1 748	-63.3
1 253	1 216	1 360	1 239	1 204	2.9	Sales of products (thousand tonnes)	5 068	4 733	7.1

In the IV quarter of 2011 segment's profit from operations were lower by PLN (-) 319 million (y/y), what is mainly a result of negative effects on other operating activities of PLN (-) 299 million (y/y).

Net other operating expenses in the IV quarter of 2011 of PLN (-) 299 million comprise mainly impairment allowances of property, plant and equipment in Spolana from Anwil Group of PLN (-) 284 million.

Positive effect of changes in prices of petrochemical products on valuation of inventories in the IV quarter of 2011 was lower by PLN (-) 12 million (y/y).

Impact of lower petrochemical margins partially compensated with higher paraxylene (PX) and butadiene margin decreased the segment's result from operations by PLN (-) 95 million (y/y).

Increase of segment's sales volume, mainly due to launching PTA sale and higher plastics sale accompanied by lower sales volume of olefins, polyolefins and fertilizers due to maintenance shutdowns increased segment's profit from operations by PLN 262 million (y/y).

Other factors including mainly higher depreciation and amortisation by PLN (-) 57 million related to the commencement of operations of PX/PTA complex as well as decrease in segment's product margins due to worsened market situation decreased segment's result from operations by PLN (-) 175 million (y/y).

During the IV quarter of 2011 the segment's CAPEX was lower by PLN (-) 220 million (y/y) and amounted to PLN 185 million.

The most significant investments realized in the IV quarter of 2011 comprised: construction of Gas Expander, construction of Granular Magnesium Sulfate production plant, modernization of wastewater treatment plant in Anwil S.A., replacement of GT/GB power transformers at Olefin's Installation and periodic maintenance works at petrochemical installation in Unipetrol Group.

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Segment commentary – Corporate Functions

Table 8

Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q4 2010	change %	Item, PLNm	12 months 2011	12 months 2010	change %
1	2	3	4	5	6=(4-5)/5	7	8	9	10=(8-9)/9
74	80	86	124	59	110.2	Segment revenues, including:	365	277	31.8
21	25	33	67	8	737.5	Sales to external customers	147	79	86.1
53	55	53	57	51	11.8	Transactions with other segments	218	198	10.1
-203	-265	-239	-322	-247	30.4	Segment expenses	-1 030	-885	16.4
29	-29	48	142	-16	-	Other operating revenues/expenses, net	190	-61	-
-100	-214	-105	-56	-204	72.5	Profit/Loss from operations	-475	-669	29.0
-72	-190	-77	-25	-175	85.7	Profit/Loss from operations plus depreciation and amortisation (EBITDA)	-364	-554	34.3
23	50	15	79	71	11.3	CAPEX	166	131	26.7

Lower by PLN 148 million PLN (y/y) corporate function costs are a result of positive effects on other operating activities comprising return of fine paid to ENERGA-OPERATOR S.A. as a result of overruling by the Supreme Court of the unfavorable sentence and compensations earned on damages incurred during Refinery fire in 2006 in total of PLN 144 million.

Capital expenditures („CAPEX”) of PLN 79 million in the IV quarter of 2011 related mainly to the IT area and upstream.

Results of the ORLEN Capital Group for the IV quarter of 2011
(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 2011 and 31 December 2010

Table 9

Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q4 2010	change %	Item, PLNm	12 months 2011	12 months 2010	change %
1	2	3	4	5	6=(4-5)/5	7	8	9	10=(8-9)/9
22 674	25 641	28 682	29 976	22 931	30.7	Sales revenues	106 973	83 547	28.0
-20 177	-23 440	-26 689	-28 092	-20 753	35.4	Cost of sales	-98 398	-75 567	30.2
2 497	2 201	1 993	1 884	2 178	-13.5	Gross profit on sales	8 575	7 980	7.5
-878	-907	-939	-936	-846	10.6	Distribution expenses	-3 660	-3 394	7.8
-329	-362	-350	-423	-391	8.2	General and administrative expenses	-1 465	-1 365	7.3
165	199	211	431	338	27.5	Other operating revenues	1 007	771	30.6
-116	-122	-137	-828	-532	55.6	Other operating expenses	-1 203	-869	38.4
1 339	1 009	778	128	747	-82.9	Profit from operations	3 254	3 123	4.2
247	159	74	2 422	114	2 024.6	Financial revenues	2 780	446	523.3
-275	-172	-1 141	-742	-200	271.0	Financial expenses	-2 208	-751	194.0
-28	-13	-1 067	1 680	-86	-	Financial revenues and expenses	572	-305	-
64	123	1	0	37	-	Share in profit from investments accounted for under equity method	189	252	-25.0
1 375	1 119	-288	1 808	698	159.0	Profit/(loss) before tax	4 015	3 070	30.8
-227	-201	39	-523	-154	239.6	Income tax expense	-912	-615	48.3
1 148	918	-249	1 285	544	136.2	Net profit/(loss)	3 103	2 455	26.4
						Items of other comprehensive income :			
474	-423	-176	168	170	-1.2	Hedging instruments valuation	43	26	65.4
-2	71	-226	-2	0	-	Hedging instruments settlement	-159	35	-
			10	0	-	Fair value measurement of investment property as at the date of reclassification	10	0	-
170	10	802	-245	-152	61.2	Foreign exchange differences on consolidation	737	154	378.6
-90	67	77	-33	-32	3.1	Deferred tax on other comprehensive income items	20	-12	-
552	-275	477	-102	-14	628.6	Total items of other comprehensive income	651	203	220.7
1 700	643	228	1 183	530	123.2	Total net comprehensive income	3 754	2 658	41.2
1 148	918	-249	1 285	544	136.2	Net profit/(loss) attributable to:	3 103	2 455	26.4
1 105	899	-258	1 443	541	166.7	equity holders of the parent	3 188	2 371	34.5
43	19	9	-158	3	-	non-controlling interest	-85	84	-
1 700	643	228	1 183	530	123.2	Total comprehensive income attributable to:	3 754	2 658	41.2
1 584	612	3	1 455	585	148.7	equity holders of the parent	3 654	2 538	44.0
116	31	225	-272	-55	394.5	non-controlling interest	100	120	-16.7
2.58	2.10	-0.60	3.37	1.26	167.5	Net profit/(loss) and diluted net profit/(loss) per share attributable to equity holders of the parent (in PLN per share)	7.45	5.54	34.5

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

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

Table 10

31.03.2011	30.06.2011	30.09.2011	31.12.2011	change %	Item, PLNm	31.12.2010	change %
1	2	3	4	5=(4-3)/3	6	7	8=(4-7)/7
ASSETS							
27 136	26 814	28 275	27 675	-2.1	Property, plant and equipment	27 403	1.0
74	74	79	118	49.4	Investment property	72	63.9
1 815	1 264	1 356	1 356	0.0	Intangible assets	1 103	22.9
96	96	97	96	-1.0	Perpetual usufruct of land	96	0.0
1 549	34	35	13	-62.9	Investments accounted for under equity method	1 501	-99.1
44	78	45	41	-8.9	Financial assets available for sale	43	-4.7
54	35	336	403	19.9	Deferred tax assets	164	145.7
124	115	29	31	6.9	Other non-current assets	49	-36.7
30 892	28 510	30 252	29 733	-1.7	Total non-current assets	30 431	-2.3
12 840	14 461	15 772	16 296	3.3	Inventories	11 295	44.3
7 225	7 823	8 019	8 071	0.6	Trade and other receivables	6 289	28.3
654	264	192	293	52.6	Other short-term financial assets	225	30.2
30	26	31	34	9.7	Income tax receivable	48	-29.2
2 638	1 959	2 529	5 409	113.9	Cash and cash equivalents	2 821	91.7
34	1 429	1 440	29	-98.0	Non-current assets classified as held for sale	41	-29.3
23 421	25 962	27 983	30 132	7.7	Total current assets	20 719	45.4
54 313	54 472	58 235	59 865	2.8	Total assets	51 150	17.0
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
450	162	-163	-24	-85.3	Hedging reserve	64	-
-	-	-	5	-	Revaluation reserve	-	-
-56	-56	532	399	-25.0	Foreign exchange differences on subsidiaries from consolidation	-149	-
20 533	21 435	21 225	22 679	6.9	Retained earnings	19 428	16.7
23 212	23 826	23 879	25 344	6.1	Total equity attributable to equity holders of the parent	21 628	17.2
2 728	2 724	2 816	2 519	-10.5	Non-controlling interest	2 612	-3.6
25 940	26 550	26 695	27 863	4.4	Total equity	24 240	14.9
6 713	8 509	9 219	10 538	14.3	Interest-bearing loans and borrowings	9 124	15.5
635	627	654	621	-5.0	Provisions	636	-2.4
818	819	867	877	1.2	Deferred tax liabilities	819	7.1
17	17	16	16	0.0	Deferred income	17	-5.9
131	152	220	204	-7.3	Other long-term liabilities	89	129.2
8 314	10 124	10 976	12 256	11.7	Total long-term liabilities	10 685	14.7
13 426	14 927	16 310	15 089	-7.5	Trade and other liabilities	13 436	12.3
4 381	1 334	2 590	2 460	-5.0	Interest-bearing loans and borrowings	1 544	59.3
194	246	218	674	209.2	Income tax liability	23	2830.4
1 209	659	803	945	17.7	Provisions	1 002	-5.7
687	518	332	136	-59.0	Deferred income	75	81.3
162	100	296	442	49.3	Other financial liabilities	145	204.8
0	14	15	0	-	Liabilities directly associated with non-current assets classified as held for sale	0	-
20 059	17 798	20 564	19 746	-4.0	Total short-term liabilities	16 225	21.7
28 373	27 922	31 540	32 002	1.5	Total liabilities	26 910	18.9
54 313	54 472	58 235	59 865	2.8	Total liabilities and shareholders' equity	51 150	17.0

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

POLSKI KONCERN NAFTOWY ORLEN S.A.
CONSOLIDATED STATEMENT OF CASH FLOWS
for 3 and 12 months ended
31 December 2011 and 31 December 2010

Tabela 11

Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q4 2010	change %	Item, PLNm	12 months 2011	12 months 2010	change %
1	2	3	4	5	6=(4-5)/5	7	8	9	10=(8-9)/9
Cash flows- operating activities									
1 148	918	-249	1 285	544	136.2	Net profit	3 103	2 455	26.4
Adjustments for:									
-64	-123	-1	0	-37	-	Share in profit from investments accounted for under equity method	-188	-252	-25.4
554	577	614	635	596	6.5	Depreciation and amortisation	2 380	2 423	-1.8
70	-3	483	172	-19	-	Foreign exchange loss/(gain)	721	-37	-
75	116	90	99	95	4.2	Interest and dividends net	380	390	-2.6
-23	32	35	-1 257	245	-	Loss / (Profit) on investing activities	-1 213	207	-
-817	-407	-47	-48	588	-	Change in receivables	-1 319	-799	65.1
-1 541	-1 653	-846	-525	17	-	Change in inventories	-4 565	-609	649.6
388	1 478	639	-1 428	832	-	Change in liabilities	1 077	2 283	-52.8
156	133	117	125	505	-75.2	Change in provisions	531	715	-25.7
227	201	-39	523	154	239.6	Income tax expense	912	615	48.3
-60	-74	-82	-117	-210	-44.3	Income tax (paid)	-334	-518	-35.5
-155	-188	-234	-145	-484	-70.0	Other adjustments	-721	-763	-5.5
-42	1 007	480	-681	2 826	-	Net cash provided by / (used in) operating activities	764	6 110	-87.5
Cash flows - investing activities									
-849	-401	-616	-679	-1 207	-43.7	Acquisition of property, plant and equipment and intangible assets	-2 546	-3 724	31.6
273	0	5	47	480	-90.2	Disposal of property, plant and equipment and intangible assets	325	686	-52.6
3	0	0	3 672	40	9 080.0	Disposal of shares	3 676	53	6 835.8
0	-12	-95	-14	-116	-87.9	Acquisition of shares	-121	-116	4.3
11	61	40	4	69	-94.2	Disposal of other securities	116	199	-41.7
-54	-38	-17	-2	-24	-91.7	Acquisition of other securities	-111	-175	-36.6
4	2	258	0	123	-	Interest and dividends received	260	159	63.5
5	-14	19	-118	10	-	Other	-106	-2	5 200.0
-607	-402	-406	2 910	-625	-	Net cash provided by / (used in) investing activities	1 493	-2 920	-
Cash flows - financing activities									
3 040	9 642	3 200	3 010	2 460	22.4	Proceeds from loans and borrowings	18 893	14 689	28.6
-2 459	-10 766	-2 611	-2 185	-2 974	-26.5	Repayment of loans and borrowings	-18 022	-17 409	3.5
-98	-155	-92	-151	-139	8.6	Interest paid	-496	-545	-9.0
-7	-7	-8	-7	-4	75.0	Payment of liabilities under finance lease agreements	-28	-24	16.7
		-11	-3	0	-	Dividends paid to non-controlling interest	-14	-11	27.3
-3	1	17	-15	-6	150.0	Other	0	2	-
473	-1 285	495	649	-663	-	Net cash provided by / (used in) financing activities	333	-3 298	-
Net (decrease)/ increase in cash and cash equivalents									
-176	-680	569	2 878	1 538	87.1	Net (decrease)/ increase in cash and cash equivalents	2 590	-108	-
-7	1	1	2	-12	-	Effect of exchange rate changes on cash and cash equivalents	-2	-12	-83.3
2 821	2 638	1 959	2 529	1 295	95.3	Cash and cash equivalents, beginning of the period	2 821	2 941	-4.1
2 638	1 959	2 529	5 409	2 821	91.7	Cash and cash equivalents, end of the period	5 409	2 821	91.7
70	69	75	109	68	60.3	incl. restricted cash	109	68	60.3

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

Operating data

POLSKI KONCERN NAFTOWY ORLEN S.A. PRODUCTION for 3 months ended 31 December 2011 and 31 December 2010

Table 12

Production ('000 tonnes)	Q4 2011	Q4 2010	change %	Q4 2011	share %	Q4 2011	share %	Q4 2011	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	7 179	7 542	-4.8	3 814	-	1 010	-	2 283	-		
Gasoline	1 508	1 692	-10.9	631	19.6	193	17.7	683	30.7		
Diesel oil	2 936	2 843	3.3	1 532	47.7	435	39.9	976	43.9		
Light heating oil	160	283	-43.5	131	4.1	15	1.4	3	0.1		
A-1 jet fuel	166	145	14.5	104	3.2	20	1.8	42	1.9		
Heavy heating oil	785	755	4.0	335	10.4	18	1.6	409	18.4		
LPG	128	162	-21.0	47	1.5	32	2.9	57	2.6		
Bitumens	332	288	15.3	0	0.0	61	5.6	35	1.6		
Engine oils	68	75	-9.3	0	0.0	28	2.6	0	0.0		
Other	249	227	9.7	433	13.5	289	26.5	19	0.9		
Total products	6 332	6 470	-2.1	3 213	-	1 091	-	2 224	-		
Petrochemical Segment	ORLEN Group	ORLEN Group		PKN ORLEN S.A.		Unipetrol Group		BOP		Anwil Group	
Polyethylene	115	117	-1.7	0	0.0	69	8.5	46	54.1	0	0.0
Polypropylene	91	105	-13.3	0	0.0	52	6.4	39	45.9	0	0.0
Ethylene	70	79	-11.4	123	26.9	90	11.1	0	0.0	0	0.0
Propylene	59	49	20.4	82	17.9	59	7.3	0	0.0	0	0.0
Toluene	2	5	-60.0	2	0.4	0	0.0	0	0.0	0	0.0
Benzene	94	77	22.1	48	10.5	45	5.6	0	0.0	0	0.0
Ortoxylyene	5	0	-	5	1.1	0	0.0	0	0.0	0	0.0
Acetone	6	7	-14.3	6	1.3	0	0.0	0	0.0	0	0.0
Butadiene	34	32	6.3	18	3.9	16	2.0	0	0.0	0	0.0
Glycol	19	23	-17.4	19	4.1	0	0.0	0	0.0	0	0.0
Ethylene oxide	6	6	0.0	6	1.3	0	0.0	0	0.0	0	0.0
Phenol	9	11	-18.2	9	2.0	0	0.0	0	0.0	0	0.0
PVC	71	68	4.4	0	0.0	0	0.0	0	0.0	73	15.4
PVC granulate	9	12	-25.0	0	0.0	0	0.0	0	0.0	9	1.9
CANWIL	61	110	-44.5	0	0.0	0	0.0	0	0.0	61	12.9
Ammonium nitrate	120	149	-19.5	0	0.0	0	0.0	0	0.0	120	25.4
Ammonium sulphate	54	53	1.9	0	0.0	0	0.0	0	0.0	54	11.4
PTA	120	0	-	120	26.2	0	0.0	0	0.0	0	0.0
Other	597	729	-18.1	20	4.4	478	59.1	0	0.0	156	33.0
Total products	1 542	1 632	-5.5	458	-	809	-	85	-	473	-
Total output	7 874	8 102	-2.8	3 671	-	1 900	-	85	-	473	-

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

POLSKI KONCERN NAFTOWY ORLEN S.A.
SALES
for 3 and 12 months ended
31 December 2011 and 31 December 2010

Table 13

Q1 2011	Q2 2011	Q3 2011	Q4 2010	Q4 2010	change %	Sales ('000 tonnes)	12 months 2011	12 months 2010	change %
1	2	3	4	5	6=(4-5)/5	7	8	9	10=(8-9)/9
Refining Segment									
1 115	1 204	1 252	1 181	1 338	-11.7	Gasoline	4 752	4 966	-4.3
1 988	2 129	2 360	2 287	2 192	4.3	Diesel oil	8 764	8 419	4.1
230	106	148	219	263	-16.7	Light heating oil	703	847	-17.0
125	221	281	204	164	24.4	Jet A-1 fuel	831	763	8.9
845	681	833	810	780	3.8	Heavy heating oil	3 169	2 869	10.5
110	126	164	145	134	8.2	LPG	545	492	10.8
55	336	447	321	292	9.9	Bitumens	1 159	1 089	6.4
31	40	39	49	34	44.1	Engine oils	159	128	24.2
718	702	755	776	728	6.6	Other	2 951	2 846	3.7
5 217	5 545	6 279	5 992	5 925	1.1	Total products	23 033	22 419	2.7
Retail Segment									
557	654	681	657	607	8.2	Gasoline	2 549	2 498	2.0
909	1 055	1 138	1 101	975	12.9	Diesel oil	4 203	3 838	9.5
70	85	90	86	99	-13.1	LPG	331	404	-18.1
64	42	78	78	78	0.0	Other	262	285	-8.1
1 600	1 836	1 987	1 922	1 759	9.3	Total products	7 345	7 025	4.6
6 817	7 381	8 266	7 914	7 684	3.0	(Refining + Retail) Segment	30 378	29 444	3.2
Petrochemical Segment									
114	112	110	104	118	-11.9	Polyethylene	440	469	-6.2
100	99	94	86	106	-18.9	Polypropylene	379	407	-6.9
81	67	67	76	76	0.0	Ethylene	291	299	-2.7
54	50	53	51	56	-8.9	Propylene	208	213	-2.3
16	3	1	2	7	-71.4	Toluene	22	37	-40.5
82	87	95	97	78	24.4	Benzene	361	282	28.0
0	3	4	5	0	-	Ortoxylylene	12	6	100.0
7	6	7	6	7	-14.3	Acetone	26	23	13.0
31	31	31	33	31	6.5	Butadiene	126	93	35.5
20	20	21	19	23	-17.4	Glycol	80	65	23.1
7	7	7	7	6	16.7	Ethylene oxide	28	18	55.6
10	10	11	10	11	-9.1	Phenol	41	35	17.1
88	85	95	78	63	23.8	PVC	346	283	22.3
15	12	14	9	13	-30.8	PVC granulate	50	53	-5.7
116	65	104	63	98	-35.7	CANWIL	348	401	-13.2
145	106	178	128	149	-14.1	Ammonium nitrate	557	567	-1.8
42	69	41	58	55	5.5	Ammonium sulphate	210	201	4.5
1	83	139	113	0	-	PTA	336	0	-
324	301	288	294	307	-4.2	Other	1 207	1 281	-5.8
1 253	1 216	1 360	1 239	1 204	2.9	Total products	5 068	4 733	7.1
8 070	8 597	9 626	9 153	8 888	3.0	ORLEN Group - total	35 446	34 177	3.7