

Results of the ORLEN Group for the III quarter of 2012
(Translation of a document originally issued in Polish)

Summary of the results

Table 1

Q3 2011	Q2 2012	Q3 2012	% change	Key financial data, PLNm	9 months 2011	9 months 2012	% change
1	2	3	4=(3-1)/1	5	6	7	8=(7-6)/6
28 682	27 955	31 654	10.4	Total sales revenue	76 997	88 856	15.4
1 392	918	2 010	44.4	Profit from operations plus depreciation and amortisation (EBITDA)	4 872	4 447	-8.7
778	375	1 448	86.1	Profit/(Loss) from operations, including:	3 127	2 763	-11.6
669	553	680	1.6	PKN ORLEN S.A.	2 319	1 903	-17.9
-48	-67	161	-	Unipetrol Group	69	86	24.6
-131	-269	373	-	ORLEN Lietuva	-27	177	-
288	158	234	-18.8	Other	766	597	-22.1
Operating segments, including:							
335	-66	1 136	239.1	Refining	1 873	1 802	-3.8
367	379	213	-42.0	Petrochemical	1 273	938	-26.3
181	252	271	49.7	Retail	400	550	37.5
-105	-190	-172	-63.8	Corporate Functions ¹	-419	-527	-25.8
614	543	562	-8.5	Depreciation and Amortisation, including:	1 745	1 684	-3.5
278	247	257	-7.6	Refining	826	765	-7.4
225	178	187	-16.9	Petrochemical	597	564	-5.5
83	89	89	7.2	Retail	242	268	10.7
28	29	29	3.6	Corporate Functions ¹	80	87	8.7
-249	-40	1 417	-	Net profit/(loss)	1 817	2 621	44.2
-258	-5	1 366	-	Profit attributable to equity holders of the Parent	1 745	2 621	50.2
58 235	56 339	57 649	-1.0	Total assets	58 235	57 649	-1.0
26 695	27 526	28 926	8.4	Equity	26 695	28 926	8.4
9 280	8 215	5 873	-36.7	Net debt	9 280	5 873	-36.7
480	-92	2 654	452.9	Net cash provided by/(used in) operating activities	1 445	2 710	87.5
-406	-335	-675	66.3	Net cash provided by/(used in) investing activities	-1 416	-1 566	10.6
621	581	555	-10.6	Investment expenditures (CAPEX)	1 445	1 374	-4.9
9.2	2.4	3.9	-5.3p.p.	Return on capital employed (ROACE) (%)²	9.2	3.9	-5.3p.p.
32.2	27.7	25.0	-7.2p.p.	Financial leverage (%)³	33.6	24.2	-9.4p.p.
1.41	2.25	1.46	3.5	Net debt/Profit from operations plus depreciation and amortisation for the last four quarters (EBITDA)⁴	1.41	1.46	3.5
2.11	3.22	1.94	-8.1	Net debt/Profit from operations plus depreciation and amortisation based on the LIFO method for the last four quarters (EBITDA)⁵	2.11	1.94	-8.1
-0.60	-0.01	3.19	-	Net profit attributable to equity holders of the Parent per share (EPS)	4.08	6.13	50.2
Q3 2011	Q2 2012	Q3 2012	change %	Financial data adjusted by the effect of inventory valuation based on the LIFO method, PLNm	9 months 2011	9 months 2012	change %
216	1 233	990	358.3	Profit/(Loss) from operations based on LIFO method, including:	1 437	2 426	68.8
69	933	434	529.0	PKN ORLEN S.A.	862	1 583	83.6
-48	134	86	-	Unipetrol Group	-15	101	-
-77	-7	238	-	ORLEN Lietuva	-140	151	-
272	173	232	-14.7	Other	730	591	-19.0
-562	858	-458	18.5	Effect of inventory valuation⁶ based on LIFO method on profit from operations, including:	-1 690	-337	80.1
-600	380	-246	59.0	PKN ORLEN S.A.	-1 457	-320	78.0
0	201	-75	-	Unipetrol Group	-84	15	-
54	262	-135	-	ORLEN Lietuva	-113	-26	77.0
-16	15	-2	87.5	Other	-36	-6	83.3
-702	666	1 041	-	Net profit/(Loss) based on LIFO method⁷	443	2 347	429.8

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) for the last four quarters.

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 / (EBITDA + dividend received from Polkomtel) for the last four quarters.

5) Interest bearing debt net of cash and cash equivalents / (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.

7) Effect of inventory valuation based on LIFO method, net of tax effect.

Commentary

Financial results

Profit from operations of the ORLEN Capital Group ("ORLEN Group") based on LIFO method of inventory valuation for the III quarter of 2012 amounted to PLN 990 million and was higher by PLN 774 million (y/y). The cumulative result from operations based on LIFO method amounted to PLN 2,426 million, in comparison to PLN 1,437 million for the analogous period of 2011.

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 Płock.

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 Płock 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).

Results of the ORLEN Group for the III quarter of 2012

(Translation of a document originally issued in Polish)

- 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 the II quarter of 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 the III quarter of 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 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.

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

Results of the ORLEN Group for the III quarter of 2012
(Translation of a document originally issued in Polish)

Macroeconomic commentary

Crude oil prices. BRENT / URAL differential and model margins

Table 2

Item	Quarter				change %
	Q1 2012	Q2 2012	Q3 2012	Q3 2011	
1	2	3	4	5	6=(4-5)/5
Brent crude oil (USD/bbl)	119	108	110	113	-3
Brent / URAL differential (USD/bbl)	1.3	2.1	0.7	0.7	0
Model refining margin (USD/bbl)	3.3	6.8	8.4	2.7	211
Model petrochemical margin (EUR/t)	618	772	625	663	-6
Quotation of margins (crack margins)					
Refining products (USD/t)					
Gasoline	172	214	227	167	36
Diesel oil	115	127	153	110	39
Light heating oil	94	104	114	86	33
Jet A-1fuel	160	172	193	159	21
Heavy heating oil	-215	-197	-211	-231	9
Petrochemical products (EUR/t)					
Polyethylene	162	194	182	186	-2
Polypropylene	257	293	294	253	16
Ethylene	546	619	513	501	2
Propylene	436	521	391	495	-21
Toluene	190	306	261	201	30
Benzene	233	311	349	208	68
Butadiene	1 298	1 402	882	1 815	-51
Paraxylene	511	550	441	500	-12

Exchange rates

Table 3

Currency	Average exchange rates ¹⁾				change %	Period end exchange rates ¹⁾				change %
	Q1 2012	Q2 2012	Q3 2012	Q3 2011		Q1 2012	Q2 2012	Q3 2012	Q3 2011	
1	2	3	4	5	6=(4-5)/5	7	8	9	10	11=(9-10)/10
PLN/USD	3.23	3.32	3.31	2.94	12.6	3.12	3.39	3.18	3.26	-2.5
PLN/EUR	4.23	4.26	4.14	4.15	-0.2	4.16	4.26	4.11	4.41	-6.8
PLN/CZK	0.17	0.17	0.17	0.17	0.0	0.17	0.17	0.16	0.18	-11.1
LTL/USD	2.63	2.69	2.76	2.44	13.1	2.59	2.76	2.68	2.54	5.5
LTL/EUR	3.45	3.45	3.45	3.45	0.0	3.45	3.45	3.45	3.45	0.0
CZK/USD	19.1	19.7	20.1	17.3	16.2	18.5	20.4	19.3	18.3	5.5
CZK/EUR	25.1	25.3	25.1	24.4	2.9	24.7	25.6	24.9	24.8	0.4

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

Results of the ORLEN Group for the III quarter of 2012
(Translation of a document originally issued in Polish)

Fuel consumption

Table 4

Countries, (‘000 tonnes)	Q1 2012	Q2 2012	Q3 2012	Q3 2011	change %	9 months 2012	9 months 2011	change %
1	2	3	4	5	6=(4-5)/5	7	8	9=(7-8)/8
Poland	3 444	3 828	4 134	4 369	-5.4%	11 406	12 166	-6.2%
Gasoline	867	969	1 013	1 069	-5.2%	2 849	2 998	-5.0%
Diesel Oil	2 577	2 859	3 121	3 300	-5.4%	8 557	9 168	-6.7%
Lithuania	279	358	389	380	2.4%	1 026	1 005	2.1%
Gasoline	54	62	63	70	-10.0%	179	193	-7.3%
Diesel Oil	225	296	326	310	5.2%	847	812	4.3%
Czech Republic	1 321	1 476	1 491	1 503	-0.8%	4 288	4 327	-0.9%
Gasoline	376	463	453	480	-5.6%	1 292	1 349	-4.2%
Diesel Oil	945	1 013	1 038	1 023	1.5%	2 996	2 978	0.6%
Germany	12 260	12 957	13 532	13 896	-2.6%	38 749	39 234	-1.2%
Gasoline	4 533	4 694	4 762	5 059	-5.9%	13 989	14 658	-4.6%
Diesel Oil	7 727	8 263	8 770	8 837	-0.8%	24 760	24 576	0.7%

Based on data of Agencja Rynku Energii S.A., Lithuanian Statistical Office, Czech Statistical Office, Association of the German Petroleum Industry and own estimates.

Results of the ORLEN Group for the III quarter of 2012
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Segment commentary – Refining Segment

Table 5

Q1 2012	Q2 2012	Q3 2012	Q3 2011	change %	Item, PLNm	9months 2012	9months 2011	change %
1	2	3	4	5=(3-4)/4	6	7	8	9=(7-8)/8
23 088	21 350	24 620	22 281	10.5	Segment revenues, including:	69 058	59 749	15.6
16 063	14 289	17 785	15 727	13.,1	Sale to external customers	48 136	41 711	15.4
7 025	7 061	6 835	6 554	4.3	Transactions with other segments	20 922	18 038	16.0
-22 334	-21 408	-23 600	-21 964	7.4	Segment expenses	-67 342	-57 932	16.2
-22	-8	116	18	544.4	Other operating revenues/expenses, net	86	56	53.6
732	-66	1 136	335	239.1	Profit/ (Loss) from operations	1 802	1 873	-3.8
48	683	739	-215	-	Profit from operations under LIFO	1 470	273	438.5
993	181	1 393	613	127.2	Profit/(Loss) from operations plus depreciation and amortisation (EBITDA)	2 567	2 699	-4.9
143	330	129	286	-54.9	CAPEX	602	688	-12.5
5 111	5 095	6 290	6 279	0.2	Sales of products (thousand tonnes)	16 495	17 041	-3.2

The profit from operations of the refining segment of the ORLEN Group in the III quarter of 2012 amounted to PLN 1,136 million and was higher by PLN 801 million (y/y).

Positive impact of changes in crude oil prices on inventory valuation in the III quarter of 2012 was lower by PLN (-) 153 million (y/y).

Cumulative impact of increase in refining margins and stable sales volume increased profit from operations of refining segment by PLN 848 million (y/y).

Positive impact of other operating factors amounted to PLN 106 million (y/y) and comprised mainly change of the balance of other operating activities as a result of energy certificates recognition granted for the period from 2010 till the end of the III quarter of 2012 based on ERO's President's decision confirming fulfillment of requirements of high-efficiency cogeneration in electricity production by power plant in Płock.

In the III quarter of 2012 the segment's investment expenditures ("CAPEX") decreased by PLN (-) 157 million (y/y) as compared to the analogous period of the previous year and amounted to PLN 129 million.

The most significant investments held in the III quarter of 2012 comprised: construction of K8 boiler in Heat and Power station, works on catalytic denitrification and dedusting installation, modernization and intensification of Alkylation HF installation in PKN ORLEN S.A., construction works on sulphur degassing and granulation installation in ORLEN Lietuva.

Results of the ORLEN Group for the III quarter of 2012
(Translation of a document originally issued in Polish)

Segment commentary – Retail Segment

Table 6

Q1 2012	Q2 2012	Q3 2012	Q3 2011	change %	Item, PLNm	9 months 2012	9 months 2011	change %
1	2	3	4	5=(3-4)/4	6	7	8	9=(7-8)/8
8 947	9 804	10 162	9 131	11.3	Segment revenues, including:	28 914	24 533	17.9
8 916	9 772	10 128	9 103	11.3	Sale to external customers	28 817	24 448	17.9
31	32	34	28	21.4	Transactions with other segments	97	85	14.1
-8 909	-9 562	-9 937	-8 947	11.1	Segment expenses	-28 409	-24 118	17.8
-12	10	46	-3	-	Other operating revenues/expenses, net	45	-15	-
26	252	271	181	49.7	Profit from operations	550	400	37.5
115	341	360	264	36.4	Profit from operations plus depreciation and amortization (EBIDTA)	818	642	27.4
22	104	147	100	47.0	CAPEX	273	212	28.8
1 732	1 873	1 995	1 987	0.4	Sales of products (thousand tonnes)	5 600	5 423	3.3

In the III quarter of 2012 profit from operations of the retail segment of the ORLEN Group amounted to PLN 271 million and was higher by PLN 90 million (y/y).

Maintaining high retail sales volume (y/y) with decreasing consumption, mainly due to increases on German market improved segment's operating result by PLN 10 million (y/y).

Gradual recovery in retail margins on Polish market compensated with surplus a decrease in margins on Czech market and contributed to the increase in segment's result of PLN 71 million (y/y).

Impact of other operating activities amounted to PLN 9 million (y/y) and comprised mainly the positive net effect of other operations of PLN 49 million (y/y) as a result of reversal of provisions for risk concerning antitrust proceedings in PKN ORLEN S.A. and Unipetrol Group, comparable level of merchandise and non-fuel services margins (y/y) and higher depreciation and operation of stations cost associated with increasing volumes.

At the end of September 2012 number of catering points such as Stop Café and Stop Café Bistro amounted to 738 and was higher by 95 (y/y).

In the III quarter of 2012 the segment's investment expenditures ("CAPEX") increased by PLN 47 million (y/y) as compared to the analogous period of the previous year and amounted to PLN 147 million.

In the III quarter of 2012 in ORLEN Group 4 new fuel stations were launched in CoDo system in Poland. Additionally, 13 new fuel stations were launched in franchising system (12 in Poland and 1 in Germany). 6 fuel stations were modernized (5 in Poland and 1 in Germany) and 3 fuel stations were closed (1 in Poland and 2 in Czech Republic).

Results of the ORLEN Group for the III quarter of 2012
(Translation of a document originally issued in Polish)

Segment commentary – Petrochemical Segment

Table 7

Q1 2012	Q2 2012	Q3 2012	Q3 2011	change %	Item, PLNm	9 months 2012	9 months 2011	change %
1	2	3	4	5=(3-4)/4	6	7	8	9=(7-8)/8
5 211	4 829	4 481	4 679	-4.2	Segment revenues, including:	14 520	13 231	9.7
4 246	3 861	3 709	3 819	-2.9	Sales to external customers	11 816	10 759	9.8
965	968	772	860	-10.2	Transactions with other segments	2 704	2 472	9.4
-4 871	-4 472	-4 285	-4 323	-0.9	Segment expenses	-13 629	-12 069	12.9
6	22	17	11	54.5	Other operating revenues/expenses, net	47	111	-57.7
346	379	213	367	-42.0	Profit from operations	938	1 273	-26.3
292	489	152	355	-57.2	Profit from operations under LIFO	933	1 183	-21.1
545	557	400	592	-32.4	Profit from operations plus depreciation and amortisation (EBITDA)	1 502	1 870	-19.7
48	111	229	220	4.1	CAPEX	389	457	-14.9
1 381	1 181	1 342	1 360	-1.3	Sales of products (thousand tonnes)	3 904	3 829	2.0

In the III quarter of 2012 petrochemical segment's profit from operations of the ORLEN Group amounted to PLN 213 million and was lower by PLN (-) 154 million (y/y).

Positive impact of changes in prices of petrochemical products on valuation of inventories in the III quarter of 2012 increased the operating result by PLN 49 million (y/y).

Cyclical maintenance shutdown of petrochemical installation in PKN ORLEN S.A. regarding mainly Olefin II and PTA installation correlated with shutdowns of production installations in Basell ORLEN Polyolefins and Anwil and negative impact of lower model margins determined deterioration of operating segment result by PLN (-) 290 million (y/y).

Total net impact of other factors amounted to PLN 87 million (y/y) and included mainly lower depreciation and amortization due to mainly impairment allowances of property, plant and equipment in Unipetrol Group and Anwil recognized in 2011 and higher trade margins realized on fertilizers sales.

In the III quarter of 2012 the segment's expenditures ("CAPEX") increased by PLN 9 million (y/y) and amounted to PLN 229 million.

The most significant investments realized in this period comprised: modernization of pneumatics and automation of Phenol division, works associated with increase of operations security of Ethylene Oxide II installation and replacement of capacitors for Pyrolysis Gas Separation in PKN ORLEN S.A.; works associated with changes in technology, including the chlorine condensation in Anwil S.A. and reconstruction of pyrolytic furnace at Olefin's Installation in Unipetrol Group.

Results of the ORLEN Group for the III quarter of 2012
(Translation of a document originally issued in Polish)

Segment commentary – Corporate Functions

Table 8

Q1 2012	Q2 2012	Q3 2012	Q3 2011	change %	Item, PLNm	9 months 2012	9 months 2011	change %
1	2	3	4	5=(3-4)/4	6	7	8	9=(7-8)/8
76	87	87	86	1.2	Segment revenues, including:	250	240	4.2
22	33	32	33	-3.0	Sales to external customers	87	79	10.1
54	54	55	53	3.8	Transactions with other segments	163	161	1.2
-245	-269	-254	-239	6.3	Segment expenses	-768	-707	8.6
4	-8	-5	48	-	Other operating revenues/expenses, net	-9	48	-
-165	-190	-172	-105	-63.8	Loss from operations	-527	-419	-25.8
-135	-161	-143	-77	-85.7	Loss from operations plus depreciation and amortisation (EBITDA)	-440	-339	-29.8
24	36	50	15	233.3	CAPEX	110	88	25.0

Higher by PLN (-) 67 million (y/y) corporate function costs are mainly the result of the lack of positive effects on other operating activities noted in the III quarter 2011 which amounted to PLN (-) 53 million (y/y) and mainly comprised the return of penalty paid in previous years by Unipetrol Group for suspicion of cartel conduct.

Capital expenditures ("CAPEX") of PLN 50 million in the III quarter of 2012 comprised mainly the expenses associated with analytical works on the geological data obtained and works for further upstream boreholes amounted to PLN 26 million, as well as projects in the IT area.

Results of the ORLEN Group for the III quarter of 2012
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Interim condensed consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for 3 and 9 months ended
30 September 2012 and 30 September 2011

Table 9

Q1 2012	Q2 2012	Q3 2012	Q3 2011	change %	Item, PLNm	9 months 2012	9 months 2011	change %
1	2	3	4	5=(3-4)/4	6	7	8	9=(7-8)/8
29 248	27 955	31 654	28 682	10.4	Sales revenues	88 856	76 997	15.4
-26 981	-26 321	-29 034	-26 689	8.8	Cost of sales	-82 336	-70 306	17.1
2 267	1 634	2 620	1 993	31.5	Gross profit on sales	6 520	6 691	-2.6
-937	-902	-1 006	-939	7.1	Distribution expenses	-2 845	-2 724	4.4
-367	-373	-341	-350	-2.6	General and administrative expenses	-1 081	-1 041	3.8
132	138	256	211	21.3	Other operating revenues	506	576	-12.2
-156	-122	-81	-137	-40.9	Other operating expenses	-337	-375	-10.1
939	375	1 448	778	86.1	Profit from operations	2 763	3 127	-11.6
827	597	620	74	737.8	Financial revenues	1 371	367	273.6
-233	-874	-402	-1 141	-64.8	Financial expenses	-837	-1 476	-43.3
594	-277	218	-1 067	-	Financial revenues and expenses	534	-1 109	-
-1	0	1	1	0.0	Share in profit from investments accounted for under equity method	0	188	-
1 532	98	1 667	-288	-	Profit/(Loss) before tax	3 297	2 206	49.5
-288	-138	-250	39	-	Income tax expense	-676	-389	73.8
1 244	-40	1 417	-249	-	Net profit/(loss)	2 621	1 817	44.2
					Items of other comprehensive income			
201	-478	279	-176	-	Hedging instruments valuation	3	-125	-
-89	17	34	-226	-	Hedging instruments settlement	-38	-157	-75.8
0	3	0	0	-	Fair value measurement of investment property as at the date of reclassification	3	0	-
-235	58	-194	802	-	Foreign exchange differences on subsidiaries from consolidation	-370	982	-
-21	87	-59	77	-	Deferred tax on other comprehensive income items	6	54	-88.9
-144	-312	60	477	-87.4	Total items of other comprehensive income	-396	754	-
1 100	-352	1 477	228	547.8	Total net comprehensive income	2 225	2 571	-13.5
1 244	-40	1 417	-249	-	Net profit/(loss) attributable to:	2 621	1 817	44.2
1 260	-5	1 366	-258	-	equity holders of the parent	2 621	1 745	50.2
-16	-35	51	9	466.7	non-controlling interest	0	72	-
1 100	-352	1 477	228	547.8	Total comprehensive income attributable to:	2 225	2 571	-13.5
1 149	-298	1 458	3	48 500.0	equity holders of the parent	2 309	2 199	5.0
-49	-54	19	225	-91.6	non-controlling interest	-84	372	-
2.95	-0.01	3.19	-0.60	-	Net profit/(loss) and diluted net profit/(loss) per share attributable to equity holders of the parent (in PLN per share)	6.13	4.08	50.2

Results of the ORLEN Group for the III quarter of 2012
(Translation of a document originally issued in Polish)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 September 2012 and 31 December 2011

Table 10

31.03.2012	30.06.2012	30.09.2012	change %	Item, PLNm	31.12.2011	change %
1	2	3	4=(3-2)/2	5	6	7=(3-6)/6
ASSETS						
25 608	26 058	25 584	-1.8	Property, plant and equipment	26 579	-3.7
116	118	116	-1.7	Investment property	118	-1.7
1 760	1 254	1 283	2.3	Intangible assets	1 323	-3.0
95	95	95	0.0	Perpetual usufruct of land	96	-1.0
12	12	13	8.3	Investment accounted for under equity method	13	0.0
41	41	41	0.0	Financial assets available for sale	40	2.5
350	349	259	-25.8	Deferred tax assets	399	-35.1
45	33	27	-18.2	Other non-current assets	31	-12.9
28 027	27 960	27 418	-1.9	Total non-current assets	28 599	-4.1
17 849	16 171	16 668	3.1	Inventories	16 297	2.3
8 525	8 347	9 431	13.0	Trade and other receivables	8 071	16.9
224	151	212	40.4	Other short-term financial assets	293	-27.6
30	44	29	-34.1	Income tax receivable	34	-14.7
4 216	3 647	3 873	6.2	Cash and cash equivalents	5 409	-28.4
27	19	18	-5.3	Non-current assets classified as held for sale	28	-35.7
30 871	28 379	30 231	6.5	Total current assets	30 132	0.3
58 898	56 339	57 649	2.3	Total assets	58 731	-1.8
LIABILITIES AND SHAREHOLDERS' EQUITY						
1 058	1 058	1 058	0.0	Share capital	1 058	0.0
1 227	1 227	1 227	0.0	Share premium	1 227	0.0
60	-309	-59	-80.9	Hedging reserve	-24	145.8
5	7	7	0.0	Revaluation reserve	5	40.0
221	295	137	-53.6	Foreign exchange differences on subsidiaries from consolidation	416	-67.1
23 119	23 115	24 495	6.0	Retained earnings	21 852	12.1
25 690	25 393	26 865	5.8	Total equity attributable to equity holders of the parent	24 534	9.5
2 190	2 133	2 061	-3.4	Non-controlling interest	2 265	-9.0
27 880	27 526	28 926	5.1	Total equity	26 799	7.9
9 905	10 125	8 523	-15.8	Interest-bearing loans and borrowings	10 538	-19.1
605	605	599	-1.0	Provisions	621	-3.5
840	784	871	11.1	Deferred tax liabilities	741	17.5
16	18	17	-5.6	Deferred income	16	6.3
170	177	186	5.1	Other long-term liabilities	203	-8.4
11 536	11 709	10 196	-12.9	Total long-term liabilities	12 119	-15.9
15 361	13 564	15 824	16.7	Trade and other liabilities	15 093	4.8
1 481	1 737	1 223	-29.6	Interest-bearing loans and borrowings	2 460	-50.3
709	52	99	90.4	Income tax liability	674	-85.3
1 101	665	685	3.0	Provisions	1 008	-32.0
538	424	311	-26.7	Deferred income	136	128.7
292	662	385	-41.8	Other financial liabilities	442	-12.9
19 482	17 104	18 527	8.3	Total short-term liabilities	19 813	-6.5
31 018	28 813	28 723	-0.3	Total liabilities	31 932	-10.0
58 898	56 339	57 649	2.3	Total liabilities and shareholders' equity	58 731	-1.8

Results of the ORLEN Group for the III quarter of 2012
(Translation of a document originally issued in Polish)

CONSOLIDATED STATEMENT OF CASH FLOWS
for 3 and 9 months ended
30 September 2012 and 30 September 2011

Table 11

Q1 2012	Q2 2012	Q3 2012	Q3 2011	change %	Item, PLNm	9 months 2012	9 months 2011	change %
1	2	3	4	5=(3-4)/4	6	7	8	9=(7-8)/8
Cash flows – operating activities								
1 244	-40	1 417	-249	-	Net profit/(loss)	2 621	1 817	44.2
					Adjustments for:			
1	0	-1	-1	0.0	Share in profit from investments accounted for under equity method	0	-188	-
579	543	562	614	-8.5	Depreciation and amortisation	1 684	1 745	-3.5
-388	25	-126	483	-	Foreign exchange gain/(loss)	-490	550	-
87	96	79	91	-13.2	Interest net	262	283	-7.4
0	-2	0	-1	-	Dividends	-2	-1	100.0
36	-91	133	35	280.0	Profit/(Loss) on investing activities	78	44	77.3
-662	287	-1 165	-46	2 432.6	Change in receivables	-1 540	-1 271	21.2
-1 778	1 831	-642	-846	-24.1	Change in inventories	-590	-4 040	-85.4
912	-2 089	2 456	639	284.4	Change in liabilities	1 279	2 505	-48.9
152	46	37	117	-68.4	Change in provisions	235	406	-42.1
288	138	250	-39	-	Income tax expense	676	389	73.8
-181	-713	-107	-82	30.5	Income tax (paid)	-1 001	-217	361.3
-142	-123	-239	-235	1.7	Other adjustments	-502	-577	-13.0
148	-92	2 654	480	452.9	Net cash provided by/(used in) operating activities	2 710	1 445	87.5
Cash flows – investing activities								
-548	-442	-473	-616	-23.2	Acquisition of property, plant and equipment and intangible assets	-1 464	-1 867	-21.6
11	5	11	5	120.0	Disposal of property, plant and equipment and intangible assets	28	278	-89.9
-10	-1	-77	-95	-18.9	Acquisition of shares	-88	-108	-18.5
0	0	0	0	-	Disposal of shares	0	3	-
-17	0	-3	-17	-82.4	Acquisition of securities and deposits	-20	-109	-81.7
8	13	2	40	-95.0	Disposal of securities and deposits	22	112	-80.4
3	1	2	9	-77.8	Interest received	6	14	-57.1
0	2	0	249	-	Dividends received	2	251	-99.2
2	-51	1	24	-95.8	(Outflows)/Proceeds from loans granted	-48	28	-
-5	138	-138	-5	2 660.0	Other	-4	-18	-77.8
-556	-335	-675	-406	66.3	Net cash used in investing activities	-1 566	-1 416	10.6
Cash flows – financing activities								
2 768	318	593	3 200	-81.5	Proceeds from loans and borrowings received	3 679	15 883	-76.8
1 000	0	0	0	-	Debt securities issued	1 000	0	-
-3 698	-371	-2 236	-2 611	-14.4	Repayment of loans and borrowings	-6 304	-15 837	-60.2
-750	0	0	0	-	Redemption of debt securities	-750	0	-
-93	-80	-93	-92	1.1	Interest paid	-266	-346	-23.1
-7	-7	-7	-8	-12.5	Payment of liabilities under finance lease agreements	-22	-21	4.8
0	0	-10	-11	-9.1	Dividends paid to shareholders/non-controlling interest	-10	-11	-9.1
-2	-3	1	17	-94.1	Other	-3	15	-
-782	-142	-1 752	495	-	Net cash provided by/ (used in) financing activities	-2 676	-317	744.2
-1 190	-569	227	569	-60.1	Net (decrease)/increase in cash and cash equivalents	-1 532	-288	431.9
-3	0	-1	1	-	Effect of exchange rate changes on cash and cash equivalents	-4	-4	0.0
5 409	4 216	3 647	1 959	86.2	Cash and cash equivalents, beginning of the period	5 409	2 821	91.7
4 216	3 647	3 873	2 529	53.1	Cash and cash equivalents, end of the period	3 873	2 529	53.1

Results of the ORLEN Group for the III quarter of 2012
(Translation of a document originally issued in Polish)

POLSKI KONCERN NAFTOWY ORLEN S.A.
PRODUCTION
for 3 months ended
30 September 2012 and 30 September 2011

Table 12

Production (⁰⁰⁰ tonnes)	Q3 2012	Q3 2011	change %	Q3 2012	share %	Q3 2012	share %	Q3 2012	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	7 431	7 418	0.2	3 759	-	1 043	-	2 551	-		
Light distillates [gasoline, LPG]	1 824	1 733	5.3	763	22.8	262	23.6	815	31.8		
Medium distillates [diesel oil, light heating oil, JET A-1 fuel]	3 430	3 326	3.1	1 757	52.4	500	45.0	1 166	45.5		
Heavy fractions [heavy heating oil, asphalt, oils]	1 356	1 292	5.0	331	9.9	104	9.4	527	20.5		
Other	264	173	52.6	502	14.9	244	22.0	57	2.2		
Total products	6 874	6 524	5.4	3 353	-	1 110	-	2 565	-		
Petrochemical Segment	ORLEN Group	ORLEN Group		PKN ORLEN S.A.		Unipetrol Group		BOP		Anwil Group	
Monomers [ethylene,propylene]	89	125	-28.8	131	42.4	182	20.3	-	-	-	-
Polymers [polyethylene, polypropylene]	188	184	2.2	-	-	134	15.0	54	100.0	-	-
Aromas [benzene, toluene, paraxylene, ortoxylene]	87	95	-8.4	37	12.0	52	5.8	-	-	-	-
Fertilizers [CANWIL, ammonium nitrate, ammonium sulphate, other]	343	303	13.2	-	-	41	4.6	-	-	302	68.8
Plastics [PVC, PVC granulates]	76	109	-30.3	-	-	-	-	-	-	79	18.0
PTA	92	133	-30.8	92	29.8	-	-	-	-	-	-
Other	535	668	-19.9	49	15.8	487	54.3	-	-	58	13.2
Total products	1 410	1 617	-12.8	309	-	896	-	54	-	439	-
Total production	8 284	8 141	1.8	3 662	-	2 006	-	2 619	-	439	-

Results of the ORLEN Group for the III quarter of 2012
(Translation of a document originally issued in Polish)

SALES
for 3 and 9 months ended
30 September 2012 and 30 September 2011

Table 13

Q1 2012	Q2 2012	Q3 2012	Q3 2011	change %	Sales ('000 tonnes)	9 months 2012	9 months 2011	change %
1	2	3	4	5=(3-4)/4	6	7	8	9=(7-8)/8
5 111	5 095	6 290	6 279	0.2	Refining Segment	16 496	17 041	-3.2
1 166	1 089	1 480	1 416	4.5	Light distillates [gasoline, LPG]	3 735	3 971	-5.9
2 381	2 221	2 704	2 789	-3.0	Medium distillates [diesel oil, light heating oil, JET A-1 fuel]	7 306	7 587	-3.7
863	1 083	1 318	1 319	-0.1	Heavy fractions [heavy heating oil, asphalt, oils]	3 264	3 307	-1.3
701	702	788	755	4.4	Other	2 191	2 176	0.7
1 732	1 873	1 995	1 987	0.4	Retail Segment	5 600	5 423	3.3
672	742	764	771	-0.9	Light distillates [gasoline, LPG]	2 178	2 138	1.9
1 060	1 131	1 231	1 216	1.2	Medium distillates [diesel oil, light heating oil]	3 422	3 285	4.2
6 843	6 968	8 285	8 266	0.2	Refining + Retail Segment	22 096	22 464	-1.6
				-				
1 381	1 181	1 342	1 360	-1.3	Petrochemical Segment	3 904	3 829	2.0
135	116	100	120	-16.7	Monomers [ethylene, propylene]	351	372	-5.6
218	194	213	204	4.4	Polymers [polyethylene, polypropylene]	625	629	-0.6
92	88	86	100	-14.0	Aromas [benzene, toluene, paraxylene, ortoxylene]	266	290	-8.3
367	225	420	364	15.4	Fertilizers [CANWIL, ammonium nitrate, ammonium sulphate, other]	1 012	999	1.3
99	84	88	109	-19.3	Plastics [PVC, PVC granulates]	270	309	-12.6
141	119	115	139	-17.3	PTA	374	222	68.5
329	355	320	324	-1.2	Other	1 006	1 008	-0.2
8 224	8 149	9 627	9 626	0.0	ORLEN Capital Group - Total	26 000	26 293	-1.1