CONSOLIDATED QUARTERLY REPORT FOR III QUARTER 2012

POLISH FINANCIAL SUPERVISION AUTHORITY
Consolidated Quarterly Report QSr III/ 2012

quarter / (year)

(in accordance with § 82 section 2 and § 83 section 1 of the Minister of Finance Regulation of 19 February 2009, Official Journal No. 33, item 259 with further amendments)

(for issuers of securities whose business activity embraces manufacture, construction, trade or services)

for the III quarters of the reporting year 2012, that is for the period from 01.01.2012 to 30.09.2012, which includes consolidated financial statements prepared in accordance with International Financial Reporting Standards with amounts stated in the Polish functional currency (PLN) and condensed financial statements prepared in accordance with International Financial Reporting Standards with amounts stated in the Polish functional currency (PLN).

25 October 2012
(submission date)

KPMG AUDYT Sp. z o.o.
(**Entity** authorized to conduct audit)

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	POLSKI KONCERN NAFTOWY ORLEN SPÓŁKA AKCYJNA (full name of the issuer)	
PKN ORLEN (abbreviated name of the issuer)		**OIL&GAS** (industrial sector in line with classification of Warsaw Stock Exchange)
09-411 (zip code)		**PLOCK** (location)
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ORLEN

Polski Koncern Naftowy ORLEN Spółka Akcyjna

ORLEN CAPITAL GROUP
SELECTED FINANCIAL DATA

(Translation of a document originally issued in Polish)

SELECTED CONSOLIDATED FINANCIAL DATA	PLN thousand		EUR thousand	
	III quarter 2012 cummulative data	III quarter 2011 cummulative data	III quarter 2012 cummulative data	III quarter 2011 cummulative data
I. Sales revenues	88 856 353	76 997 427	21 182 500	18 355 447
II. Profit from operations	2 762 664	3 126 647	658 593	745 363
III. Profit before tax	3 297 442	2 206 131	786 078	525 920
IV. Net profit attributable to equity holders of the parent	2 621 051	1 744 674	624 833	415 914
V. Net profit	2 621 277	1 817 059	624 887	433 169
VI. Total comprehensive income attributable to equity holders of the parent	2 309 328	2 198 614	550 522	524 128
VII. Total net comprehensive income	2 225 294	2 571 036	530 489	612 910
VIII. Net cash provided by operating activities	2 710 060	1 445 214	646 052	344 525
IX. Net cash (used in) investing activities	(1 566 378)	(1 416 114)	(373 409)	(337 588)
X. Net cash (used in) financing activities	(2 675 532)	(316 889)	(637 821)	(75 543)
XI. Net (decrease) in cash and cash equivalents	(1 531 850)	(287 789)	(365 178)	(68 606)
XII. Net prof it and diluted net prof it per share attributable to equity holders of the parent (in PLN/EUR per share)	6.13	4.08	1.46	0.97
	as at 30/09/2012	as at 31/12/2011	as at 30/09/2012	as at 31/12/2011
XIII. Non-current assets	27 417 783	28 599 141	6 664 831	6 952 001
XIV. Current assets	30 230 905	30 132 337	7 348 657	7 324 697
XV. Total assets	57 648 688	58 731 478	14 013 488	14 276 697
XVI. Long-term liabilites	10 196 099	12 120 002	2 478 511	2 946 182
XVII. Short-term liabilities	18 526 783	19 812 793	4 503 569	4 816 178
XVIII. Equity	28 925 806	26 798 683	7 031 408	6 514 338
XIX. Equity attributable to equity holders of the parent	26 864 945	24 533 773	6 530 445	5 963 774
XX. Share capital	1 057 635	1 057 635	257 094	257 094
XXI. Number of shares	427 709 061	427 709 061	427 709 061	427 709 061
XXII. Book value and diluted book value per share attributable to equity holders of the parent (in PLN/EUR per share)	62.81	57.36	15.27	13.94

SELECTED SEPARATE FINANCIAL DATA	PLN thousand		EUR thousand	
	III quarter 2012 cummulative data	III quarter 2011 cummulative data	III quarter 2012 cummulative data	III quarter 2011 cummulative data
I. Sales revenues	64 778 211	57 093 187	15 442 503	13 610 467
II. Profit from operations	1 903 488	2 319 464	453 773	552 938
III. Profit before tax	3 050 731	1 296 211	727 265	309 004
IV. Net profit	2 517 630	1 113 170	600 179	265 369
V. Total net comprehensive income	2 473 280	886 900	589 606	211 428
VI. Net cash provided by/(used in) operating activities	1 298 433	(151 782)	309 534	(36 183)
VII.Net cash (used in) investing activities	(703 028)	(807 343)	(167 595)	(192 463)
VIII. Net cash provided by/(used in) financing activities	(2 278 565)	540 826	(543 188)	128 927
IX. Net (decrease) in cash and cash equivalents	(1 683 160)	(418 299)	(401 249)	(99 719)
X. Net profit and diluted net profit per share (in PLN/EUR per share)	5.89	2.60	1.40	0.62
	as at 30/09/2012	as at 31/12/2011	as at 30/09/2012	as at 31/12/2011
XI. Non-current assets	22 483 996	22 429 271	5 465 505	5 452 203
XII. Current assets	22 743 554	23 439 812	5 528 600	5 697 849
XIII. Total assets	45 227 550	45 869 083	10 994 105	11 150 052
XIV. Long-term liabilites	8 085 730	9 844 384	1 965 514	2 393 015
XV. Short-term liabilities	13 821 816	15 177 975	3 359 866	3 689 527
XVI. Equity	23 320 004	20 846 724	5 668 726	5 067 510
XVII. Share capital	1 057 635	1 057 635	257 094	257 094
XVIII. Number of shares	427 709 061	427 709 061	427 709 061	427 709 061
XIX. Book value and diluted book value per share (in PLN/EUR per share)	54.52	48.74	13.25	11.85

The above data for III quarter of 2012 and 2011 was translated into EUR by the following exchange rates:

- items of assets, equity and liabilities – by the average exchange rate published by the National Bank of Poland as at 30 September 2012– 4.1138 PLN/EUR;
- items of statement of comprehensive income and statement of cash flows - by the arithmetic average of average exchange rates published by the National Bank of Poland as of every last day of the month during the period 1 January - 30 September 2012– 4.1948 PLN/EUR.

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ORLEN

Polski Koncern Naftowy ORLEN
Spółka Akcyjna

(all amounts in PLN thousand)

A. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

Consolidated statement of financial position

	Note	as at 30/09/2012 (unaudited)	as at 31/12/2011
ASSETS			
Non-current assets			
Property, plant and equipment		25 584 212	26 578 651
Investment property		116 301	117 645
Intangible assets		1 282 861	1 323 044
Perpetual usufruct of land		94 707	95 664
Investments accounted for under equity method		12 834	13 125
Financial assets available for sale		40 648	40 520
Deferred tax assets		258 825	399 526
Other non-current assets		27 395	30 966
		27 417 783	**28 599 141**
Current assets			
Inventories		16 667 651	16 296 517
Trade and other receivables		9 430 639	8 071 011
Other short-term financial assets	3.3.	212 176	293 434
Income tax receivable		29 334	33 684
Cash and cash equivalents		3 873 343	5 409 166
Non-current assets held for sale		**17 762**	**28 525**
		30 230 905	**30 132 337**
Total assets		**57 648 688**	**58 731 478**
EQUITY AND LIABILITIES			
EQUITY			
Share capital		1 057 635	1 057 635
Share premium		1 227 253	1 227 253
Hedging reserve		(59 350)	(24 305)
Revaluation reserve		6 973	5 301
Foreign exchange differences on subsidiaries from consolidation		137 278	415 628
Retained earnings		24 495 156	21 852 261
Total equity attributable to equity holders of the parent		**26 864 945**	**24 533 773**
Non-controlling interest		**2 060 861**	**2 264 910**
Total equity		**28 925 806**	**26 798 683**
LIABILITIES			
Long-term liabilities			
Interest-bearing loans and borrowings	3.5.	8 522 559	10 537 792
Provisions	3.4.	598 918	621 379
Deferred tax liabilities		870 936	740 910
Deferred income		17 371	16 239
Other long-term liabilities		186 315	203 682
		10 196 099	**12 120 002**
Short-term liabilities			
Trade and other liabilities		15 823 912	15 092 524
Interest-bearing loans and borrowings	3.5.	1 223 412	2 459 799
Income tax liability		98 698	673 643
Provisions	3.4.	685 274	1 008 140
Deferred income		311 251	136 379
Other financial liabilities		384 236	442 308
		18 526 783	**19 812 793**
Total liabilities		**28 722 882**	**31 932 795**
Total equity and liabilities		**57 648 688**	**58 731 478**

The accompanying notes disclosed on pages 6 - 14 are an integral part of the foregoing interim condensed consolidated financial statements.

ORLEN

Polski Koncern Naftowy ORLEN
Spółka Akcyjna

ORLEN CAPITAL GROUP
Consolidated Quarterly Report for the III quarter of 2012
Interim condensed consolidated financial statements
(all amounts in PLN thousand)
(Translation of a document originally issued in Polish)

Consolidated statement of comprehensive income

	Note	for 9 months ended 30/09/2012 (unaudited)	for 3 months ended 30/09/2012 (unaudited)	for 9 months ended 30/09/2011 (unaudited)	for 3 months ended 30/09/2011 (unaudited)
Income statement					
Sales revenues	3.6.	88 856 353	31 654 042	76 997 427	28 682 328
Cost of sales	3.7.	(82 336 115)	(29 034 510)	(70 306 064)	(26 689 334)
Gross profit on sales		**6 520 238**	**2 619 532**	**6 691 363**	**1 992 994**
Distribution expenses		(2 845 434)	(1 005 688)	(2 724 309)	(939 466)
General and administrative expenses		(1 080 514)	(340 777)	(1 041 071)	(349 647)
Other operating revenues	3.8.	505 868	256 088	575 375	211 505
Other operating expenses	3.8.	(337 494)	(80 663)	(374 711)	(137 114)
Profit from operations		**2 762 664**	**1 448 492**	**3 126 647**	**778 272**
Financial revenues	3.9.	1 370 879	620 095	367 014	74 243
Financial expenses	3.9.	(836 323)	(402 088)	(1 475 506)	(1 141 539)
Financial revenues and expenses		**534 556**	**218 007**	**(1 108 492)**	**(1 067 296)**
Share in profit from investments accounted for under equity method		222	763	187 976	838
Profit/(loss) before tax		**3 297 442**	**1 667 262**	**2 206 131**	**(288 186)**
Income tax expense	3.10.	(676 165)	(250 289)	(389 072)	39 339
Net profit/(loss)		**2 621 277**	**1 416 973**	**1 817 059**	**(248 847)**
Items of other comprehensive income					
Hedging instruments valuation		2 563	279 016	(124 911)	(175 658)
Hedging instruments settlement		(37 631)	34 360	(157 102)	(225 556)
Fair value measurement of investment property as at the date of reclassification		3 277	-	-	-
Foreign exchange differences on subsidiaries from consolidation		(370 232)	(193 953)	982 408	802 290
Deferred tax on other comprehensive income items		6 040	(59 542)	53 582	76 230
		(395 983)	**59 881**	**753 977**	**477 306**
Total net comprehensive income		**2 225 294**	**1 476 854**	**2 571 036**	**228 459**
Net profit/(loss) attributable to		**2 621 277**	**1 416 973**	**1 817 059**	**(248 847)**
equity holders of the parent		2 621 051	1 366 135	1 744 674	(258 485)
non-controlling interest		226	50 838	72 385	9 638
Total comprehensive income attributable to		**2 225 294**	**1 476 854**	**2 571 036**	**228 459**
equity holders of the parent		2 309 328	1 457 962	2 198 614	3 625
non-controlling interest		(84 034)	18 892	372 422	224 834
Net profit/(loss) and diluted net profit/(loss) per share attributable to equity holders of the parent (in PLN per share)		6.13	3.19	4.08	(0.60)

The accompanying notes disclosed on pages 6 - 14 are an integral part of the foregoing interim condensed consolidated financial statements.

ORLEN CAPITAL GROUP
Consolidated Quarterly Report for the III quarter of 2012
Interim condensed consolidated financial statements
(all amounts in PLN thousand)
(Translation of a document originally issued in Polish)

Consolidated statement of cash flows

	for 9 months ended 30/09/2012 (unaudited)	for 3 months ended 30/09/2012 (unaudited)	for 9 months ended 30/09/2011 (unaudited)	for 3 months ended 30/09/2011 (unaudited)
Cash flows - operating activities				
Net profit/(loss)	**2 621 277**	**1 416 973**	**1 817 059**	**(248 847)**
Adjustments for:				
Share in profit from investments accounted for under equity method	(222)	(763)	(187 976)	(838)
Depreciation and amortisation	1 683 536	561 915	1 745 241	614 167
Foreign exchange (gain)/loss	(489 523)	(126 019)	549 813	482 865
Interest, net	262 233	78 804	282 753	91 058
Dividends	(1 761)	-	(1 383)	(1 383)
Loss on investing activities	77 781	132 715	43 844	34 706
Change in receivables	(1 540 169)	(1 165 224)	(1 271 460)	(46 391)
Change in inventories	(589 500)	(642 428)	(4 039 808)	(845 913)
Change in liabilities	1 278 643	2 455 946	2 504 797	638 669
Change in provisions	235 123	36 900	406 009	116 855
Income tax expense	676 165	250 289	389 072	(39 339)
Income tax (paid)	(1 000 903)	(106 928)	(216 440)	(82 260)
Other adjustments	(502 620)	(238 113)	(576 307)	(233 587)
Net cash provided by operating activities	**2 710 060**	**2 654 067**	**1 445 214**	**479 762**
Cash flows - investing activities				
Acquisition of property, plant and equipment and intangible assets	(1 464 219)	(473 539)	(1 867 306)	(616 311)
Disposal of property, plant and equipment and intangible assets	27 642	11 396	277 911	4 530
Aquisation of shares	(87 975)	(77 172)	(107 440)	(94 969)
Disposal of shares	370	8	3 875	460
Acquisition of securities and deposits	(20 057)	(2 865)	(109 228)	(17 414)
Disposal of securities and deposits	22 479	2 061	111 526	39 805
Interest received	6 217	2 066	13 513	8 679
Dividends received	1 761	19	251 397	249 808
(Outflows)/Proceeds from loans granted	(48 280)	695	27 602	24 440
Other	(4 316)	(137 889)	(17 964)	(5 049)
Net cash (used in) investing activities	**(1 566 378)**	**(675 220)**	**(1 416 114)**	**(406 021)**
Cash flows - financing activities				
Proceeds from loans and borrowings received	3 679 080	592 549	15 882 736	3 199 936
Debt securities issued	1 000 000	-	-	-
Repayments of loans and borrowings	(6 304 413)	(2 235 632)	(15 836 639)	(2 610 722)
Redemption of debt securities	(750 000)	-	-	-
Interest paid	(266 390)	(93 270)	(345 771)	(92 334)
Payments of liabilities under finance lease agreements	(21 848)	(7 200)	(20 677)	(7 568)
Dividends paid to shareholders/non-controlling interest	(9 530)	(9 530)	(11 366)	(11 366)
Other	(2 431)	1 145	14 828	16 706
Net cash provided by/(used in) financing activities	**(2 675 532)**	**(1 751 938)**	**(316 889)**	**494 652**
Net (decrease)/increase in cash and cash equivalents	**(1 531 850)**	**226 909**	**(287 789)**	**568 393**
Effect of exchange rate changes	(3 973)	(1 001)	(4 316)	1 290
Cash and cash equivalents, beginning of the period	**5 409 166**	**3 647 435**	**2 820 742**	**1 958 954**
Cash and cash equivalents, end of the period	**3 873 343**	**3 873 343**	**2 528 637**	**2 528 637**

The accompanying notes disclosed on pages 6 - 14 are an integral part of the foregoing interim condensed consolidated financial statements.

(all amounts in PLN thousand)

Statement of changes in consolidated equity

	Equity attributable to equity holders of the parent						Non-controlling interest	Total equity
	Share capital and share premium	Hedging reserve	Foreign exchange differences on subsidiaries from consolidation	Revaluation reserve	Retained earnings	Total		
1 January 2012	2 284 888	(24 305)	415 628	5 301	21 852 261	24 533 773	2 264 910	26 798 683
Net profit	-	-	-	-	2 621 051	2 621 051	226	2 621 277
Items of other comprehensive income	-	(35 045)	(278 350)	1 672	-	(311 723)	(84 260)	(395 983)
Total net comprehensive income	**-**	**(35 045)**	**(278 350)**	**1 672**	**2 621 051**	**2 309 328**	**(84 034)**	**2 225 294**
Change in the structure of non-controlling interest	-	-	-	-	21 844	21 844	(109 817)	(87 973)
Dividends	-	-	-	-	-	-	(10 198)	(10 198)
30 September 2012	**2 284 888**	**(59 350)**	**137 278**	**6 973**	**24 495 156**	**26 864 945**	**2 060 861**	**28 925 806**
(unaudited)								
1 January 2011	2 284 888	63 872	(149 492)	-	19 428 670	21 627 938	2 612 015	24 239 953
Net profit	-	-	-	-	1 744 674	1 744 674	72 385	1 817 059
Items of other comprehensive income	-	(227 277)	681 217	-	-	453 940	300 037	753 977
Total net comprehensive income	**-**	**(227 277)**	**681 217**	**-**	**1 744 674**	**2 198 614**	**372 422**	**2 571 036**
Change in the structure of non-controlling interest	-	-	-	-	51 815	51 815	(155 339)	(103 524)
Dividends	-	-	-	-	-	-	(12 904)	(12 904)
30 September 2011	**2 284 888**	**(163 405)**	**531 725**	**-**	**21 225 159**	**23 878 367**	**2 816 194**	**26 694 561**
(unaudited)								

The accompanying notes disclosed on pages 6 - 14 are an integral part of the foregoing interim condensed consolidated financial statements.

Explanatory notes to the interim condensed consolidated financial statements

1. Information on principles adopted for the preparation of the interim condensed consolidated financial statements

1.1. Statement of compliance and general principles for preparation

The foregoing interim condensed consolidated financial statements ("consolidated financial statements") were prepared in accordance with requirements of IAS 34 "Interim financial reporting" and in the scope required under the Minister of Finance Regulation of 19 February 2009 with further amendments on current and periodic information provided by issuers of securities and conditions of recognition as equivalent information required by the law of a non-Member State (Official Journal no. 33, item 259 with further amendments) ("Regulation") and present the PKN ORLEN S.A. Capital Group's ("Group","Capital Group", "ORLEN Capital Group") financial position as at 30 September 2012 and 31 December 2011, financial results and cash flows for the period of 9 and 3 months ended 30 September 2012 and 30 September 2011.

The foregoing interim condensed consolidated financial statements were prepared assuming that the Group will continue to operate as a going concern in the foreseeable future. As at the date of approval of these interim condensed consolidated financial statements there is no evidence indicating that the Group will not be able to continue its operations as a going concern.

Duration of the Parent Company and the entities comprising the ORLEN Capital Group is unlimited.

The foregoing interim condensed consolidated financial statements, except for the consolidated statement of cash flows, were prepared using the accrual basis of accounting.

1.2. Statement of the Management Board

1.2.1. In respect of the reliability of the interim condensed consolidated financial statements

Under the Regulation, the Management Board of PKN ORLEN S.A. hereby declares that to the best of their knowledge the foregoing interim condensed consolidated financial statements and comparative data were prepared in compliance with the accounting principles applicable to the Group and present true and fair view on financial position and financial result of the Group and net result.

1.2.2. In respect of an entity authorized to conduct review of interim condensed consolidated financial statements

The Management Board of PKN ORLEN S.A. declares that the entity authorized to conduct review of the interim condensed consolidated financial statements KPMG Audyt Sp. z.o.o., was selected in compliance with the law.

1.2.3. Applied accounting principles and IFRS amendments

These foregoing interim condensed consolidated financial statements were prepared according to principles described in ORLEN Capital Group's consolidated financial statements for the year ended 31 December 2011.

In these foregoing interim condensed consolidated financial statements, the significant assumptions made by the Management Board regarding adoption of accounting principles and main uncertainties were the same as those applied in the consolidated financial statements for the year 2011.

The Group intends to adopt amendments to IFRSs that are published but not effective as at the date of preparation of these interim condensed consolidated financial statements in accordance with their effective date. The possible impact of these amendments to IFRSs on the Group's future consolidated financial statements is being analyzed.

1.3. Functional currency and presentation currency of financial statements and methods applied to translation of data

1.3.1. functional currency and presentation currency

The functional currency of the Parent Company and presentation currency of the foregoing interim condensed consolidated financial statements is Polish Złoty (PLN). The data is presented in PLN thousand in the consolidated financial statements.

1.3.2. methods applied to translation of financial data

Financial statements of foreign entities, for consolidation purposes, are translated into PLN using the following methods:

- particular assets and liabilities – at spot exchange rate as at the end of the reporting period,
- respective items of statement of comprehensive income and statement of cash flows - at the average rate in the reporting period (arithmetic average of average exchange rates published by the National Bank of Poland ("NBP")).

All resulting exchange differences are recognized in equity, as foreign exchange differences on subsidiaries from consolidation.

CURRENCY	9 months ended 30/09/2012	3 months ended 30/09/2012	9 months ended 30/09/2011	3 months ended 30/09/2011	as at 30/09/2012	as at 31/12/2011
PLN/EUR	4.2101	4.1392	4.0176	4.1485	4.1138	4.4168
PLN/USD	3.2863	3.3079	2.8577	2.9375	3.1780	3.4174
PLN/CZK	0.1675	0.1651	0.1650	0.1701	0.1634	0.1711

2. Segment reporting

The Capital Group's activities are allocated to:

- the refining segment, which includes refinery products processing and wholesale, oil production and sale as well as supporting production,
- the retail segment, which includes sales at petrol stations,
- the petrochemical segment, which includes the production and wholesale of petrochemicals and production and sale of chemicals

and corporate functions which are reconciling items and include activities related to management and administration and other support functions as well as remaining activities not allocated to separate operating segments.

The allocation of the ORLEN Capital Group companies to operating segments and corporate functions is presented in note B.2.

Revenues, expenses and financial result by operating segments

for 9 months ended 30 September 2012

	Refining Segment (unaudited)	Retail Segment (unaudited)	Petrochemical Segment (unaudited)	Corporate Functions (unaudited)	Adjustments (unaudited)	Total (unaudited)
Sales to external customers	48 136 493	28 817 169	11 816 149	86 542	-	88 856 353
Transactions w ith other segments	20 921 572	97 241	2 703 991	163 149	(23 885 953)	-
Sales revenues	69 058 065	28 914 410	14 520 140	249 691	(23 885 953)	88 856 353
Operating expenses	(67 341 748)	(28 409 343)	(13 628 722)	(768 203)	23 885 953	(86 262 063)
Other operating revenues	220 146	132 346	96 375	57 209	(208)	505 868
Other operating expenses	(134 296)	(87 926)	(49 432)	(66 048)	208	(337 494)
Segment operating profit/(loss)	**1 802 167**	**549 487**	**938 361**	**(527 351)**	**-**	**2 762 664**
Financial revenues						1 370 879
Financial expenses						(836 323)
Share in profit from investments accounted for under equity method	30	-	192	-	-	222
Profit before tax						**3 297 442**
Income tax expense						(676 165)
Net profit						**2 621 277**

(all amounts in PLN thousand)

for 3 months ended 30 September 2012

	Refining Segment (unaudited)	Retail Segment (unaudited)	Petrochemical Segment (unaudited)	Corporate Functions (unaudited)	Adjustments (unaudited)	Total (unaudited)
Sales to external customers	17 784 926	10 128 514	3 709 101	31 501	-	31 654 042
Transactions w ith other segments	6 835 100	33 690	771 578	55 526	(7 695 894)	-
Sales revenues	24 620 026	10 162 204	4 480 679	87 027	(7 695 894)	31 654 042
Operating expenses	(23 599 850)	(9 937 384)	(4 285 413)	(254 222)	7 695 894	(30 380 975)
Other operating revenues	132 817	79 963	26 756	16 675	(123)	256 088
Other operating expenses	(16 606)	(33 794)	(8 800)	(21 586)	123	(80 663)
Segment operating profit/(loss)	**1 136 387**	**270 989**	**213 222**	**(172 106)**	**-**	**1 448 492**
Financial revenues						620 095
Financial expenses						(402 088)
Share in profit from investments accounted for under equity method	346	-	417	-	-	763
Profit before tax						**1 667 262**
Income tax expense						(250 289)
Net profit						**1 416 973**

for 9 months ended 30 September 2011

	Refining Segment (unaudited)	Retail Segment (unaudited)	Petrochemical Segment (unaudited)	Corporate Functions (unaudited)	Adjustments (unaudited)	Total (unaudited)
Sales to external customers	41 711 224	24 448 248	10 758 652	79 303	-	76 997 427
Transactions w ith other segments	18 037 506	84 724	2 472 212	160 998	(20 755 440)	-
Sales revenues	59 748 730	24 532 972	13 230 864	240 301	(20 755 440)	76 997 427
Operating expenses	(57 931 901)	(24 118 480)	(12 069 385)	(707 126)	20 755 448	(74 071 444)
Other operating revenues	209 090	61 428	163 419	141 485	(47)	575 375
Other operating expenses	(152 827)	(76 265)	(52 200)	(93 466)	47	(374 711)
Segment operating profit/(loss)	**1 873 092**	**399 655**	**1 272 698**	**(418 806)**	**8**	**3 126 647**
Financial revenues						367 014
Financial expenses						(1 475 506)
Share in profit from investments accounted for under equity method	355	-	125	187 496	-	187 976
Profit before tax						**2 206 131**
Income tax expense						(389 072)
Net profit						**1 817 059**

for 3 months ended 30 September 2011

	Refining Segment (unaudited)	Retail Segment (unaudited)	Petrochemical Segment (unaudited)	Corporate Functions (unaudited)	Adjustments (unaudited)	Total (unaudited)
Sales to external customers	15 726 991	9 102 524	3 819 452	33 361	-	28 682 328
Transactions w ith other segments	6 554 342	27 525	860 025	52 743	(7 494 635)	-
Sales revenues	22 281 333	9 130 049	4 679 477	86 104	(7 494 635)	28 682 328
Operating expenses	(21 964 033)	(8 946 804)	(4 323 072)	(239 178)	7 494 640	(27 978 447)
Other operating revenues	84 320	24 017	30 955	72 231	(18)	211 505
Other operating expenses	(66 168)	(26 694)	(20 065)	(24 205)	18	(137 114)
Segment operating profit/(loss)	**335 452**	**180 568**	**367 295**	**(105 048)**	**5**	**778 272**
Financial revenues						74 243
Financial expenses						(1 141 539)
Share in profit from investments accounted for under equity method	551	-	399	(112)	-	838
Loss before tax						**(288 186)**
Income tax expense						39 339
Net loss						**(248 847)**

Assets by operating segments

	as at 30/09/2012 (unaudited)	as at 31/12/2011
Refining Segment	33 902 438	32 821 176
Retail Segment	6 525 958	6 067 744
Petrochemical Segment	12 859 043	13 030 826
Segment assets	**53 287 439**	**51 919 746**
Corporate Functions	4 813 564	7 077 508
Adjustments	(452 315)	(265 776)
	57 648 688	**58 731 478**

(all amounts in PLN thousand)

3. Other notes

3.1. Impairment allowances of assets

	for 9 months ended 30/09/2012 (unaudited)	for 3 months ended 30/09/2012 (unaudited)	for 9 months ended 30/09/2011 (unaudited)	for 3 months ended 30/09/2011 (unaudited)
Property, plant and equipment				
Increase	(61 123)	(22 935)	(27 119)	(5 066)
Decrease	49 178	5 196	46 355	22 436
Intangible assets				
Increase	(29 660)	(863)	-	-
Decrease	2 745	665	11 867	60
Financial assets available for sale				
Increase	(189)	-	(652)	(521)
Decrease	318	105	315	-
Receivables				
Increase	(73 034)	(25 868)	(94 102)	(49 803)
Decrease	47 665	16 447	78 741	33 137
Non-current assets held for sale				
Increase	(14 812)	(311)	(14 358)	(11 760)
Decrease	7 364	7 329	5 866	2 545

Recognition and reversal of impairment allowances in the 9 and 3 months period ended 30 September 2012 and 30 September 2011 related mainly to:
- impairment of property, plant and equipment,
- increase/decrease in prices of CO_2 emission rights,
- fair value measurement of non-current assets held for sale,
- extinction of indicators in respect of overdue receivables, occurrence of uncollectible receivables and receivables in court,
- fair value measurement of financial assets available for sale, quoted on active markets.

3.2. Inventories written down to net realizable value

	for 9 months ended 30/09/2012 (unaudited)	for 3 months ended 30/09/2012 (unaudited)	for 9 months ended 30/09/2011 (unaudited)	for 3 months ended 30/09/2011 (unaudited)
Increase	(321 803)	(58 012)	(184 069)	(90 076)
Decrease	389 978	114 909	100 387	44 646

3.3. Other short-term financial assets

	as at 30/09/2012 (unaudited)	as at 31/12/2011
Cash flow hedge instruments	**123 553**	**225 910**
foreign currency forwards	53 783	25 898
commodity swaps	69 770	200 012
Derivatives not designated as hedge accounting	**15 772**	**48 003**
foreign currency forwards	9 231	30 395
foreign currency swaps	429	3 410
commodity swaps	6 112	14 198
Embedded derivatives	**736**	**180**
foreign currency swaps	736	180
Deposits	**15 030**	**15 197**
Loans granted	**56 997**	**4 041**
Other	**88**	**103**
	212 176	**293 434**

(all amounts in PLN thousand)

3.4. Provisions

	long-term		short-term		Total	
	as at 30/09/2012 (unaudited)	as at 31/12/2011	as at 30/09/2012 (unaudited)	as at 31/12/2011	as at 30/09/2012 (unaudited)	as at 31/12/2011
Environmental provision	290 641	292 413	25 902	42 416	316 543	334 829
Jubilee and post-employment benefits provision	252 824	254 568	36 377	36 604	289 201	291 172
Business risk provision	17 130	26 903	67 386	67 488	84 516	94 391
Shield programs provision	2 365	2 365	42 069	64 704	44 434	67 069
Provision for CO_2 emission	-	-	311 205	542 054	311 205	542 054
Other	35 958	45 130	202 335	254 874	238 293	300 004
	598 918	**621 379**	**685 274**	**1 008 140**	**1 284 192**	**1 629 519**

3.5. Interest – bearing loans and borrowings

	long-term		short-term		Total	
	as at 30/09/2012 (unaudited)	as at 31/12/2011	as at 30/09/2012 (unaudited)	as at 31/12/2011	as at 30/09/2012 (unaudited)	as at 31/12/2011
Bank loans	7 163 720	10 179 994	1 182 041	1 644 324	8 345 761	11 824 318
Borrowings	1 557	-	120	10 055	1 677	10 055
Debt securities	1 357 282	357 798	41 251	805 420	1 398 533	1 163 218
	8 522 559	**10 537 792**	**1 223 412**	**2 459 799**	**9 745 971**	**12 997 591**

In the period covered by the foregoing interim condensed consolidated financial statements as well as after the reporting date there were no cases of violations of loans repayment of principal and interest nor breaches of covenants.

3.6. Sales revenues

	for 9 months ended 30/09/2012 (unaudited)	for 3 months ended 30/09/2012 (unaudited)	for 9 months ended 30/09/2011 (unaudited)	for 3 months ended 30/09/2011 (unaudited)
Revenues from sales of finished goods and services, net	69 545 830	25 542 723	60 972 463	22 372 266
Revenues from sales of merchandise and raw materials, net	19 310 523	6 111 319	16 024 964	6 310 062
	88 856 353	**31 654 042**	**76 997 427**	**28 682 328**

3.7. Operating expenses

Cost of sales

	for 9 months ended 30/09/2012 (unaudited)	for 3 months ended 30/09/2012 (unaudited)	for 9 months ended 30/09/2011 (unaudited)	for 3 months ended 30/09/2011 (unaudited)
Costs of finished goods and services sold	(64 241 731)	(23 433 804)	(55 225 778)	(20 725 826)
Cost of merchandise and raw materials sold	(18 094 384)	(5 600 706)	(15 080 286)	(5 963 508)
	(82 336 115)	**(29 034 510)**	**(70 306 064)**	**(26 689 334)**

(all amounts in PLN thousand)

Cost by kind

	for 9 months ended 30/09/2012 (unaudited)	for 3 months ended 30/09/2012 (unaudited)	for 9 months ended 30/09/2011 (unaudited)	for 3 months ended 30/09/2011 (unaudited)
Materials and energy	(62 027 607)	(22 374 685)	(52 591 770)	(19 368 601)
Cost of merchandise and raw materials sold	(18 094 384)	(5 600 706)	(15 080 286)	(5 963 508)
External services	(3 155 589)	(1 093 177)	(2 974 944)	(1 041 725)
Employee benefits	(1 577 206)	(508 366)	(1 505 740)	(496 176)
Depreciation and amortisation	(1 683 536)	(561 915)	(1 745 241)	(614 167)
Taxes and charges	(369 207)	(115 368)	(336 722)	(110 797)
Other	(638 157)	(199 314)	(650 354)	(233 688)
	(87 545 686)	**(30 453 531)**	**(74 885 057)**	**(27 828 662)**
Change in inventories	866 754	(21 220)	227 125	(333 708)
Cost of products and services for own use	79 375	13 113	211 777	46 809
Operating expenses	**(86 599 557)**	**(30 461 638)**	**(74 446 155)**	**(28 115 561)**
Distribution expenses	2 845 434	1 005 688	2 724 309	939 466
General and administrative expenses	1 080 514	340 777	1 041 071	349 647
Other operating expenses	337 494	80 663	374 711	137 114
Cost of sales	**(82 336 115)**	**(29 034 510)**	**(70 306 064)**	**(26 689 334)**

3.8. Other operating revenues and expenses

Other operating revenues

	for 9 months ended 30/09/2012 (unaudited)	for 3 months ended 30/09/2012 (unaudited)	for 9 months ended 30/09/2011 (unaudited)	for 3 months ended 30/09/2011 (unaudited)
Profit on sale of non-financial non-current assets	26 646	10 572	39 951	1 952
Reversal of provisions	83 449	58 077	48 561	11 749
Reversal of receivables impairment allowances	40 775	14 976	70 512	31 582
Reversal of impairment allowances of property, plant and equipment and intangible assets	58 563	12 892	53 926	23 528
Penalties and compensations earned	50 879	19 023	144 886	58 667
Grants	9 904	321	19 134	-
Other	235 652	140 227	198 405	84 027
	505 868	**256 088**	**575 375**	**211 505**

In the line „other" in the 3 months period ended 30 September 2012 the Group includes the effect of recognition of so called „yellow" certificates for the period from 2010 to the III quarter of 2012 in relation to the fulfillment by PKN ORLEN of requirements related to high-efficiency cogeneration in electricity production of PLN 101,006 thousand.

Additionally, the line "other" in the 9 and 3 months period ended 30 September 2012 and 30 September 2011 includes the effect of CO_2 emission rights surpluses received free of charge in relation to actual emissions of PLN 77,366 thousand and PLN 21,377 thousand and PLN 147,957 thousand and PLN 76,039 thousand, respectively.

Other operating expenses

	for 9 months ended 30/09/2012 (unaudited)	for 3 months ended 30/09/2012 (unaudited)	for 9 months ended 30/09/2011 (unaudited)	for 3 months ended 30/09/2011 (unaudited)
Loss on sale of non-financial non-current assets	(33 185)	(9 023)	(45 828)	(13 244)
Recognition of provisions	(33 978)	(5 356)	(46 316)	(14 107)
Recognition of receivables impairment allowances	(61 439)	(23 090)	(82 917)	(46 474)
Recognition of impairment allowances of property, plant and equipment and intangible assets	(91 202)	(10 142)	(38 757)	(16 704)
Costs of damages, breakdowns and compensations	(25 541)	(7 922)	(34 393)	(6 444)
Other	(92 149)	(25 130)	(126 500)	(40 141)
	(337 494)	**(80 663)**	**(374 711)**	**(137 114)**

The line "other" in the 9 and 3 months period ended 30 September 2012 includes update of provision for CO_2 emissions of PLN (28,622) thousand and PLN (2,925) thousand, respectively.

(all amounts in PLN thousand)

3.9. Financial revenues and expenses

Financial revenues

	for 9 months ended 30/09/2012 (unaudited)	for 3 months ended 30/09/2012 (unaudited)	for 9 months ended 30/09/2011 (unaudited)	for 3 months ended 30/09/2011 (unaudited)
Interest	127 928	46 224	41 379	15 360
Foreign exchange gains surplus	792 242	384 950	232 294	-
Settlement and valuation of financial instruments	435 899	184 001	76 685	51 292
Reversal of receivables impairment allowances	6 890	1 471	8 229	1 555
Reversal of impairment allowances recognized on assets available for sale	318	105	315	-
Other	7 602	3 344	8 112	6 036
	1 370 879	**620 095**	**367 014**	**74 243**

Financial expenses

	for 9 months ended 30/09/2012 (unaudited)	for 3 months ended 30/09/2012 (unaudited)	for 9 months ended 30/09/2011 (unaudited)	for 3 months ended 30/09/2011 (unaudited)
Interest	(269 335)	(74 496)	(297 807)	(98 815)
Foreign exchange losses surplus	(75 024)	(11 287)	(967 932)	(981 637)
Settlement and valuation of financial instruments	(446 069)	(298 909)	(182 635)	(50 383)
Recognition of receivables impairment allowances	(11 595)	(2 778)	(11 185)	(3 329)
Recognition of impairment allowances recognized on assets available for sale	(189)	-	(793)	(649)
Other	(34 111)	(14 618)	(15 154)	(6 726)
	(836 323)	**(402 088)**	**(1 475 506)**	**(1 141 539)**

Borrowing cost capitalized in the 9 and 3 months period ended 30 September 2012 and 30 September 2011 amounted to PLN (14,989) thousand and PLN (6,732) thousand and PLN (49,742) thousand and PLN (4,740) thousand, respectively.

3.10. Income tax expense

	for 9 months ended 30/09/2012 (unaudited)	for 3 months ended 30/09/2012 (unaudited)	for 9 months ended 30/09/2011 (unaudited)	for 3 months ended 30/09/2011 (unaudited)
Current income tax	(429 904)	(167 707)	(430 882)	(52 360)
Deferred income tax	(246 261)	(82 582)	41 810	91 699
	(676 165)	**(250 289)**	**(389 072)**	**39 339**

Deferred income tax for the 9 and 3 months period ended 30 September 2012 includes mainly the effect of revaluation of tax value of non-monetary assets in Orlen Lietuva due to changes in LTL/USD exchange rates and tax losses in Unipetrol Group, for which no deferred tax assets were recognized of PLN (96,095) thousand and PLN 14,497 thousand, respectively.

3.11. Methods applied in determining fair values of financial instruments recognised in the consolidated statement of financial position at fair value (fair value hierarchy)

The Group measures derivative instruments at fair value using valuation models for financial instruments based on generally available exchange rates, interest rates, forward and volatility curves, for currencies and commodities quoted on active markets. As compared to the previous reporting periods the Group has not changed valuation methods concerning derivative instruments.
Fair value of derivatives is based on discounted future flows related to contracted transactions calculated as a difference between term price and transaction price. Forward rates of exchange are not modeled as a separate risk factor, but they are a result of spot rate and forward interest rate for foreign currency in relation to PLN.

Derivative instruments are presented as assets, when their valuation is positive and as liabilities, when their valuation is negative. Gains and losses resulting from changes in fair value of derivative instruments, for which hedge accounting principles are not met, are recognized in a current period profit or loss. Valuation of others, for which hedge accounting is applied, is recognized in equity.

(all amounts in PLN thousand)

Fair value of shares quoted on active markets is determined based on market quotations (so called Level 1). In other cases, fair value is determined based on other input data, which are directly or indirectly observable (so called Level 2).

Fair value hierarchy

	as at 30/09/2012 (unaudited)		as at 31/12/2011	
	Level 1	Level 2	Level 1	Level 2
Financial assets				
Quoted shares	912	-	690	-
Embedded derivatives and hedging instruments	-	141 068	-	274 174
	912	**141 068**	**690**	**274 174**
Financial liabilities				
Embedded derivatives and hedging instruments	-	477 668	-	555 910
	-	**477 668**	**-**	**555 910**

During the reporting period and comparative period there were no reclassifications of financial instruments between Level 1 and Level 2 in the Capital Group.

3.12. Finance lease payments

As at 30 September 2012 and 31 December 2011, the Group possessed as a lessee, the finance lease agreements, concerning mainly buildings, machinery and equipment as well as means of transportation.

	as at 30/09/2012 (unaudited)	as at 31/12/2011
Future value of minimum lease payments	111 781	107 107
Present value of minimum lease payments	95 328	90 468

3.13. Information concerning seasonal or cyclical character of the Capital Group's operations in the presented period

The ORLEN Capital Group does not report any material seasonal or cyclical character of its operations.

3.14. Future liabilities resulting from signed investment contracts

As at 30 September 2012 and 31 December 2011 the value of future liabilities resulting from investment contracts signed until that day amounted to PLN 754,979 thousand and PLN 449,293 thousand, respectively.

3.15. Issue, redemption and repayment of debt and capital securities

In the first quarter of 2012 the Group redeemed debt securities of PLN 750,000 thousand. Additionally, according to strategy of financing diversification and debt refinancing implemented by Group, 7-year debt securities of PLN 1,000,000 thousand were issued. On 27 June 2012, 7-year debt securities were introduced to trading on the Catalyst debt securities market on the Warsaw Stock Exchange. Moreover, in order to optimize liquidity in the ORLEN Capital Group, short-term debt securities were issued to and repurchased from the Group companies.

3.16. Parent Company's profit distribution for 2011

Ordinary General Shareholders' Meeting of PKN ORLEN S.A as at 30 May 2012 decided to distribute the net profit for the year 2011 of PLN 1,386,165,827.51 to reserve capital of the Parent Company.

(all amounts in PLN thousand)

3.17. Contingent liabilities

	as at 31/12/2011	increase/ (decrease)	as at 30/09/2012 (unaudited)
Anti-trust proceedings of the OCCP	14 000	(14 000)	-
Other legal cases at court	16 845	(13 267)	3 578
	30 845	**(27 267)**	**3 578**

Court proceedings as at 30 September 2012 relate mainly to claims arising from trade contracts with contractors and employees' claims.

The Management Board of Spolana a.s. is undertaking actions to extend the validity period of their environmental permit under Integrated Pollution Prevention and Control (IPPC) without the necessity to change the current chlorine production method using mercury electrolysis. Simultaneously, it is considering continuing the production based on purchased raw materials. It will require the electrolysis building to be adapted as a warehouse, which might help avoid potential reclamation costs as the purpose of the building will likely change. Further information is disclosed in Note 36 of the Consolidated Financial Statements for 2011.

3.18. Sureties and guarantees

Excise tax guarantees and excise tax on goods and merchandise under the excise tax suspension procedure as at 30 September 2012 and 31 December 2011 amounted to PLN 1,374,432 thousand and PLN 1,336,701 thousand, respectively.
Guarantees granted as at 30 September 2012 and 31 December 2011 amounted to PLN 107,982 thousand and PLN 156,346 thousand, respectively. They are related mostly to liabilities to third parties and were granted as part of ordinary business activities as appropriate performance, customs, gage or payment guarantees.

3.19. Significant events after the end of the reporting period which were not reflected in the interim condensed consolidated financial statements

No significant events occurred after the end of the reporting period which were not reflected in the interim condensed consolidated financial statements.

OTHER INFORMATION TO CONSOLIDATED QUARTERLY REPORT FOR THE III QUARTER 2012

Polski Koncern Naftowy ORLEN
Spółka Akcyjna

B. OTHER INFORMATION TO CONSOLIDATED QUARTERLY REPORT

1. Principal activity

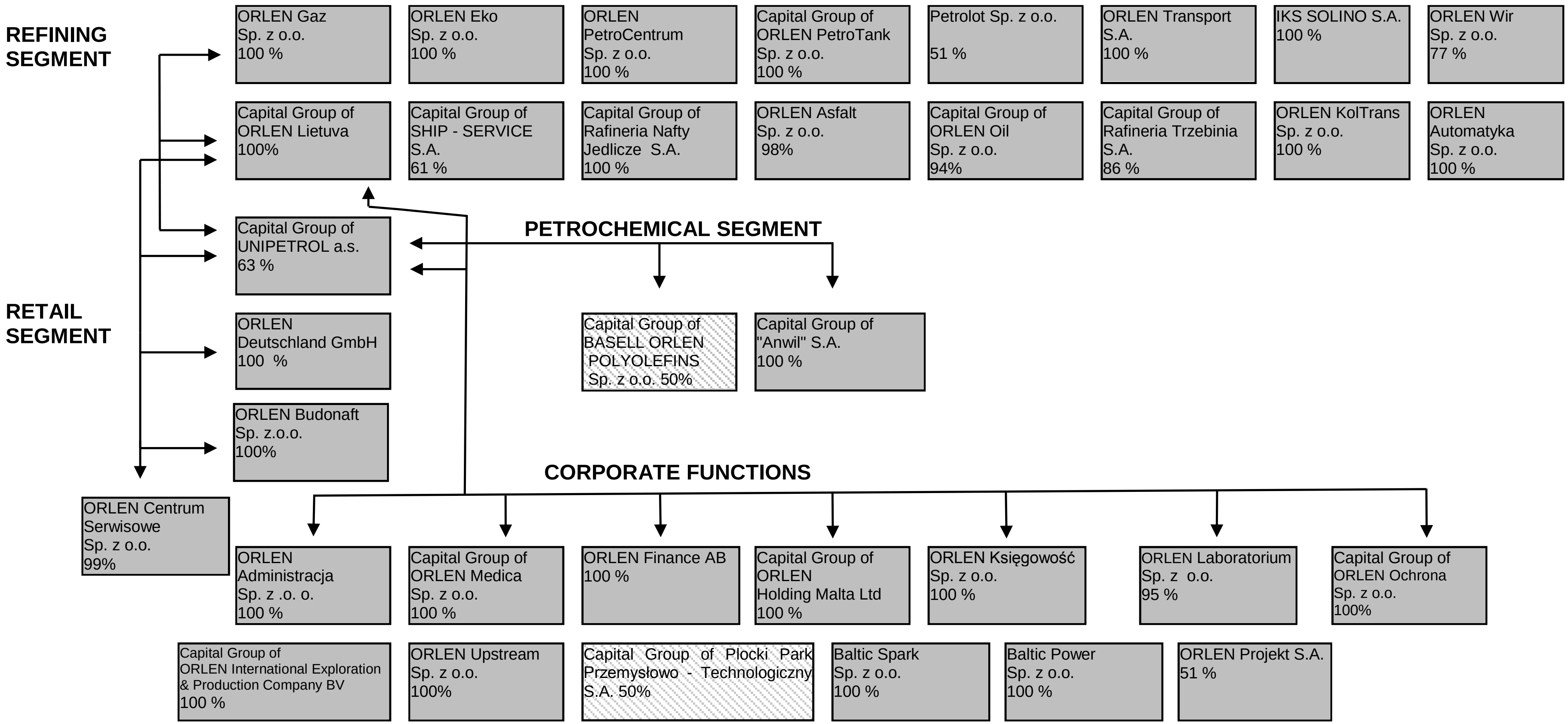
The Parent Company of the Polski Koncern Naftowy ORLEN S.A. Capital Group is Polski Koncern Naftowy ORLEN S.A. seated in Plock, 7 Chemików Street.

The principal activity of the Group includes processing of crude oil and manufacturing of wide variety of refinery, petrochemical and chemical products as well as their transport, wholesale and retail sale.

2. Organization of the Capital Group

The Capital Group includes PKN ORLEN as the Parent Company and entities located mainly in Poland, Germany, Czech Republic and Lithuania.

CONSOLIDATION SCHEME OF THE CAPITAL GROUP – first level



- The Parent Company PKN ORLEN was adequately allocated to all business segments
- The scheme presents information about direct and indirect share in equity of related parties

fully consolidated entities

entities consolidated under proportionate method

(all amounts in PLN thousand)

The list of consolidated entities belonging to the Capital Groups on lower levels

name of the group	Share in total voting rights 30/09/2012	Share in total voting rights 31/12/2011
1. Capital Group of Rafineria Trzebinia S.A	86%	86%
Energomedia Sp. z o.o.	100%	100%
Euronaft Trzebinia Sp. z o.o.	100%	100%
Fabryka Parafin NaftoWax Sp. z o.o.	100%	100%
Zakładowa Straż Pożarna Sp. z o.o.	100%	100%
EkoNaft Sp. z o.o.	100%	100%
2. Capital Group of Rafineria Nafty Jedlicze S.A	100%	90%
Raf-Koltrans Sp. z o.o.	100%	100%
Raf-Służba Ratownicza Sp. z o.o.	100%	100%
Raf-Bit Sp. z o.o.	100%	100%
Konsorcjum Olejów Przepracowanych – Organizacja Odzysku S.A.	81%	81%
3. Capital Group of ORLEN Oil Sp. z o.o.	100%*	100%*
ORLEN Oil Cesko s.r.o.	100%	100%
Platinum Oil Sp. z o.o.	100%	100%
Petro-Oil Małopolskie Centrum Sprzedaży Sp. z o.o.	-	100%
Petro-Oil Zachodniopomorskie Centrum Sprzedaży Sp. z o.o.	-	24%
Petro-Oil Wielkopolskie Centrum Sprzedaży Sp. z o.o.	22%	22%
4. Capital Group of AB ORLEN Lietuva	100%	100%
UAB Mazeikiu naftos sveikatos prieziuros centras	100%	100%
UAB PASLAUGOS TAU	100%	100%
UAB Emas	100%	100%
AB Ventus-Nafta	100%	100%
UAB Naftelf	34%	34%
Capital Group of UAB Mazeikiu naftos prekybos namai	100%	100%
SIA ORLEN Latvija (SIA Mazeikiu Nafta Tirdzniecibas nams)	100%	100%
OU ORLEN Eesti (OU Mazeikiu Nafta Trading House)	100%	100%
5. Capital Group of UNIPETROL a.s.	63%	63%
Capital Group of UNIPETROL RPA s.r.o	100%	100%
UNIPETROL DOPRAVA s.r.o.	100%	100%
UNIPETROL SLOVENSKO s.r.o.	100%	100%
POLYMER INSTITUTE BRNO spol. s.r.o.	100%	100%
HC Benzina Litvinov a.s.	71%	71%
UNIPETROL DEUTSCHLAND GmbH	100%	100%
Výzkumný ústav anorganické chemie a.s.	100%	100%
Capital Group of BENZINA s.r.o.	100%	100%
PETROTRANS s.r.o.	100%	100%
UNIPETROL SERVICES s.r.o.	100%	100%
Capital Group of PARAMO a.s.	100%	100%
MOGUL SLOVAKIA s.r.o.	100%	100%
PARAMO OIL s.r.o.	100%	100%
PARAMO ASFALT s.r.o.	100%	100%
CESKA RAFINERSKA a.s.	51%	51%
Butadien Kralupy s.r.o.	51%	51%
6. Capital Group of "Anwil" S.A	100%	95%
Przedsiębiorstwo Inwestycyjno-Remontowe Remwil Sp. z o.o.	100%	100%
Przedsiębiorstwo Produkcyjno-Handlowo-Usługowe Pro-Lab Sp. z o.o.	99%	99%
Przedsiębiorstwo Usług Specjalistycznych i Projektowych Chemeko Sp. z o.o.	78%	56%
Spolana a.s.	100%	100%
Zakład Usługowo Produkcyjny EKO-Dróg Sp. z o.o.	49%	49%
Przedsiębiorstwo Usług Technicznych Wircom Sp. z o.o.	49%	49%
Specjalistyczna Przychodnia Przemysłowa Prof-Med Sp. z o.o.	46%	46%

(all amounts in PLN thousand)

The list of consolidated entities belonging to the Capital Groups on lower levels, continued

name of the group	Share in total voting rights	
	30/09/2012	31/12/2011
7. Capital Group of Basell ORLEN Polyolefins Sp. z o.o.	50%	50%
Basell ORLEN Polyolefins Sprzedaż Sp. z o.o.	100%	100%
8. Capital Group of ORLEN Medica Sp. z o.o.	100%	100%
Sanatorium Uzdrowiskowe "KRYSTYNKA" Sp. z o.o.	99%	99%
9. Capital Group of ORLEN Holding Malta Ltd.	100%	100%
ORLEN Insurance Ltd.	100%	100%
10. Capital Group of Plocki Park Przemysłowo-Technologiczny S.A	50%	50%
Centrum Edukacji Sp. z o.o.	69%	69%
11. Capital Group of Orlen International Exploration & Production Company BV	100%	100%
SIA Balin Energy	50%	50%
12. Capital Group of Orlen Ochrona Sp. z o.o.	100%	100%
UAB Apsauga	100%	-

* 94% share in consolidated financial data

In the III quarter of 2012 changes in the composition of the Capital Group included acquisition of non-controlling interest in Rafineria Nafty Jedlicze S.A., Anwil S.A. and Przedsiębiorstwo Usług Specjalistycznych i Projektowych Chemeko Sp. z.o.o.

3. Financial situation

3.1 Capital Group's achievements accompanied by circumstances and events that have a significant impact on the financial results

Results from operations and financial activities

The combined net effect of macroeconomic changes concerning mainly improvement of refining margins and lower sales volume due to cyclical maintenance shutdown of petrochemical installations carried out in PKN ORLEN S.A. increased operating result of ORLEN Group in the III quarter of 2012 by PLN 569 million (y/y).

Positive effect of other operating items and changes in result from other operating activities amounted to approximately PLN 205 million (y/y) including approximately PLN 101 million due to recognition of the so–called "yellow" certificates granted for the period from 2010 till the end of September 2012 based on the ERO President's decision confirming fulfillment of requirements of high-efficiency cogeneration in electricity production by power plant in Plock.

Due to increasing crude oil prices the LIFO effect that increases result from operations in the III quarter of 2012 amounted to PLN 458 million and cumulatively amounted to PLN 337 million.

As a result, the profit from operations of the ORLEN Group in the III quarter of 2012 amounted to PLN 1,448 million, in comparison to PLN 778 million for the analogous period of the prior year.
The cumulative result from operations of the ORLEN Group for the 9 months of 2012 reached the level of PLN 2,763 million.

Net financial revenues in the III quarter of 2012 amounted to PLN 218 million and comprised mainly positive foreign exchange differences on revaluation of loans and other items denominated in foreign currencies of PLN 374 million, net interest expenses and settlement and measurement of financial instruments amounted to PLN (-) 145 million.

Foreign exchange revenues on loans denominated in USD for which hedging relationship with net investment in ORLEN Lietuva was designated in the amount of PLN 255 million, according to IAS 39 (Financial instruments: recognition and measurement) and foreign exchange gains on revaluation of loans denominated in foreign currencies of subsidiaries in the amount of PLN 75 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.

Decrease of tax charges in relation to profit before tax mainly comprises of net effect of revaluation of non-cash assets in ORLEN Lietuva due to changes in exchange rates of LTL/USD and tax losses for which the deferred tax assets were not recognized in Unipetrol Group.

After consideration of tax charges, net profit of the ORLEN Group for the III quarter of 2012 amounted to PLN 1,417 million and for the 9 months of 2012 amounted to PLN 2,621 million.

Results from operations of the core entities belonging to the ORLEN Group in the III quarter of 2012

- PKN ORLEN S.A. – result from operations was higher by PLN 11 million (y/y) and amounted to PLN 680 million.
  - result of the refining segment, higher by PLN 167 million (y/y) was mainly a result of positive impact of macroeconomic factors and change in balance of other operating activities as the result of recognition of granted certificates for power generation in cogeneration, accompanied by lower by PLN (-) 313 million positive impact of inventory valuation and lower sales volume,
  - result of the retail segment, higher by PLN 75 million (y/y) was mainly a result of improved fuel margins and positive balance of other operating activities amounted to PLN 27 million (y/y) as a result of provision's update for risks concerning proceedings conducted by OCCP,
  - result of petrochemical segment, lower by PLN (-) 218 million includes mainly negative impact of lower sales volume due to cyclical maintenance shutdown in Plock and changes in product prices on inventory valuation amounted to PLN (-) 41 million (y/y),
  - costs of corporate functions, higher by PLN (-) 13 million (y/y).

- ORLEN Lietuva – the result from operations was higher by PLN 504 million (y/y) and amounted to PLN 373 million.
  - result of the refining segment, higher by PLN 516 million (y/y) was mainly an effect of favorable macroeconomic factors and higher sales volume as the result of full capacity utilization after cyclical maintenance shutdown in II quarter 2012 and positive impact of inventory valuation amounted to PLN 189 million (y/y),
  - result of the retail segment, higher by PLN 1 million (y/y) was mainly an effect of higher fuel and non- fuel margins,
  - costs of corporate functions, higher by PLN (-) 13 million (y/y) was mainly a result of lack of positive effects of one-off events on other operating activities that occurred in the III quarter of 2011.

- Unipetrol Group – the result from operations was higher by PLN 209 million (y/y) and amounted to PLN 161 million.
  - result of the refining segment, higher by PLN 148 million (y/y) was mainly an effect of positive macroeconomic factors, accompanied by negative impact of lower sales volume and inventory valuation of PLN (-) 15 million (y/y),
  - result of retail segment, higher by PLN 4 million (y/y) was mainly an effect of one-off events concerning reversal of the provision of PLN 22 million (y/y) for the penalty imposed by the Anti-trust authority in previous years, accompanied by sustained market pressure on fuel and non-fuel margins,
  - result of petrochemical segment, higher by PLN 92 million (y/y) as a result of higher sales volumes and positive impact of inventory valuation of PLN 90 million (y/y), accompanied by negative macroeconomic factors,
  - costs of corporate functions, higher by PLN (-) 35 million (y/y) as an effect of lack of positive impact of one-off events on other operating activities in III quarter 2011.

Net indebtedness and cash flows

As at 30 September 2012 net indebtedness of the ORLEN Group amounted to PLN 5,873 million and was lower by PLN (-) 1,716 million as compared to the level at the end of 2011. Decrease in net indebtedness in 9 months period of 2012, due to net repayment of loans, indebtedness valuation and decrease in the balance of cash amounted to PLN (-) 800 million and was accompanied by positive foreign exchange differences on revaluation of loans denominated in foreign currencies of PLN (-) 916 million.
In the III quarter of 2012 net indebtedness decreased by PLN (-) 2,342 million due to net repayment of loans. revaluation of liabilities and change in the balance of cash of PLN (-) 1,857 million and positive foreign exchange differences on revaluation of loans denominated in foreign currencies of PLN (-) 485 million.

Net cash used in operating activities amounted to PLN 2,654 million in the III quarter of 2012.
Main items of operating cash flows included net profit increased by depreciation and amortization of PLN 1,979 million and change in net working capital balance of PLN 649 million.

Net cash used in investing activities in the III quarter of 2012 amounted to PLN (-) 675 million and concerned mainly net expenditures for acquisition of property, plant and equipment and intangible assets of PLN (-) 462 million relating to carried investment programs. Net outflows for acquisition of shares amounted to PLN (-) 77 million and mainly concerned the increase of equity commitment in Anwil S.A. and Rafineria Nafty Jedlicze S.A. by compulsory buyout of non – controlling interest. Other outflows of PLN (-) 138 million mainly concerned the settlement of transactions hedging product prices and exchange rates, for which hedge accounting is not applied.

Net cash used in financing activities amounted to PLN (-) 1,752 million in the III quarter of 2012 and concerned mainly net repayment of loans and borrowings of PLN (-) 1,640 million as well as interest paid of PLN (-) 93 million.

Consequently the balance of cash increased in the III quarter of 2012 by PLN 226 million and amounted to PLN 3,873 million as at 30 September 2012.

Factors and events which may influence future results

Similar factors as described above may influence future results.

3.2 The most significant events in the period from 1 January 2012 until the date of preparation of the foregoing report

On 12 January 2012 the Extraordinary General Shareholder's Meeting of PKN ORLEN S.A. revoked Mr Krzysztof Kołach from the Supervisory Board. At the same time the Extraordinary General Shareholder's Meeting appointed Mr Michał Gołębiowski to the PKN ORLEN Supervisory Board. Additionally, Minister of the State Treasury based on § 8 sec. 2 item 1 of Articles of Association acting on behalf of the State Treasury shareholder recalled Mr Janusz Zieliński from his office of the Supervisory Board of PKN ORLEN S.A. as of 11 January 2012. Concurrently Minister of the State Treasury appointed Mr Cezary Banasiński to the Supervisory Board as of 12 January 2012.

On 31 January 2012 the agreement with Maury Sp. z o.o. expired (that has been concluded on 23 December 2010) regarding gathering and keeping of mandatory reserves of crude oil on PKN ORLEN's account, upon which a part of mandatory reserves of crude oil for PLN 909,592 thousand translated at the transaction date's exchange rate (representing USD 299,968 thousand) has been sold.
Therefore, and in accordance with applicable regulations regarding the maintenance of mandatory reserves in Poland, PKN ORLEN acquired crude oil owned by Maury Sp. z o.o. for PLN 1,213,157 thousand translated at the transaction date's exchange rate (representing USD 374,050 thousand). The acquisition price of crude oil has been hedged with a forward contract. The settlement of the hedging transaction decreased the value of the acquired raw material by PLN 202,707 thousand translated at the transaction date's exchange rate (representing USD 63,283 thousand). The transfer of ownership of the raw material to PKN ORLEN has been made on 31 January 2012, after settlement of full amount of the transaction. As a result PKN ORLEN recognized the purchase of crude oil of PLN 1,010,450 thousand translated at the transaction date's exchange rate (representing USD 310,767 thousand) in the first quarter of 2012.

On 28 March 2012 within the process of changing the formula of maintenance of mandatory reserves of crude oil by PKN ORLEN, the Company has signed the contract for sale of part of mandatory reserves and the contract for gathering and keeping of crude oil reserves with Ashby sp. z o. o., with its registered office in Warsaw.

Based on the sale agreement PKN ORLEN has sold crude oil to Ashby sp. z o. o. The value of crude oil sold was approximately PLN 1,250,000 thousand translated with exchange rate as at 28 March 2012 (approximately USD 403,000 thousand). The price of raw material was determined based on market quotations.
Based on the agreement regarding gathering and keeping of crude oil reserves Ashby Sp. z o. o. will render service of maintaining mandatory reserves of crude oil on behalf of PKN ORLEN, while PKN ORLEN will guarantee storing of inventories at the current location. The agreement regarding gathering and keeping of crude oil reserves has been concluded for a period of 1 year, whereby the Parent Company takes into account the possibility of its extension for another period.

On 27 February 2012, according to the agreement dated 2006, PKN ORLEN redeemed the debt securities of PLN 750,000 thousand. At the same day, according to mentioned agreement, there was a new securities issue of PLN 1,000,000 thousand.

On 6 March 2012 the Supervisory Board of PKN ORLEN S.A. appointed Mr. Piotr Chełmiński to the position of the Management Board Member of PKN ORLEN S.A., Petrochemistry effective 10 March 2012.

On 7 March 2012 Ms. Grażyna Piotrowska-Oliwa, Management Board Member of PKN ORLEN S.A., Sales resigned from the position of the Management Board Member effective 18 March 2012.

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

On 28 March 2012 Mr. Marek Karabuła and Mr. Piotr Wielowieyski resigned from the positions of Supervisory Board Members of PKN ORLEN S.A., effective from 28 March 2012.

On 30 May 2012, the Ordinary General Shareholders' Meeting appointed Mr. Paweł Białek as a Member of the Supervisory Board.

On 30 August 2012, the Fitch Ratings agency released the national long-term credit rating for PKN ORLEN S.A. at the level of "BBB + (pol)/positive outlook ". At the same time the Agency changed the international long-term rating from stable ("BB+/stable outlook") to positive ("BB+/positive outlook"). The Agency also maintained short-term international rating for PKN ORLEN S.A. at "B".
The Fitch Ratings agency justifies the change of the Company's prospect ratings due to improved financial position of PKN ORLEN S.A. which was achieved through actions taken in order to reduce financial leverage, including the sale of shares in Polkomtel S.A., optimization of capital investments and no dividend payments for the year 2011. These activities support the creditworthiness of PKN ORLEN S.A. in the time of the continuing difficult conditions in the European refining sector.

On 30 August 2012 the Supervisory Board of PKN ORLEN S.A in accordance with § 8 sec. 11 item 5 of the Articles of Association appointed KPMG Audyt Sp. z o.o. seated in Warsaw, ul. Chłodna 51, as the entity authorized to audit the separate financial statements of PKN ORLEN S.A. and consolidated financial statements of the ORLEN Capital Group for the years 2013 and 2014.

4. Information on related parties

Information on significant related party transactions

4.1. Information on material transactions concluded by the Parent Company or subsidiaries with related parties on other than market terms

In the 9 and 3 months period ended 30 September 2012 and 30 September 2011, there were no significant related party transactions concluded within the Group on other than market terms.

4.2. Transactions with members of the Management Board and Supervisory Board of the Parent Company, their spouses, siblings, descendants, ascendants and their other relatives

In the 9 and 3 months period ended 30 September 2012 and 30 September 2011, the Group companies did not grant any advances, borrowings, loans, guarantees and sureties to managing and supervising persons and their relatives nor concluded other agreements obliging to render services to PKN ORLEN S.A. and its related parties.

(all amounts in PLN thousand)

As at 30 September 2012 and 31 December 2011 there are no loans granted by the Group companies to managing and supervising persons and their relatives.

4.3. Transactions with related parties concluded by the key executive personnel of the Parent Company and key executive personnel of the Group companies

In the 9 and 3 months period ended 30 September 2012 and 30 September 2011 key executive personnel of PKN ORLEN and the Group companies disclosed the following types of transactions based on issued statements on transactions with related parties:

Type of relation through key executive personnel of the Company and the Group companies	Sales				Purchases			
	for 9 months ended 30/09/2012 (unaudited)	for 3 months ended 30/09/2012 (unaudited)	for 9 months ended 30/09/2011 (unaudited)	for 3 months ended 30/09/2011 (unaudited)	for 9 months ended 30/09/2012 (unaudited)	for 3 months ended 30/09/2012 (unaudited)	for 9 months ended 30/09/2011 (unaudited)	for 3 months ended 30/09/2011 (unaudited)
Managing persons	41	5	39	5	7	-	10	4
Other key executive personnel	36	12	37	13	-	-	-	-
	77	**17**	**76**	**18**	**7**	**-**	**10**	**4**

As at 30 September 2012 and 31 December 2011 key executive personnel of the Parent Company and key executive personnel of the Group companies did not reveal any balances of receivables and liabilities with related parties in the issued statements.

4.4. Capital Group companies' transactions and balance of settlements with related parties

	Jointly-controlled entities				Associates				Total			
	for 9 months ended 30/09/2012 (unaudited)	for 3 months ended 30/09/2012 (unaudited)	for 9 months ended 30/09/2011 (unaudited)	for 3 months ended 30/09/2011 (unaudited)	for 9 months ended 30/09/2012 (unaudited)	for 3 months ended 30/09/2012 (unaudited)	for 9 months ended 30/09/2011 (unaudited)	for 3 months ended 30/09/2011 (unaudited)	for 9 months ended 30/09/2012 (unaudited)	for 3 months ended 30/09/2012 (unaudited)	for 9 months ended 30/09/2011 (unaudited)	for 3 months ended 30/09/2011 (unaudited)
Sales	1 369 352	343 787	1 403 272	449 900	53 881	20 175	110 909	26 758	1 423 233	363 962	1 514 181	476 658
Purchases	444 506	153 290	399 326	127 745	31 328	12 049	99 023	33 649	475 834	165 339	498 349	161 394
Financial revenues	494	68	1 574	566	47	-	479	20	541	68	2 053	586
Dividends	11 876	-	59 160	932	-	-	250 013	-	11 876	-	309 173	932
Financial expenses	52	19	16	10	-	-	3	1	52	19	19	11

	Jointly-controlled entities		Associates		Total	
	as at 30/09/2012 (unaudited)	at at 31/12/2011	as at 30/09/2012 (unaudited)	stan na 31/12/2011	as at 30/09/2012 (unaudited)	stan na 31/12/2011
Trade and other receivables	358 761	345 136	16 818	17 557	375 579	362 693
Trade and other liabilities	303 079	243 599	9 897	8 108	312 976	251 707

The above transactions with related parties include mainly sale and purchase of petrochemical and refining products as well as sale and purchase of repair, transportation and other services. Sale and purchase transactions with related parties were concluded on market terms. Balances of settlements with related parties include trade receivables and trade and financial liabilities.

5. Information concerning significant proceedings in front of court, body appropriate for arbitration proceedings or in front of public administration bodies

As at 30 September 2012 the ORLEN Capital Group entities were parties in the following significant proceedings in front of court, body appropriate for arbitration proceedings or in front of public administration bodies:

5.1. Proceedings in which the ORLEN Capital Group entities act as a defendant

5.1.1 Proceedings with the total value exceeding 10% of the PKN ORLEN S.A.'s equity

5.1.1.1. Risk connected with the disposal of the assets and liabilities related to purchase of Unipetrol shares

The claim regarded the payment of a compensation for losses related among others to unfair competition and illegal violation of reputation of Agrofert Holding a.s. due to acquisition of UNIPETROL a.s. shares by PKN ORLEN.
On 21 October 2010 the Court of Arbitration in Prague overruled the entire claim of Agrofert Holding a.s. against PKN ORLEN regarding the payment of approximately PLN 3,180,495 thousand translated at the exchange rate as at 30 September 2012 (representing CZK 19,464,473 thousand) with interest and obliged Agrofert Holding a.s. to cover the cost of proceedings born by PKN ORLEN.
In 2011 PKN ORLEN received from the court in Prague (Czech Republic) claim to overrule the sentence of arbitration court of the above mentioned case.
On 16 January 2012 PKN ORLEN submitted a response to Agrofert's claim. In its response PKN ORLEN appealed to dismiss all Agrofert Holding a.s.'s claim and adjudge it with proceeding costs refund. In the opinion of PKN ORLEN the decision included in judgment of the arbitration court dated 21 October 2010 is correct and there is no ground for its reverse. The District Court in Prague set the hearing on 10 January 2013.

5.1.2. Other significant proceedings with the total value not exceeding 10% of the PKN ORLEN S.A.'s equity

5.1.2.1. Tax proceedings

As at 30 September 2012 there are ongoing tax proceedings in Rafineria Trzebinia S.A. concerning excise tax settlements for the period May-September 2004.

In the prior years, as a result of the Customs Office proceeding, the excise tax liability for Rafineria Trzebinia S.A. was set at the amount above PLN 100,000 thousand. Rafineria Trzebinia S.A. filed an appeal against the decisions imposing tax liabilities.
On 29 July 2011 the Company filed an annulment of the sentence imposed by VAC in Krakow, that overulled on 20 April 2011 the decision of the Customs Chamber in Kraków and decided reexamine the case, to the Supreme Administrative Court with respect to the liabilities for May, June, July and August 2004. The annulment has not been examined by Supreme Administrative Court yet.
On 28 March 2012 the Company filed an annulment of the sentence imposed by VAC in Krakow, that overruled on 25 January 2012 the decision of the Customs Chamber in Krakow and decided to sustain the decision of Customs Office in Krakow regarding the excise tax liability for Rafineria Trzebinia S.A. for September 2004. This annulment, as well has not been examined yet.

Rafineria Trzebinia S.A. created a provision recognized in profit or loss of 2011 to cover the potential negative financial impact regarding the realization of excise tax liabilities.

5.1.2.2. Anti-trust proceedings

Anti-trust proceedings concern an allegation that in the years 1996–2007, PKN ORLEN, Petrol Station Kogut Sp.j. and MAGPOL B. Kułakowski i Wspólnicy Sp.j. were using practice limiting competition on the domestic market of wholesale of petrol and diesel oil by setting retail selling prices of petrol and diesel oil. On 16 July 2010 the President of the Office of Competition and Consumer Protection issued a decision, in which PKN ORLEN and Petrol Station Kogut Sp.j. were found guilty of participating till 16 July 2007 in anti-competition actions. The President of OCCP has imposed a fine on PKN ORLEN of PLN 52,700 thousand. On 2 August 2010 PKN ORLEN appealed from the decision of the OCCP to the Court of Competition and Consumer Protection. The trial took place on 13 September 2012. In the decision dated 25 September 2012 the Court included partially the Company's appeal from the decision imposing a fine and decreased the amount of the fine to PLN 26,368 thousand. The parties are entitled to appeal against above mentioned decision.

The President of the Office of Competition and Consumer Protection conducts anti-trust proceeding against Orlen Oil sp. z o.o. in relation to a to a potential violation of competition and consumer protection by concluding an agreement for setting the resale pricing of Platinum product line with authorized distributors. At this stage it is not possible to identify unambiguously the intended outcome of the proceedings, or to estimate the amount of any financial penalty.

5.1.2.3 Power transfer fee in settlements with ENERGA – OPERATOR S.A. (legal successor of Zakład Energetyczny Plock S.A.)

As at the date of preparation of these interim consolidated financial statements PKN ORLEN participates in two court proceedings concerning the settlement of system fee with ENERGA OPERATOR S.A.

– **Court proceedings in which PKN ORLEN acts as a defendant**

The subject of the court proceedings concerns settlement of the contentious system fee for the period from 5 July 2001 to 30 June 2002. The total amount of the claim is PLN 46,232 thousand increased by statutory interest. On 4 August 2011, the Court of Appeals in Warsaw revoked the first instance authority sentence and submitted the case to re-examination by the District Court in Warsaw. The first hearing was conducted on 30 April 2012. The District Court set the date of next hearing on 19 November 2012.

– **Court proceedings in which PKN ORLEN acts as an outside intervener**

In 2004 the District Court in Warsaw summoned PKN ORLEN as a co-defendant in a court case PSE – Operator S.A. (legal successor of PGE Polska Grupa Energetyczna S.A., former Polskie Sieci Elektroenergetyczne) against ENERGA – OPERATOR S.A. PSE Operator S.A. submitted a cassation to Supreme Court from the verdict of the Court of Appeals dated 21 September 2011. The Court ruling does not result in liabilities directly on the side of PKN ORLEN, as PKN ORLEN acts only as an outside intervener in the case.

5.1.2.4. Compensation due to compulsory buy-out of non-controlling interest in PARAMO a.s.

The Company UNIPETROL a.s. is a party in a proceeding initiated in 2009 by former non-controlling interest shareholders of PARAMO a.s. and concerns change in compensation received due to losses incurred on compulsory shares buy-out performed by UNIPETROL a.s. in 2009. The total amount of the claim is approximately no more than PLN 49,673 thousand at average exchange rate as at 30 September 2012 (representing approximately CZK 304,000 thousand). UNIPETROL a.s. considers the above described claims of former shareholders of PARAMO a.s. as ungrounded. The case is being heard in the District Court in Hradec Králové

5.1.2.5. I.P. – 95 s.ro. compensation claim against UNIPETROL RPA s.r.o.

On 23 May 2012, UNIPETROL RPA s.r.o. received from the Regional Court in Ostrava a claim brought by I.P.-95 s.r.o. for compensation in the total amount of app. PLN 292,251 thousand, translated using the exchange rate from 30 September 2012 (equivalent of CZK 1,788,559 thousand). The claim is related to the filing by UNIPETROL RPA s.r.o. motion for bankruptcy of I.P.-95 s.r.o. in November 2009. UNIPETROL RPA s.r.o. is one of the eight defendants against which the claim was brought.
According to the UNIPETROL RPA s.r.o the I.P.-95 s.r.o.'s claim is groundless. The case is being heard in the Regional Court in Ostrava. The parties are waiting for the date of the first hearing.

5.2. Court proceedings in which Companies of the Capital Group act as plaintiff

5.2.1. Arbitration proceedings against Yukos International UK B.V.

The proceedings concern inconsistency of Yukos International's statements with the actual state of AB ORLEN Lietuva at the closing date of the purchase of AB ORLEN Lietuva shares by PKN ORLEN. Claims of PKN ORLEN concern reimbursement of the amount of approximately PLN 794,500 thousand at exchange rate as at 30 September 2012 (representing USD 250,000 thousand), deposited in the escrow account as a part of the payment for AB ORLEN Lietuva shares in order to secure the potential claims of PKN ORLEN towards Yukos International.
At the closing of the evidentiary seating held between 28 November and 8 December 2011 the Court of Arbitration obliged the parties to submit final pleadings and proceeding costs refund in March and April 2012. On 29 February 2012 PKN ORLEN submitted final pleading. Yukos International submitted as well the pleading. On 30 March 2012 PKN ORLEN and Yukos International submitted the response to the above-mentioned pleadings. On 13 and 27 April 2012 the parties submitted motions for the proceeding cost refund. After the submission of above mentioned pleadings, PKN ORLEN is expecting for the final decision of the Court of Arbitration.

(all amounts in PLN thousand)

5.2.2 Compensation due to property damages

- Rafineria Trzebinia S.A. acts as a co-plaintiff in the proceedings held by District Court in Kraków concerning abuses associated with the realization of investment in installation for the estherification of biodiesel oil, on which Rafineria Trzebinia S.A. claims to incur a loss of approximately PLN 79,000 thousand. The indictment in this case was raised in December 2010. The company issued a motion to the court requesting to oblige the defendant to repair the incurred damages. The claim is being heard in first instance court.

- AB ORLEN Lietuva is a plaintiff in the compensation proceeding against RESORT MARITIME SA, The London Steamship Owners' Mutual Insurance Association Limited, Sigma Tankers Inc., Cardiff Maritime Inc., Heidenreich Marine, Heidenreich Maritime Inc. and Heidmar Inc. due to losses incurred during the accident in Butinge Terminal (the tanker ship hit a terminal buoy) on 29 December 2005. The total compensation claim amounts to approximately PLN 71,484 thousand translated at the exchange rate as at 30 September 2012 (representing approximately LTL 60,000 thousand). The proceedings are held in first instance in front of district court in Klajpeda. The parties exchange the motions. The date of the hearing was not set yet.

5.2.3. Tax proceedings

UNIPETROL RPA s.r.o., acting as a legal successor of CHEMOPETROL a.s., is a party in a tax proceeding related to validity of investment tax relief for 2005. UNIPETROL RPA s.r.o. claims the return of income tax paid for 2005 by CHEMOPETROL a.s. The claim concerns unused investment relief attributable to CHEMOPETROL a.s. The total value of claim amounts to approximately PLN 53,105 thousand translated using exchange rate as at 30 September 2012 (representing approximately CZK 325,000 thousand). The proceedings are held in front of District Court in Uście nad Łabą.

The proceedings were described in details in Note 42. to the Consolidated Financial Statements for the year 2011.

6. Other information

6.1. Shareholders holding directly or indirectly via related parties at least 5% of total votes at the Parent's General Shareholders' Meeting as at the date of filing the report

Shareholder	% of votes at the GSM as at the date of the foregoing quarterly report filing **	% of votes at the GSM as at the date of the prior half-year report filing *	Number of shares as at the date of the foregoing quarterly report filing **	Number of shares as at the date of the prior half-year report filing *
State Treasury	27.52%	27.52%	117 710 196	117 710 196
Aviva OFE***	5.08%	5.08%	21 744 036	21 744 036
ING OFE****	5.02%	5.02%	21 464 398	21 464 398
Others	62.38%	62.38%	266 790 431	266 790 431
	100.00%	**100.00%**	**427 709 061**	**427 709 061**

* According to the received confirmations as at 16 July 2012
** According to the information possessed by the Company as at 16 October 2012
*** According to the received confirmations as at 9 February 2010
**** According to the received confirmations as at 30 March 2012

Percentage share in the share capital of the Company of the above mentioned shareholders is equal to the percentage share in total votes at the General Shareholders' Meeting as at the date of filing this report.

(all amounts in PLN thousand)

6.2. Changes in the number of the Company's shares held by the Management Board and Supervisory Board Members

	Number of shares, options as at the date of the foregoing quarterly report filing **	Number of shares, options as at the date of the prior half-year report filing *
Supervisory Board	**3 300**	**3 300**
Grzegorz Borowiec	100	100
Artur Gabor	3 200	3 200

* According to the received confirmations as at 16 July 2012
** According to the information possessed by the Company as at 16 October 2012

In the period covered by foregoing interim condensed financial statements, there were no changes in the ownership of shares by members of the Management Board and the Supervisory Board.

6.3. Information on loan sureties and guarantees of at least 10% of the Company's equity granted by the Parent Company or its subsidiaries to one entity or its subsidiaries

In the period from 1 January to 30 September 2012 PKN ORLEN S.A. and its subsidiaries did not grant any loan sureties or guarantees to another entity or its subsidiary, where the value of sureties and guarantees constituted at least 10% of the Company's equity.

6.4. Statement of the Management Board regarding the possibility to realize previously published forecasts of the current year results

The ORLEN Capital Group has not published forecasts of the results.

QUARTERLY FINANCIAL INFORMATION OF PKN ORLEN S.A.

Polski Koncern Naftowy ORLEN
Spółka Akcyjna

(all amounts in PLN thousand)

C. QUARTERLY FINANCIAL INFORMATION OF PKN ORLEN S.A.

Separate statement of financial position

	as at 30/09/2012 (unaudited)	as at 31/12/2011
ASSETS		
Non-current assets		
Property, plant and equipment	12 055 511	12 190 347
Intangible assets	443 757	362 791
Perpetual usufruct of land	89 290	89 692
Shares in related parties	9 212 816	9 051 706
Financial assets available for sale	40 462	40 328
Deferred tax assets	-	11 280
Other non-current assets	642 160	683 127
	22 483 996	**22 429 271**
Current assets		
Inventories	11 951 352	11 549 043
Trade and other receivables	7 918 516	7 271 441
Other short-term financial assets	258 556	320 480
Income tax receivable	1 129	1 142
Cash and cash equivalents	2 607 482	4 291 187
Non-current assets held for sale	**6 519**	**6 519**
	22 743 554	**23 439 812**
Total assets	**45 227 550**	**45 869 083**
EQUITY AND LIABILITIES		
EQUITY		
Share capital	1 057 635	1 057 635
Share premium	1 227 253	1 227 253
Hedging reserve	(58 967)	(14 617)
Retained earnings	21 094 083	18 576 453
Total equity	**23 320 004**	**20 846 724**
LIABILITIES		
Long-term liabilities		
Interest-bearing loans	7 401 339	9 346 203
Provisions	327 297	327 747
Deferred tax liabilities	209 039	-
Other long-term liabilities	148 055	170 434
	8 085 730	**9 844 384**
Short-term liabilities		
Trade and other liabilities	11 140 989	10 998 036
Interest-bearing loans and borrowings	1 589 549	2 320 861
Income tax liability	31 340	613 182
Provisions	349 214	442 181
Deferred income	194 653	118 423
Other financial liabilities	516 071	685 292
	13 821 816	**15 177 975**
Total liabilities	**21 907 546**	**25 022 359**
Total equity and liabilities	**45 227 550**	**45 869 083**

ORLEN CAPITAL GROUP
Consolidated Quarterly Report for the III quarter of 2012
Quarterly financial information of PKN ORLEN S.A.
(all amounts in PLN thousand)
(Translation of a document originally issued in Polish)

Separate statement of comprehensive income

	for 9 months ended 30/09/2012 (unaudited)	for 3 months ended 30/09/2012 (unaudited)	for 9 months ended 30/09/2011 (unaudited)	for 3 months ended 30/09/2011 (unaudited)
Income statement				
Sales revenues	64 778 211	23 375 427	57 093 187	21 364 147
Cost of sales	(60 913 617)	(22 123 003)	(52 878 242)	(20 052 280)
Gross profit on sales	**3 864 594**	**1 252 424**	**4 214 945**	**1 311 867**
Distribution expenses	(1 533 629)	(531 428)	(1 451 059)	(485 210)
General and administrative expenses	(532 003)	(158 143)	(471 480)	(171 907)
Other operating revenues	281 371	178 649	232 503	88 652
Other operating expenses	(176 845)	(61 084)	(205 445)	(74 876)
Profit from operations	**1 903 488**	**680 418**	**2 319 464**	**668 526**
Financial revenues	1 428 410	656 510	443 449	17 429
Financial expenses	(281 167)	(84 661)	(1 466 702)	(1 732 144)
Financial revenues and expenses	**1 147 243**	**571 849**	**(1 023 253)**	**(1 714 715)**
Profit/(loss) before tax	**3 050 731**	**1 252 267**	**1 296 211**	**(1 046 189)**
Income tax expense	(533 101)	(215 774)	(183 041)	195 676
Net profit/(loss)	**2 517 630**	**1 036 493**	**1 113 170**	**(850 513)**
Items of other comprehensive income				
Hedging instruments valuation	9 197	277 188	(121 637)	(171 315)
Hedging instruments settlement	(63 950)	24 144	(157 709)	(233 150)
Deferred tax on other comprehensive income items	10 403	(57 253)	53 076	76 848
	(44 350)	**244 079**	**(226 270)**	**(327 617)**
Total net comprehensive income	**2 473 280**	**1 280 572**	**886 900**	**(1 178 130)**
Net profit/(loss) and diluted net profit/(loss) per share (in PLN per share)	5.89	2.42	2.60	(1.99)

ORLEN CAPITAL GROUP
Consolidated Quarterly Report for the III quarter of 2012
Quarterly financial information of PKN ORLEN S.A.
(all amounts in PLN thousand)
(Translation of a document originally issued in Polish)

Separate statement of cash flows

	for 9 months ended 30/09/2012 (unaudited)	for 3 months ended 30/09/2012 (unaudited)	for 9 months ended 30/09/2011 (unaudited)	for 3 months ended 30/09/2011 (unaudited)
Cash flows - operating activities				
Net profit/(loss)	**2 517 630**	**1 036 493**	**1 113 170**	**(850 513)**
Adjustments for:				
Depreciation and amortisation	791 107	261 034	718 262	269 346
Foreign exchange (gain)/loss	(709 593)	(359 803)	831 102	1 060 622
Interest, net	227 689	68 238	223 973	73 072
Dividends	(167 171)	(7 813)	(400 702)	-
(Profit)/Loss on investing activities	(33 658)	3 762	(4 098)	4 378
Change in receivables	(668 196)	(1 531 783)	(1 506 569)	(164 867)
Change in inventories	(390 392)	(327 751)	(3 521 589)	(994 079)
Change in liabilities	247 355	2 096 243	2 305 336	1 006 666
Change in provisions	141 176	16 364	266 891	77 052
Income tax expense	533 101	215 774	183 041	(195 676)
Income tax (paid)	(884 206)	(76 652)	(112 836)	(48 002)
Other adjustments	(306 409)	(151 249)	(247 763)	(110 997)
Net cash provided by/(used in) operating activities	**1 298 433**	**1 242 857**	**(151 782)**	**127 002**
Cash flows - investing activities				
Acquisition of property, plant and equipment and intangible assets	(688 935)	(208 912)	(1 045 579)	(328 342)
Disposal of property, plant and equipment and intangible assets	13 453	6 383	242 540	3 310
Acquisition of shares	(87 609)	(76 806)	(96 386)	(84 107)
Disposal of shares	116	-	100	-
Interest received	22 057	3 384	13 330	7 703
Dividends received	150 462	43 944	392 118	362 292
Additional repayable payments to subsidiaries' equity	(73 720)	(6 050)	(23 000)	-
Proceeds from additional repayable payments to subsidiaries' equity	7 641	7 641	14 580	9 580
Outflows from long-term loans granted	-	-	(561 380)	-
(Outflows)/Proceeds from short-term loans granted	(68 959)	(1 071)	311 057	49 084
Proceeds/(Outflows) from cash pool facility	24 316	39 173	(47 320)	80 979
Other	(1 850)	(2 678)	(7 403)	1 477
Net cash provided by/(used in) investing activities	**(703 028)**	**(194 992)**	**(807 343)**	**101 976**
Cash flows - financing activities				
Proceeds from loans and borrowings received	3 088 846	544 707	12 433 700	1 487 390
Debt securities issued	7 461 320	1 764 094	4 244 159	1 241 636
Repayments of loans and borrowings	(5 519 241)	(1 618 400)	(11 995 483)	(1 309 469)
Redemption of debt securities	(6 926 714)	(1 538 687)	(3 902 860)	(1 054 013)
Interest paid	(262 723)	(92 236)	(318 578)	(92 571)
Payments of liabilities under finance lease agreements	(7 462)	(2 532)	(4 574)	(1 892)
(Outflows)/Proceeds from cash pool facility	(112 591)	(58 985)	84 462	57 359
Net cash provided by/(used in) financing activities	**(2 278 565)**	**(1 002 039)**	**540 826**	**328 440**
Net (decrease)/increase in cash and cash equivalents	**(1 683 160)**	**45 826**	**(418 299)**	**557 418**
Effect of exchange rate changes	(545)	(239)	1	631
Cash and cash equivalents, beginning of the period	**4 291 187**	**2 561 895**	**1 396 060**	**419 713**
Cash, end of the period	**2 607 482**	**2 607 482**	**977 762**	**977 762**

(all amounts in PLN thousand)

Statement of changes in separate equity

	Share capital and share premium	Hedging reserve	Retained earnings	Total equity
1 January 2012	2 284 888	(14 617)	18 576 453	20 846 724
Net profit	-	-	2 517 630	2 517 630
Items of other comprehensive income	-	(44 350)	-	(44 350)
Total net comprehensive income	**-**	**(44 350)**	**2 517 630**	**2 473 280**
30 September 2012	**2 284 888**	**(58 967)**	**21 094 083**	**23 320 004**
(unaudited)				
1 January 2011	2 284 888	63 874	17 190 287	19 539 049
Net profit	-	-	1 113 170	1 113 170
Items of other comprehensive income	-	(226 270)	-	(226 270)
Total net comprehensive income	**-**	**(226 270)**	**1 113 170**	**886 900**
30 September 2011	**2 284 888**	**(162 396)**	**18 303 457**	**20 425 949**
(unaudited)				

The foregoing quarterly report was authorized by the Management Board of the Parent Company on 23 October 2012.

………………………
Dariusz Krawiec
President of the Board

…………………………
Sławomir Jędrzejczyk
Vice-President of the Board

……………………
Piotr Chełmiński
Member of the Board

……………………………
Krystian Pater
Member of the Board

………………………
Marek Podstawa
Member of the Board

Signature of the person responsible for keeping account books

……………………………………..……
Rafał Warpechowski

Executive Director
Planning and Reporting