Polski Koncern Naftowy ORLEN
Spółka Akcyjna

ORLEN CAPITAL GROUP

CONSOLIDATED QUARTERLY REPORT

FOR I QUARTER 2013

POLISH FINANCIAL SUPERVISION AUTHORITY
Consolidated Quarterly Report QSr I/ 2013

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 I quarter of the reporting year 2013, that is for the period from 01.01.2013 to 31.03.2013, 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).

on 25 April 2013
(submission date)

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

POLSKI KONCERN NAFTOWY ORLEN SPÓŁKA AKCYJNA		
	(full name of the issuer)	
PKN ORLEN		**PALIWOWY (pal)**
(abbreviated name of the issuer)		(industrial sector in line with classification of Warsaw Stock Exchange)
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(zip code)		(location)
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ORLEN GROUP

CONSOLIDATED QUARTERLY REPORT FOR THE I QUARTER OF 2013

SELECTED FINANCIAL DATA

(Translation of a document originally issued in Polish)

SELECTED CONSOLIDATED FINANCIAL DATA	PLN thousand		EUR thousnad	
	I quarter cummulative data period from 01.01.2013 to 31.03.2013	I quarter cummulative data period from 01.01.2012 to 31.03.2012	I quarter cummulative data period from 01.01.2013 to 31.03.2013	I quarter cummulative data period from 01.01.2012 to 31.03.2012
I. Sales revenues	27 471 886	29 247 466	6 581 984	7 007 395
II. Profit from operations	341 021	938 760	81 705	224 917
III. Profit before tax	116 353	1 531 801	27 877	367 004
IV. Net profit attributable to equity holders of the parent	149 315	1 260 158	35 774	301 921
V. Net profit	145 401	1 243 970	34 837	298 043
VI. Total comprehensive income attributable to equity holders of the parent	276 923	1 149 683	66 348	275 452
VII. Total net comprehensive income	258 612	1 100 375	61 961	263 639
VIII. Net cash provided by/(used in) operating activities	(1 342 697)	147 946	(321 696)	35 447
IX. Net cash (used in) investing activities	(132 656)	(555 833)	(31 783)	(133 172)
X. Net cash provided by /(used in) financing activities	575 643	(781 722)	137 918	(187 293)
XI. Net (decrease) in cash and cash equivalents	(899 710)	(1 189 609)	(215 561)	(285 018)
XII. Net profit and diluted net profit per share attributable to equity holders of the parent (in PLN/EUR per share)	0.35	2.95	0.08	0.71
	AS AT 31/03/2013	AS AT 31/12/2012	AS AT 31/03/2013	AS AT 31/12/2012
XIII. Non-current assets	26 672 535	26 810 637	6 384 961	6 418 020
XIV. Current assets	27 041 257	25 820 143	6 473 227	6 180 912
XV. Total assets	53 713 792	52 630 780	12 858 187	12 598 932
XVI. Non-current liabilities	8 168 917	9 196 658	1 955 503	2 201 527
XVII. Current liabilities	16 981 278	15 127 289	4 065 035	3 621 221
XVIII. Total equity	28 563 597	28 306 833	6 837 649	6 776 184
XIX. Equity attributable to equity holders of the parent	26 755 257	26 479 187	6 404 763	6 338 676
XX. Share capital	1 057 635	1 057 635	253 180	253 180
XXI. Number of shares	427 709 061	427 709 061	427 709 061	427 709 061
XXII. Book v alue and diluted book v alue per share attributable to equity holders of the parent (in PLN/EUR per share)	62.55	61.91	14.97	14.82

SELECTED FINANCIAL DATA	PLN thousand		EUR thousand	
	I quarter cummulative data period from 01.01.2013 to 31.03.2013	I quarter cummulative data period from 01.01.2012 to 31.03.2012	I quarter cummulative data period from 01.01.2013 to 31.03.2013	I quarter cummulative data period from 01.01.2012 to 31.03.2012
I. Sales revenues	20 205 061	22 135 325	4 840 927	5 303 399
II. Profit from operations	239 144	670 169	57 296	160 566
III. (Loss)/Profit before tax	(74 824)	1 674 380	(17 927)	401 164
IV. Net profit	15 739	1 356 281	3 771	324 951
V. Total net comprehensive income	40 312	1 429 189	9 658	342 419
VI. Net cash provided by/(used in) operating activities	(874 940)	535 586	(209 627)	128 321
VII. Net cash provided by /(used in) investing activities	170 663	(593 183)	40 889	(142 121)
VIII. Net cash provided by /(used in) financing activities	216 279	(1 040 827)	51 818	(249 372)
IX. Net (decrease) in cash and cash equivalents	(487 998)	(1 098 424)	(116 919)	(263 171)
X. Net profit and diluted net profit per share (in PLN/EUR per share)	0.04	3.17	0.01	0.76
	AS AT 31/03/2013	AS AT 31/12/2012	AS AT 31/03/2013	AS AT 31/12/2012
XI. Non-current assets	22 324 991	22 474 134	5 344 231	5 379 933
XII. Current assets	19 403 725	18 932 835	4 644 929	4 532 205
XIII. Total assets	41 728 716	41 406 969	9 989 160	9 912 139
XIV. Non-current liabilites	6 652 743	7 702 331	1 592 556	1 843 810
XV. Current liabilites	12 115 655	10 784 632	2 900 286	2 581 661
XVI. Total equity	22 960 318	22 920 006	5 496 318	5 486 668
XVII. Share capital	1 057 635	1 057 635	253 180	253 180
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)	53.68	53.59	12.85	12.83

The above data for the I quarter of 2013 and 2012 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 31 March 2013 – 4.1774 PLN/EUR;
- items of statement of profit or loss and other 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 from 1 January to 31 March 2013- 4.1738 PLN/EUR.

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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE 3 MONTHS PERIOD ENDED 31 MARCH 2013

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY EUROPEAN UNION

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 31/03/2013 (unaudited)	AS AT 31/12/2012
ASSETS			
Non-current assets			
Property, plant and equipment		24 719 478	24 743 734
Investment property		122 245	117 270
Intangible assets		1 371 666	1 447 300
Perpetual usufruct of land		97 023	97 777
Investments accounted for under equity method		11 880	11 932
Financial assets available for sale		40 667	40 820
Deferred tax assets		283 730	296 939
Other non-current assets		25 846	54 865
		26 672 535	**26 810 637**
Current assets			
Inventories		16 657 223	15 011 047
Trade and other receivables		8 845 428	8 075 302
Other short-term financial assets	*3.3.*	82 440	368 125
Income tax receivables		124 727	89 625
Cash and cash equivalents		1 311 473	2 211 425
Non-current assets classified as held for sale		19 966	64 619
		27 041 257	**25 820 143**
Total assets		**53 713 792**	**52 630 780**
EQUITY AND LIABILITIES			
EQUITY			
Share capital		1 057 635	1 057 635
Share premium		1 227 253	1 227 253
Hedging reserve		(52 035)	(73 232)
Revaluation reserve		2 656	6 973
Foreign exchange differences on subsidiaries from consolidation		191 654	80 926
Retained earnings		24 328 094	24 179 632
Total equity attributable to equity holders of the parent		**26 755 257**	**26 479 187**
Non-controlling interest		**1 808 340**	**1 827 646**
Total equity		**28 563 597**	**28 306 833**
LIABILITIES			
Non-current liabilities			
Loans,borrowings and debt securities	*3.5.*	6 666 478	7 678 446
Provisions	*3.4.*	656 700	660 279
Deferred tax liabilities		676 073	671 603
Deferred income		15 366	15 321
Other non-current liabilities		154 300	171 009
		8 168 917	**9 196 658**
Current liabilities			
Trade and other liabilities		12 601 272	12 655 891
Loans,borrowings and debt securities	*3.5.*	3 208 194	1 294 641
Income tax liabilities		54 407	83 737
Provisions	*3.4.*	764 830	802 719
Deferred income		256 167	168 305
Other financial liabilities		96 408	121 996
		16 981 278	**15 127 289**
Total liabilities		**25 150 195**	**24 323 947**
Total equity and liabilities		**53 713 792**	**52 630 780**

The accompanying notes disclosed on pages 10 - 18 are an integral part of the foregoing interim condensed consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income

	NOTE	FOR 3 MONTHS ENDED 31/03/2013 (unaudited)	FOR 3 MONTHS ENDED 31/03/2012 (unaudited)
Statement of profit or loss			
Sales revenues	*3.6.*	27 471 886	29 247 466
Cost of sales	*3.7.*	(25 821 273)	(26 980 832)
Gross profit on sales		**1 650 613**	**2 266 634**
Distribution expenses		(955 428)	(937 600)
General and administrative expenses		(357 599)	(366 682)
Other operating revenues	*3.8.*	71 643	132 374
Other operating expenses	*3.8.*	(68 208)	(155 966)
Profit from operations		**341 021**	**938 760**
Financial revenues	*3.9.*	125 910	826 980
Financial expenses	*3.9.*	(350 438)	(233 435)
Financial revenues and expenses		**(224 528)**	**593 545**
Share in profit from investments accounted for under equity method		(140)	(504)
Profit before tax		**116 353**	**1 531 801**
Income tax expense	*3.10.*	29 048	(287 831)
Net profit		**145 401**	**1 243 970**
Items of other comprehensive income			
which will not be reclassified into profit or loss		**(6 853)**	**-**
Fair value measurement of investment property as at the date of reclassification		*(8 461)*	-
Deferred tax		*1 608*	-
which will be reclassified into profit or loss under certain conditions		**120 064**	**(143 595)**
Hedging instruments		*23 486*	*112 463*
Foreign exchange differences on subsidiaries from consolidation		*101 040*	*(234 690)*
Deferred tax		*(4 462)*	*(21 368)*
		113 211	**(143 595)**
Total net comprehensive income		**258 612**	**1 100 375**
Net profit attributable to		**145 401**	**1 243 970**
equity holders of the parent		*149 315*	*1 260 158*
non-controlling interest		*(3 914)*	*(16 188)*
Total comprehensive income attributable to		**258 612**	**1 100 375**
equity holders of the parent		*276 923*	*1 149 683*
non-controlling interest		*(18 311)*	*(49 308)*
Net profit and diluted net profit per share attributable to equity holders of the parent (in PLN per share)		0.35	2.95

The accompanying notes disclosed on pages 10 - 18 are an integral part of the foregoing interim condensed consolidated financial statements.

Consolidated statement of cash flows

	FOR 3 MONTHS ENDED 31/03/2013 (unaudited)	FOR 3 MONTHS ENDED 31/03/2012 (unaudited) restated data
Cash flows - operating activities		
Net profit	**145 401**	**1 243 970**
Adjustments for:		
Share in profit from investments accounted for under equity method	140	504
Depreciation and amortisation	537 874	578 585
Foreign exchange loss/(gain)	61 245	(388 248)
Interest, net	65 666	87 221
(Profit)/Loss on investing activities	(42 231)	35 717
Change in provisions	55 883	152 268
Income tax expense	(29 048)	287 831
Income tax (paid)	(4 331)	(180 827)
Other adjustments	(48 491)	(140 894)
Change in working capital	(2 084 805)	(1 528 181)
inventories	*(1 566 168)*	*(1 777 998)*
receivables	*(584 212)*	*(661 860)*
liabilities	*65 575*	*911 677*
Net cash provided by/(used in) operating activities	**(1 342 697)**	**147 946**
Cash flows - investing activities		
Acquisition of property, plant and equipment and intangible assets	(526 688)	(548 462)
Disposal of property, plant and equipment and intangible assets	90 586	11 113
Acquisition of shares	(75)	(9 578)
Disposal of shares	100	268
Acquisition of securities and deposits	-	(17 192)
Disposal of securities and deposits	12 246	7 505
Proceeds from loans granted	273 604	-
Other	17 571	513
Net cash (used in) investing activities	**(132 656)**	**(555 833)**
Cash flows - financing activities		
Proceeds from loans and borrowings received*	2 994 082	2 768 247
Debt securities issued	-	1 000 000
Repayments of loans and borrowings*	(2 328 422)	(3 697 987)
Redemption of debt securities	-	(750 000)
Interest paid	(80 604)	(92 918)
Payments of liabilities under finance lease agreements	(7 014)	(7 291)
Dividends paid to non-controlling shareholders	(31)	-
Other	(2 368)	(1 773)
Net cash provided by/(used in) financing activities	**575 643**	**(781 722)**
Net (decrease) in cash and cash equivalents	**(899 710)**	**(1 189 609)**
Effect of exchange rate changes	(242)	(3 654)
Cash and cash equivalents, beginning of the period	**2 211 425**	**5 409 166**
Cash and cash equivalents, end of the period	**1 311 473**	**4 215 903**

* The decrease in proceeds/repayments of loans and borrowings by PLN 1,014,973 thousand for 3 months period ended 31 March 2012 due to implementation of presentation of net change in overdraft.

The accompanying notes disclosed on pages 10 - 18 are an integral part of the foregoing interim condensed consolidated financial statements.

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 2013	2 284 888	(73 232)	80 926	6 973	24 179 632	26 479 187	1 827 646	28 306 833
Net profit	-	-	-	-	149 315	149 315	(3 914)	145 401
Items of other comprehensive income	-	21 197	110 728	(4 317)	-	127 608	(14 397)	113 211
Total net comprehensive income	**-**	**21 197**	**110 728**	**(4 317)**	**149 315**	**276 923**	**(18 311)**	**258 612**
Change in the structure of non-controlling interest	-	-	-	-	(853)	(853)	(995)	(1 848)
31 March 2013	**2 284 888**	**(52 035)**	**191 654**	**2 656**	**24 328 094**	**26 755 257**	**1 808 340**	**28 563 597**
(unaudited)								
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	-	-	-	-	1 260 158	1 260 158	(16 188)	1 243 970
Items of other comprehensive income	-	84 234	(194 709)	-	-	(110 475)	(33 120)	(143 595)
Total net comprehensive income	**-**	**84 234**	**(194 709)**	**-**	**1 260 158**	**1 149 683**	**(49 308)**	**1 100 375**
Change in the structure of non-controlling interest	-	-	-	-	6 905	6 905	(16 475)	(9 570)
Dividends	-	-	-	-	-	-	(8 966)	(8 966)
31 March 2012	**2 284 888**	**59 929**	**220 919**	**5 301**	**23 119 324**	**25 690 361**	**2 190 161**	**27 880 522**
(unaudited)								

The accompanying notes disclosed on pages 10 - 18 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 Polski Koncern Naftowy ORLEN S.A. Capital Group's ("Group", "Capital Group", "ORLEN Group", "ORLEN Capital Group") financial position as at 31 March 2013 and as at 31 December 2012, financial results and cash flows for the period of 3 months ended 31 March 2013 and 31 March 2012.

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.

1.2.2. In respect of the entity authorized to conduct review of the 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 2012.

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 presented in note 4 in the consolidated financial statements for the year 2012.
Additionally, in the I quarter of 2013 the Group made an assumption of due CO_2 emission rights to be granted free of charge for 2013.
The updated Directive 2009/29/EC of the European Parliament and of the Council of 23 April 2009 amending Directive 2003/87/EC so as to improve and extend the greenhouse gas emission allowance trading scheme of the Community (EU ETS Directive) implemented harmonized, binding for the whole European Union, principles of emission rights allocation, effective in the settlement period starting in 2013.
Based on EU ETS Directive the Group set the preliminary allocation of emission rights granted free of charge based on emission indices obligatory for the settlement period starting in 2013.
As at 31 March 2013 the process of allocation of emission rights granted free of charge for the member states was not finalized by the European Commission.
As a result, as at 31 March 2013, in trade receivables the Group recognized receivables on CO_2 emission rights granted free of charge of 8,623,847 tonnes in the value of PLN 167,930 thousand.
After the emission rights allocation, the Group will reclassify the above rights to intangible assets.

Since the I quarter of 2013 the ORLEN Group separated the upstream operating segment, which activities have been presented within the corporate functions so far. Comparative data for 3 months ended 31 March 2012 and as at 31 December 2012 was restated.

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 new amendments to IFRSs on the Group's future consolidated financial statements was presented in note 3.2 in the Consolidated Financial Statements for the year 2012.

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

1.3.1. Functional currency and presentation currency

The functional currency of the Parent Entity and presentation currency of the foregoing interim condensed consolidated financial statements is Polish Zloty (PLN). The data is presented in PLN thousand in the consolidated financial statements, unless stated differently.

1.3.2. Methods applied to translation of data for consolidation purposes

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 profit or loss or other comprehensive income and statement of cash flows are translated at the average rate (arithmetic average of average exchange rates published by the National Bank of Poland ("NBP") in the reporting period).
Foreign exchange differences resulting from the above recalculations are recognized in the equity as foreign exchange differences on subsidiaries from consolidation.

CURRENCIES	Average exchange rate for the reporting period		Exchange rate at the end of the reporting period	
	FOR 3 MONTHS ENDED 31/03/2013	FOR 3 MONTHS ENDED 31/03/2012	AS AT 31/03/2013	AS AT 31/12/2012
PLN/EUR	4.1555	4.2313	4.1774	4.0882
PLN/USD	3.1471	3.2263	3.2590	3.0996
PLN/CZK	0.1626	0.1687	0.1621	0.1630

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,
– upstream segment, which includes exploration and extraction of hydrocarbons,
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 B2.

Revenues, expenses and financial result by operating segments

for 3 months ended 31 March 2013

	Refining Segment (unaudited)	Retail Segment (unaudited)	Petrochemical Segment (unaudited)	Upstream Segment (unaudited)	Corporate Functions (unaudited)	Adjustments (unaudited)	Total (unaudited)
Sales revenues from external customers	15 044 422	8 166 758	4 240 966	401	19 339	-	27 471 886
Sales revenues from transactions with other segments	6 492 925	35 105	875 367	-	57 143	(7 460 540)	-
Sales revenues	21 537 347	8 201 863	5 116 333	401	76 482	(7 460 540)	27 471 886
Operating expenses	(21 564 623)	(8 164 334)	(4 611 594)	(6 395)	(247 894)	7 460 540	(27 134 300)
Other operating revenues	30 566	14 645	11 847	-	14 867	(282)	71 643
Other operating expenses	(37 423)	(15 002)	(4 499)	-	(11 566)	282	(68 208)
Segment profit/(loss) from operations	**(34 133)**	**37 172**	**512 087**	**(5 994)**	**(168 111)**	**-**	**341 021**
Financial revenues							125 910
Financial expenses							(350 438)
Share in profit from investments accounted for under equity method	(154)	-	14	-	-	-	(140)
Profit before tax							**116 353**
Income tax expense							29 048
Net profit							**145 401**

for 3 months ended 31 March 2012

	Refining Segment (unaudited)	Retail Segment (unaudited)	Petrochemical Segment (unaudited)	Upstream Segment (unaudited) restated data	Corporate Functions (unaudited) restated data	Adjustments (unaudited) restated data	Total (unaudited)
Sales revenues from external customers	16 062 538	8 916 592	4 246 088	69	22 179	-	29 247 466
Sales revenues from transactions with other segments	7 025 486	31 457	964 535	-	53 860	(8 075 338)	-
Sales revenues	23 088 024	8 948 049	5 210 623	69	76 039	(8 075 338)	29 247 466
Operating expenses	(22 334 165)	(8 909 385)	(4 871 391)	(4 813)	(240 698)	8 075 338	(28 285 114)
Other operating revenues	53 553	23 118	34 202	-	21 526	(25)	132 374
Other operating expenses	(75 369)	(35 319)	(27 800)	(1)	(17 502)	25	(155 966)
Segment profit/(loss) from operations	**732 043**	**26 463**	**345 634**	**(4 745)**	**(160 635)**	**-**	**938 760**
Financial revenues							826 980
Financial expenses							(233 435)
Share in profit from investments accounted for under equity method	(343)	-	(161)	-	-	-	(504)
Profit before tax							**1 531 801**
Income tax expense							(287 831)
Net profit							**1 243 970**

Assets by operating segments

	AS AT 31/03/2013 (unaudited)	AS AT 31/12/2012 restated data
Refining Segment	32 390 389	30 199 689
Retail Segment	6 330 164	5 955 683
Petrochemical Segment	12 789 245	12 779 493
Ustream Segment	384 608	337 524
Segment assets	**51 894 406**	**49 272 389**
Corporate Functions	2 340 948	3 597 557
Adjustments	(521 562)	(239 166)
	53 713 792	**52 630 780**

Restatement of the previously presented segment data in relation to separation of the new Upstream Segment

for 3 months ended 31 March 2012

	published data for the I quarter of 2012		restatements			restated data		
	Corporate Functions (unaudited)	Adjustments (unaudited)	Corporate Functions	Adjustments	Total	Upstream Segment (unaudited)	Corporate Functions (unaudited)	Adjustments (unaudited)
Sales revenues from external customers	22 248	-	69	-	69	69	22 179	-
Sales revenues from transactions with other segments	53 836	(8 075 314)	(24)	24	-	-	53 860	(8 075 338)
Sales revenues	76 084	(8 075 314)	45	24	69	69	76 039	(8 075 338)
Operating expenses	(245 487)	8 075 314	(4 789)	(24)	(4 813)	(4 813)	(240 698)	8 075 338
Other operating revenues	21 526	(25)	-		-	-	21 526	(25)
Other operating expenses	(17 503)	25	(1)		(1)	(1)	(17 502)	25
Segment profit/(loss) from operations	**(165 380)**	**-**	**(4 745)**	**-**	**(4 745)**	**(4 745)**	**(160 635)**	**-**

as at 31 December 2012

	data published as at 31/12/2012	restatements	data restated as at 31/12/2012
Refining Segment	30 199 689	-	30 199 689
Retail Segment	5 955 683	-	5 955 683
Petrochemical Segment	12 779 493	-	12 779 493
Ustream Segment	-	(337 524)	337 524
Segment assets	**48 934 865**	**(337 524)**	**49 272 389**
Corporate Functions	3 935 065	337 508	3 597 557
Adjustments	(239 150)	16	(239 166)
	52 630 780	**-**	**52 630 780**

3. Other notes

3.1. Impairment allowances of assets

	FOR 3 MONTHS ENDED 31/03/2013 (unaudited)	FOR 3 MONTHS ENDED 31/03/2012 (unaudited)
Property, plant and equipment		
Recognition	(1 917)	(25 317)
Reversal	2 723	19 425
Intangible assets		
Recognition	(1 248)	(17 911)
Reversal	1	633
Financial assets available for sale		
Recognition	(151)	-
Reversal	7	215
Receivables		
Recognition	(10 295)	(17 497)
Reversal	8 601	14 842

Recognition and reversal of impairment allowances in the 3 months period ended 31 March 2013 and 31 March 2012 related mainly to:
- obsolescence of property, plant and equipment and intangible assets,
- occurrence or 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 3 MONTHS ENDED 31/03/2013 (unaudited)	FOR 3 MONTHS ENDED 31/03/2012 (unaudited)
Increase	(77 151)	(63 340)
Decrease	59 937	98 974

3.3. Other short-term financial assets

	AS AT 31/03/2013 (unaudited)	AS AT 31/12/2012
Cash flow hedge instruments	41 568	46 491
foreign currency forwards	*19 095*	*44 978*
commodity swaps	*22 473*	*1 513*
Derivatives not designated as hedge accounting	24 611	22 783
foreign currency forwards	*1 162*	*9 425*
foreign currency swaps	*-*	*428*
commodity swaps	*23 449*	*12 930*
Embedded derivatives	266	744
foreign currency swaps	*266*	*744*
Deposits	10 371	22 262
Loans granted	5 535	275 763
Available for sale	89	82
	82 440	**368 125**

3.4. Provisions

	Non-current		Current		Total	
	AS AT 31/03/2013 (unaudited)	AS AT 31/12/2012	AS AT 31/03/2013 (unaudited)	AS AT 31/12/2012	AS AT 31/03/2013 (unaudited)	AS AT 31/12/2012
Environmental provision	327 780	327 555	41 287	45 845	369 067	373 400
Jubilee and post-employment benefits provision	280 020	279 427	34 733	34 886	314 753	314 313
Business risk provision	15 793	20 818	58 511	58 983	74 304	79 801
Shield programs provision	-	-	40 163	42 379	40 163	42 379
Provision for CO_2 emission	-	-	390 666	378 009	390 666	378 009
Other	33 107	32 479	199 470	242 617	232 577	275 096
	656 700	**660 279**	**764 830**	**802 719**	**1 421 530**	**1 462 998**

3.5. Loans, borrowings and debt securities

	Non-current		Current		Total	
	AS AT 31/03/2013 (unaudited)	AS AT 31/12/2012	AS AT 31/03/2013 (unaudited)	AS AT 31/12/2012	AS AT 31/03/2013 (unaudited)	AS AT 31/12/2012
Bank loans	5 661 270	6 654 652	2 852 428	940 200	8 513 698	7 594 852
Borrowings	958	1 078	480	480	1 438	1 558
Debt securities	1 004 250	1 022 716	355 286	353 961	1 359 536	1 376 677
	6 666 478	**7 678 446**	**3 208 194**	**1 294 641**	**9 874 672**	**8 973 087**

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 or borrowings repayment of principal and interest nor breaches of covenants.

3.6. Sales revenues

	FOR 3 MONTHS ENDED 31/03/2013 (unaudited)	FOR 3 MONTHS ENDED 31/03/2012 (unaudited)
Revenues from sales of finished goods and services, net	22 323 697	22 126 553
Revenues from sales of merchandise and raw materials, net	5 148 189	7 120 913
	27 471 886	**29 247 466**

3.7. Operating expenses

Cost of sales

	FOR 3 MONTHS ENDED 31/03/2013 (unaudited)	FOR 3 MONTHS ENDED 31/03/2012 (unaudited)
Cost of finished goods and services sold	(20 927 086)	(20 185 997)
Cost of merchandise and raw materials sold	(4 894 187)	(6 794 835)
	(25 821 273)	**(26 980 832)**

Cost by kind

	FOR 3 MONTHS ENDED 31/03/2013 (unaudited)	FOR 3 MONTHS ENDED 31/03/2012 (unaudited)
Materials and energy	(20 397 864)	(20 257 726)
Cost of merchandise and raw materials sold	(4 894 187)	(6 794 835)
External services	(1 031 941)	(1 015 936)
Employee benefits	(531 143)	(527 382)
Depreciation and amortisation	(537 874)	(578 585)
Taxes and charges	(145 823)	(127 729)
Other	(153 480)	(244 250)
	(27 692 312)	**(29 546 443)**
Change in inventories	427 536	1 068 930
Cost of products and services for own use	62 268	36 433
Operating expenses	**(27 202 508)**	**(28 441 080)**
Distribution expenses	955 428	937 600
General and administrative expenses	357 599	366 682
Other operating expenses	68 208	155 966
Cost of sales	**(25 821 273)**	**(26 980 832)**

3.8. Other operating revenues and expenses

Other operating revenues

	FOR 3 MONTHS ENDED 31/03/2013 (unaudited)	FOR 3 MONTHS ENDED 31/03/2012 (unaudited)
Profit on sale of non-current non-financial assets	4 971	6 978
Reversal of provisions	13 012	13 501
Reversal of receivables impairment allowances	8 601	14 842
Reversal of impairment allowances of property, plant and equipment and intangible assets	2 724	20 058
Penalties and compensations earned	11 009	11 985
Grants	97	3 361
Other	31 229	61 649
	71 643	**132 374**

The line “other” in the 3 months period ended 31 March 2013 and 31 March 2012 includes mainly an update of the provision for costs of CO_2 emission as well as the effect of recognition of CO_2 emission rights surpluses received free of charge in relation to actual emissions of PLN 27,735 thousand and PLN 39,465 thousand, respectively.

Other operating expenses

	FOR 3 MONTHS ENDED 31/03/2013 (unaudited)	FOR 3 MONTHS ENDED 31/03/2012 (unaudited)
Loss on sale of non-current non-financial assets	(8 857)	(19 307)
Recognition of provisions	(8 154)	(10 930)
Recognition of receivables impairment allowances	(10 295)	(17 497)
Recognition of impairment allowances of property, plant and equipment and intangible assets	(3 165)	(43 228)
Costs of losses, breakdowns and compensations	(3 327)	(6 580)
Other	(34 410)	(58 424)
	(68 208)	**(155 966)**

The line "other" in the 3 months period ended 31 March 2013 and 31 March 2012 includes mainly an update of the provision for costs of CO_2 emission of PLN (16,235) thousand and PLN (39,597) thousand, respectively.

3.9. Financial revenues and expenses

Financial revenues

	FOR 3 MONTHS ENDED 31/03/2013 (unaudited)	FOR 3 MONTHS ENDED 31/03/2012 (unaudited)
Interest	21 897	49 008
Foreign exchange gain surplus	7 607	704 404
Settlement and valuation of financial instruments	90 365	68 749
Reversal of receivables impairment allowances	5 964	3 392
Reversal of investment impairment allowances	7	215
Other	70	1 212
	125 910	**826 980**

Financial expenses

	FOR 3 MONTHS ENDED 31/03/2013 (unaudited)	FOR 3 MONTHS ENDED 31/03/2012 (unaudited)
Interest	(68 516)	(94 107)
Foreign exchange loss surplus	(204 504)	(62 020)
Settlement and valuation of financial instruments	(64 212)	(59 980)
Recognition of receivables impairment allowances	(5 631)	(5 457)
Recognition of investment impairment allowances	(151)	-
Other	(7 424)	(11 871)
	(350 438)	**(233 435)**

Borrowing cost capitalized in the 3 months period ended 31 March 2013 and 31 March 2012 amounted to PLN (3,352) thousand and PLN (3,303) thousand, respectively.

3.10. Income tax expense

	FOR 3 MONTHS ENDED 31/03/2013 (unaudited)	FOR 3 MONTHS ENDED 31/03/2012 (unaudited)
Current income tax	59 598	(218 832)
Deferred income tax	(30 550)	(68 999)
	29 048	**(287 831)**

The positive value of current income tax is a result of recognition as a reduction of tax burden PLN 94,964 thousand in connection with the favorable for PKN ORLEN court sentence of the Supreme Administrative Court for the recognition of compensation paid in 2009 to Agrofert as a tax deductible expense.
The amount of deferred tax for the 3 months period ended 31 March 2013 comprised mainly of revaluation of non-cash assets tax value of ORLEN Lietuva due to changes in exchange rates LTL/USD.

3.11. Methods applied in determining fair values of financial instruments recognized 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 period the Group has not changed valuation methods concerning derivative instruments.
Fair value of derivatives is based on discounted future flows related to contracted transactions 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 is not applicable, are recognized in a reporting year profit or loss.

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 possible to observe (so called Level 2).

Fair value hierarchy

	AS AT 31/03/2013 (unaudited)		AS AT 31/12/2012	
	LEVEL 1	LEVEL 2	LEVEL 1	LEVEL 2
Financial assets				
Quoted shares	934	-	1 078	-
Embedded derivatives and hedging instruments	-	66 446	-	98 089
	934	**66 446**	**1 078**	**98 089**
Financial liabilities				
Embedded derivatives and hedging instruments	-	133 819	-	194 843
	-	**133 819**	**-**	**194 843**

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

3.12. Finance lease payments

As at 31 March 2013 and as at 31 December 2012, the Group possessed as a lessee, the finance lease agreements, concerning mainly buildings, machinery and equipment as well as means of transportation.

	AS AT 31/03/2013 (unaudited)	AS AT 31/12/2012
Future value of minimum lease payments	130 844	118 745
Present value of minimum lease payments	110 247	101 905

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 31 March 2013 and as at 31 December 2012 the value of future liabilities resulting from investment contracts signed until that day amounted to PLN 2,265,767 thousand and PLN 1,961,006 thousand, respectively.

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

In the period covered by the foregoing interim condensed consolidated financial statements, in order to optimize liquidity in the ORLEN Capital Group, short-term debt securities were issued to the Group companies.

3.16. Dividends

The Management Board of PKN ORLEN recommended under the resolution of 28 March 2013 that the net profit of the Parent Company for the year 2012 of PLN 2,127,797,966.06 PLN should be allocated as follows: PLN 641,563,591.50 as dividend payment (PLN 1.5 per 1 share) and PLN 1,486,234,374.56 as reserve capital. The final decision on the profit distribution will be made by the Ordinary Shareholders' Meeting of PKN ORLEN S.A.

3.17. Contingent liabilities

	AS AT 31/12/2012	Increases/ (Decreases)	AS AT 31/03/2013 (unaudited)
Court proceedings	4 038	1 074	5 112
	4 038	**1 074**	**5 112**

Court proceedings as at 31 March 2013 relate mainly to claims arising from trade contracts with contractors and employees' claims.

Spolana a.s. currently produces chlorine using the mercury electrolysis. According to the owned integrated pollution prevention and control license (IPPC) that is in force until 2014, when production ceases, the company is required to present a reclamation program after it stops to use its fixed assets. On 28 February 2013 Spolana's request for the extension of the IPPC was dismissed by the local authorities. Currently, the Board of Directors of Spolana takes administrative steps to appeal. In the same time, alternative means of PVC production using other technologies are considered. This will require an adaptation of the electrolysis building to its new function – PVC packed finished goods warehouse. At this point, no physical liquidation of the building and thus no potential costs of reclamation are expected. In 2012 Spolana recognized a provision of PLN 4,972 thousand for the expected adaptation costs of the electrolysis building to its new function. These costs have been estimated by an independent expert. More detailed description in the Consolidated Financial Statements for the year 2012 in note 38.

3.18. Guarantees

Excise tax guarantees and excise tax on goods and merchandise under the excise tax suspension procedure as at 31 March 2013 and as at 31 December 2012 amounted to PLN 1,807,497 thousand and PLN 1,729,558 thousand, respectively.

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 I QUARTER 2013

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. ("PKN ORLEN", "Company", "the Parent Company") 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, exploration and extraction of hydrocarbons 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, Lithuania, Malta, Sweden, Netherlands, Slovakia, Switzerland, Estonia and Latvia.

CONSOLIDATION SCHEME OF THE CAPITAL GROUP – first level

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

fully consolidated entities

entities consolidated under proportionate method

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

name of the group	Share in total voting rights	
	31/03/2013	31/12/2012
1. Capital Group of Rafineria Trzebinia S.A.	86.35%	86.35%
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%	100%
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%
Platinum Oil Wielkopolskie Centrum Dystrybucji sp. z o.o.	22%	22%
4. Capital Group of AB ORLEN Lietuva	100%	100%
UAB Medikvita (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.	62.99%	62.99%
Capital Group of UNIPETROL RPA s.r.o	100%	100%
UNIPETROL DOPRAVA s.r.o.	100%	100%
CHEMOPETROL a.s	100%	100%
UNIPETROL SLOVENSKO s.r.o.	100%	100%
POLYMER INSTITUTE BRNO spol. s.r.o.	100%	100%
HC VERVA Litvinov a.s.	70.95%	70.95%
CHEMAPOL (SCHWEIZ) AG	100%	100%
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%
UNIPETROL RAFINERIE 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%
UNIPETROL AUSTRIA HmbH	100%	100%
CESKA RAFINERSKA a.s.	51.22%	51.22%
Butadien Kralupy s.r.o.	51%	51%
6. Capital Group of "Anwil" S.A.	100%	100%
Przedsiębiorstwo Inwestycyjno-Remontowe Remwil Sp. z o.o.	100%	99.98%
Przedsiębiorstwo Produkcyjno-Handlowo-Usługowe Pro-Lab Sp. z o.o.	99.32%	99.32%
Przedsiębiorstwo Usług Specjalistycznych i Projektowych Chemeko Sp. z o.o.	77.96%	77.96%
Spolana a.s.	100%	100%
Zakład Usługowo Produkcyjny EKO-Dróg Sp. z o.o.	48.78%	48.78%
Przedsiębiorstwo Usług Technicznych Wircom Sp. z o.o.	49.02%	49.02%
Specjalistyczna Przychodnia Przemysłowa Prof-Med Sp. z o.o.	45.86%	45.86%
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.	98.58%	98.58%

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

name of the group	Share in total voting rights	
	31/03/2013	31/12/2012
9. Capital Group of ORLEN Holding Malta Ltd.	100%	100%
ORLEN Insurance Ltd.	100%	100%
10. Capital Group of Płocki Park Przemysłowo-Technologiczny S.A.	50%	50%
Centrum Edukacji Sp. z o.o.	69.43%	69.43%
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%	100%
13. Capital Group of Orlen Asfalt Sp. z o.o.	100%**	100%**
ORLEN ASFALT Ceska Republika s.r.o.	100%	100%

* 94.02% share in consolidated financial data

** 97.61% share in consolidated financial data

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

Profit from operations of the ORLEN Capital Group ("ORLEN Group") based on LIFO method of inventory valuation for the I quarter of 2013 amounted to PLN 394 million and was higher by PLN 193 million (y/y).

The positive effect of macroeconomic factors changes including refining, petrochemical margins and URAL/Brent differential as well as higher sales volume increased ORLEN Group's operating result in the I quarter of 2013 by PLN 438 million (y/y).

The effect of other factors amounted to PLN (-) 245 million (y/y) and included mainly lack of positive one-off event from the I quarter of 2012 related to repurchase transactions of second tranche of mandatory reserves from Maury Sp. z o.o.

The negative impact of crude oil prices on inventory valuation in the I quarter of 2013 was equal to PLN (-)53 million in comparison with the positive result of PLN 738 million in the analogous period of the previous year, which resulted in a decrease in the operating result of the ORLEN Group by PLN (-) 791 million (y/y).

As a result, the ORLEN Group's operating result for the I quarter of 2013 amounted to PLN 341 million, in comparison to PLN 939 million in the analogous period of the previous year.

Net financial expenses in the I quarter of 2013 amounted to PLN (-) 225 million and comprised primarily of net foreign exchange losses on revaluation of loans and other items in foreign currencies of PLN (-) 197 million, net interest expenses of PLN (-) 47 million and net income from the valuation of financial instruments of PLN 26 million.

In accordance with the IAS 39 (Financial Instruments: Recognition and Measurement) foreign exchange losses from loans in USD as part of a hedging relationship established with an investment in the ORLEN Lietuva of PLN (-) 132 million and in accordance with IAS 21 (The Effects of Changes in Foreign Exchange Rates) foreign exchange losses resulting from the translation of foreign currency loans balances of foreign entities of PLN (-) 34 million were recognized in equity in the position of exchange differences on subsidiaries from consolidation.

The positive effect of tax charges in relation to net profit is mainly due to the tax burden reduction of PLN 95 million in connection with the favorable for PKN ORLEN S.A. court judgment of the Supreme Administrative Court for the recognition of compensation paid in 2009 to Agrofert as a tax deductible cost.

After consideration of tax charges, net profit of the ORLEN Group for the I quarter of 2013 amounted to PLN 145 million.

Results from operations of the core entities belonging to the ORLEN Group in the I quarter of 2013

- **PKN ORLEN S.A.** – profit from operations decreased by PLN (-) 431 million (y/y) and amounted to PLN 239 million.
  - result of refining segment, lower by PLN (-) 538 million was mainly due to the negative impact of declining oil prices on inventories valuation of PLN (-) 509 million and the above mentioned lack of positive one-off effect related to the repurchase of part of mandatory crude oil reserves from the I quarter of 2012, as well as positive impact of macroeconomic factors and higher sales volume.
  - result of the retail segment, higher by PLN 29 million (y/y) due to improved fuel margins accompanied by lower volume sales,
  - result of petrochemical segment, higher by PLN 95 million (y/y) includes mainly positive impact of macroeconomic factors accompanied by lower volume sales,
  - costs of corporate functions, higher by PLN (-) 17 million (y/y) mainly results from lack of positive effects on other operating activities that occurred in the I quarter of 2012, mainly including adjustment of assets impairment allowances.

- **ORLEN Lietuva Group** – the result from operations was lower by PLN (-) 60 million (y/y) and amounted to PLN 13 million.
  - the result of refining segment, lower by PLN (-) 69 million (y/y) mainly due to negative inventories valuation in the amount of PLN (-) 171 million (y/y) along with the positive impact of changes in the macroeconomic factors as well as higher volume sales.
  - result of retail segment, higher by PLN 1 million (y/y) mainly due to stable fuel and non-fuel margins,
  - costs of corporate functions, lower by PLN 8 million (y/y) mainly due to positive effect of the balance of other operating activities.

- **Unipetrol Group** – the result from operations was lower by PLN (-) 1 million (y/y) and amounted to PLN (-) 9 million.
  - result of refining segment, lower by PLN (-) 97 million (y/y) was mainly due to negative impact of inventories valuation in the amount of PLN (-) 57 million (y/y) and pressure on trading margins under the condition of decreasing fuel consumption,
  - retail segment result, lower by PLN (-) 15 million (y/y) was mainly due to lower fuel and non-fuel margins as well as lower volume sales,
  - result of petrochemical segment, higher by PLN 109 million (y/y) mainly due to the favorable changes in the macroeconomic environment and negative impact of inventories valuation in the amount of PLN (-) 37 million as well as lower volume sales,
  - costs of corporate functions lower by PLN 2 million (y/y).

Net indebtedness and cash flows

As at 31 March 2013 net indebtedness of the ORLEN Group amounted to PLN 8,563 million and was higher by PLN 1,801 million as compared to the level at the end of 2012.
Net financial leverage at the end of the I quarter of 2013 amounted to 26.9%.
The increase in net indebtedness was mainly due to net borrowing of loans in the amount of PLN 666 million, a decrease in cash balances of PLN 900 million and foreign exchange losses from the revaluation of foreign exchange loans in the amount of PLN 256 million.

Net cash from operating activities in the I quarter of 2013 amounted to PLN (-) 1,343 million, mainly as the result of increased demand for the net working capital, including repurchase of part of mandatory crude oil reserves from Ashby Sp. z o.o. in the total amount of PLN 1,593 million including the settlement of the hedging transaction and value added tax. The amount of input VAT of PLN 275 million in accordance with applicable regulations will increase net cash from operating activities in the II quarter of 2013.

Net cash used in investing activities in the I quarter of 2013 amounted to PLN (-) 133 million and comprised mainly of net expenditure for the acquisition of tangible and intangible non-current assets in the amount of PLN (-) 436 million and proceeds from repayment of the Whirlwind Sp. z o.o. short-term loan issued in relation to sales of mandatory reserves in December 2012 in the amount of PLN 272 million.

Net inflow of cash from financing activities in the I quarter of 2013 amounted to PLN 576 million and consisted mainly of net loans and borrowings received of PLN 666 million and interest payments of PLN (-) 81 million.

As a result the cash balance decreased in the I quarter of 2013 by PLN (-) 900 million and amounted to PLN 1,311 million as at 31 March 2013.

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 2013 until the date of preparation of the foregoing report

On 28 February 2013 PKN ORLEN announced that the deposit agreement dated 26 November 1999 (with further amendments) constituting the PKN ORLEN's global depositary receipts ("GDRs") concluded with The Bank of New York Mellon was terminated on 27 February 2013. The termination of the Deposit Agreement resulted from the notice of termination of the Deposit Agreement sent by PKN ORLEN to the Depositary Bank on 29 November 2012 and expiration of the 90- day notice period from the date of delivery of the above mentioned notice, as stipulated in the Deposit Agreement.
According to the terms of the Deposit Agreement, the Depositary Bank shall, as soon as possible after the termination of the Deposit Agreement, sell the PKN ORLEN shares held by the Depositary Bank and related to outstanding GDRs. The Depositary Bank shall deliver cash from such sale to holders of these GDRs, proportionally to the number of shares represented by GDRs held by them.
In connection with the termination of the Deposit Agreement the listing of the GDRs on the Official List of the London Stock Exchange was cancelled and the GDRs were removed from trading on the London Stock Exchange plc Main Market for listed securities as of 27 February 2013.

On 5 March 2013 PKN ORLEN announced that the deposit agreement dated 10 April 2001 (with further amendments) constituting the PKN ORLEN's American depositary receipts ("ADRs") concluded with The Bank of New York Mellon was terminated on 4 March 2013. The termination of the Deposit Agreement resulted from:
- the notice of termination of the Deposit Agreement sent by PKN ORLEN to the Depositary Bank on 29 November 2012,
- the notice of termination sent by the Depositary Bank to holders of the ADRs on 3 December 2012, and
- expiration of a notice period of at least 90 days commencing on the date of providing the above mentioned notice to holders of the ADRs, as stipulated by the Deposit Agreement.

According to the terms of the Deposit Agreement holders of ADRs may exchange ADRs for the PKN ORLEN's shares within one year following the termination of the Deposit Agreement, i.e. until 4 March 2014. Thereafter, the Depositary Bank may sell any remaining shares related to outstanding ADRs. Holders of ADRs may exchange ADRs for a proportional share of cash from such sale or for the PKN ORLEN's shares, if the Depositary Bank does not perform the sale.

On 28 March 2013 expired the agreement between PKN ORLEN and Ashby Sp. z o.o. that has been concluded on 28 March 2012, regarding gathering and keeping of mandatory reserves of crude oil. Therefore, and in accordance with applicable regulations regarding the maintenance of mandatory reserves in Poland, PKN ORLEN acquired crude oil owned by Ashby Sp. z o.o. The value of the transaction was PLN 1,194,552 thousand translated using exchange rate as at 27 March 2013 (representing USD 366,034 thousand). The price of raw material was determined based on market quotations. The transfer of funds to PKN ORLEN as well as the transfer of ownership of the raw material to PKN ORLEN has been made on 28 March 2013. On the day of signing the agreement the acquisition price of crude oil has been hedged with a forward contact. The settlement of the hedging transaction increased the value of the acquired raw material by PLN 123,615 thousand translated using exchange rate as at 27 March 2013 (representing USD 37,878 thousand). As a result PKN ORLEN recognized in the first quarter of 2013 the purchase of crude oil of PLN 1,318,167 thousand translated using exchange rate as at 27 March 2013 (representing USD 403,912 thousand).

The PKN ORLEN Supervisory Board, at the meeting held on 28 March 2013, gave consent for issue by the Company of bonds within the public bond issue programme (Programme).
The Programme assumes the issue in one or more series of bonds up to the total amount of PLN 1 billion during 12 months. The bonds will be offered in a public offering. PKN ORLEN plans to introduce the bonds to trading on the Catalyst regulated market.
On 9 April 2013 PKN ORLEN submitted to the Polish Financial Supervision Authority prospectus concerning the above programme. Final emission's conditions will be settled individually for each bond serie issued within the Programme.

4. Related party transactions

Information on significant related party transactions

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

In the 3 months period ended 31 March 2013 and 31 March 2012 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 3 months period ended 31 March 2013 and 31 March 2012 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 and its related parties.
As at 31 March 2013 and as at 31 December 2012 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 3 months period ended 31 March 2013 and 31 March 2012 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 3 MONTHS ENDED 31/03/2013 (unaudited)	FOR 3 MONTHS ENDED 31/03/2012 (unaudited)	FOR 3 MONTHS ENDED 31/03/2013 (unaudited)	FOR 3 MONTHS ENDED 31/03/2012 (unaudited)
Supervising persons	-	-	-	-
Managing persons	-	32	3	3
Other key executive personnel	3	21	1	-
	3	**53**	**4**	**3**

As at 31 March 2013 and as at 31 December 2012 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 3 MONTHS ENDED 31/03/2013 (unaudited)	FOR 3 MONTHS ENDED 31/03/2012 (unaudited)	FOR 3 MONTHS ENDED 31/03/2013 (unaudited)	FOR 3 MONTHS ENDED 31/03/2012 (unaudited)	FOR 3 MONTHS ENDED 31/03/2013 (unaudited)	FOR 3 MONTHS ENDED 31/03/2012 (unaudited)
Sales	531 140	524 541	9 988	15 182	541 128	539 723
Purchases	146 747	146 289	8 903	10 136	155 650	156 425
Financial revenues	105	220	85	99	190	319
Financial expenses	-	11	-	-	-	11

	Jointly-controlled entities		Associates		Total	
	AS AT 31/03/2013 (unaudited)	AS AT 31/12/2012	AS AT 31/03/2013 (unaudited)	AS AT 31/12/2012	AS AT 31/03/2013 (unaudited)	AS AT 31/12/2012
Trade and other receivables	392 723	403 803	12 400	11 218	405 123	415 021
Trade and other liabilities	266 325	251 411	6 999	8 122	273 324	259 533

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 31 March 2013 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 Issuer's equity

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

The claim regarded the payment of a compensation for losses related among others to alleged unfair competition of PKN ORLEN included in Agrofert Holding a.s. claim and alleged illegal violation of reputation of Agrofert Holding a.s. in relation to purchase by PKN ORLEN of UNIPETROL a.s. shares.
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 PLN 3,155,191 thousand translated using exchange rate as at 31 March 2013 (representing CZK 19,464,473 thousand) with interest and obliged Agrofert Holding a.s. to cover the cost of proceedings born by PKN ORLEN.
The Court of Arbitration ruling dated 21 October 2010 ended the last of four arbitration proceedings initiated by Agrofert Holding a.s.
On 3 October 2011 PKN ORLEN received from the court in Prague (Czech Republic) claim which overruled 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 took a position to the allegations of Agrofert Holding a.s., appealed to dismiss all Agrofert Holding's claim and adjudge it with proceeding costs refund. On 10 January 2013 there was the hearing in front of the court in Prague. During the hearing the rules of the proceeding have been arranged. The District Court in Prague set the next hearing for 23-25 April 2013.

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.

5.1.2. Other significant proceedings with the total value not exceeding 10% of the Issuer's equity

5.1.2.1. Tax proceedings

As at 31 March 2013 there are ongoing tax proceedings on Rafineria Trzebinia S.A. concerning excise tax settlements for the period May-September 2004.
As a result of the Customs Office proceeding, the excise tax liability for the period May – September 2004 was set at the amount of approximately PLN 100,000 thousand. Rafineria Trzebinia filed an appeal against the discussed decisions. In December 2005 the Director of the Customs Chamber in Cracow (Director of the CC) kept the first instance authority's decisions in force. The company appealed against above listed decisions. According to the sentence dated 12 November 2008 the Voivodship Administrative Court (VAC) inclined to the appeal of Rafineria Trzebinia and overruled the decision of Director of the CC.

May – August 2004

On 25 September 2009 the Head of the Customs Office in Cracow (first instance authority) issued decisions for the period May - August 2004 increasing the tax liability of approximately PLN 80,000 thousand. On 14 October 2009 Rafineria Trzebinia S.A. appealed to the Director of the Customs Chamber in Cracow regarding the above mentioned decision. On 22 January 2010 the Director of the Customs Chamber in Cracow dismissed entirely the first instance authority's decisions and decided to revoke them to reexamination.
On 23 March 2011 the Head of the Customs Office suspended proceedings. Rafineria Trzebnia appealed against decisions of the Director of the Customs Chamber to the VAC in Cracow. On 20 April 2011 the VAC overruled the complaint of Rafineria Trzebinia. On 29 June 2011 company filed an annulment claim to the Supreme Administrative Court (SAC) of the VAC's sentence. As at 20 March 2013 SAC overruled the annulment claim. At the date of publication of the foregoing consolidated financial statements proceedings before the Head of the Customs Office are suspended.

September 2004

On 24 November 2010 Head of the Customs Office in Cracow reissued a decision determining the amount of excise tax liability for September 2004 of PLN 37,612 thousand. On 15 December 2010 Rafineria Trzebinia S.A. raised a complaint to the Director of the Customs Chamber in Cracow regarding the above mentioned decision.

On 9 May 2011 the Director of the Customs Chamber in Cracow issued a decision regarding the excise tax liability for September 2004 keeping the first instance authority's decisions in force. On 19 May 2011 Rafineria Trzebinia S.A. appealed against the above mentioned decision to the VAC in Cracow and filed a supplement to the appeal on 13 June 2011.
On 25 January 2012 the VAC in Cracow overruled the appeal of Rafineria Trzebinia S.A. and issued a sentence sustaining the decision of the Head of the Customs Office in Cracow regarding the excise tax liability of PLN 37,612 thousand for September 2004. On 28 March 2012 the company filed an annulment of the above sentence of VAC in Cracow dated 25 January 2012. An annulment claim has not been examined yet.

As at 31 March 2013 Rafineria Trzebinia S.A. presented a provision to cover the potential negative financial impact regarding the realization of excise tax liabilities estimated based on information available at the end of the reporting period.

5.1.2.2. Anti-trust proceedings

- Anti-trust proceeding was held due to suspition 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 OCCP 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 President of the OCCP to the Court of Competition and Consumer Protection.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. PKN ORLEN appealed from the sentence, demanding to revoke the decision in the matter of taking part in anti-competition actions, possibly by reducing the fine. An appeal against the court judgment of the Competition and Consumer Protection Court was also submitted by the President of the OCCP. The case is being considered by the Warsaw Court of Appeal.

-The President of the OCCP conducted anti-trust proceeding against Orlen Oil sp. z o.o. in relation to a potential violation of Competition and Consumer Protection Act by concluding an agreement for setting the resale pricing of Platinum product line with authorized distributors. On 31 December 2012 the President of the OCCP issued a decision, delivered to the Orlen Oil Sp. z o.o. representative on 10 January 2013 imposing a fine of PLN 1,994 thousand. On 24 January 2013 Orlen Oil Sp. z o.o. appealed from this decision to the Court of Competition and Consumer Protection. Orlen Oil Sp. z o.o. recognized a provision as cost of 2012 to cover the potential negative financial impact regarding the ongoing proceedings.

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

As at the date of preparation of these interim condensed 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 of PLN 46,232 thousand with interest.
In its judgment on 25 June 2008 the Regional Court in Warsaw dismissed entirely the claim of Energa Operator S.A. against PKN ORLEN. In its judgment dated 4 August 2011 the Court of Appeal in Warsaw dismissed the above mentioned judgment and remanded the case back to the court of first instance.
During the retrial, court hearings were held on 30 April 2012 and 19 November 2012. In addition, opinion has been prepared by an expert witness for the damages calculation. The court set a new trial date on 2 July 2013.

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

In 2004 the Court 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.

In March 2008 the District Court in Warsaw pronounced its verdict according to which ENERGA – OPERATOR S.A. is to pay PSE the amount of PLN 62,514 thousand with interest and the amount of PLN 143 thousand as a refund of proceedings costs. ENERGA - OPERATOR S.A. appealed against the above verdict. In its sentence dated 19 March 2009 the Court of Appeals declined the appeal of ENERGA-OPERATOR S.A. against the verdict of the first instance Court that sentenced the specified amount. The defendant submitted an appeal against this sentence. Having

examined the appeal, the Supreme Court in its judgment dated 26 March 2010 repealed the sentence and revoked it to reexamination by the Court of Appeals in Warsaw.

On 21 September 2011 the Court of Appeals in Warsaw pronounced its verdict, according to which claims of PSE – Operator S.A. were overruled, the plantiff was requested to refund proceedings costs to the defendant and return PLN 122,000 thousand to ENERGA - OPERATOR S.A.

From the pronounced by the Court of Appeals overruling verdict of 21 September 2011, the companies PSE Operator S.A. and ENERGA - OPERATOR S.A. filed an annulment claim to the Supreme Court.

On 11 January 2013 the Supreme Court issued a sentence, in which it revoked the appeal of ENERGA – OPERATOR S.A., partially agreed to the appeal of PSE Operator, revoked the previous sentence and passed the case back to the Court of Appeals for reexamination, which should include the statement of the cassation costs. The Court of Appeals in Warsaw set the next hearing on 11 June 2013.

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, but this interpretation of the law may influence other court decisions in the ENERGA OPERATOR S.A.'s claims against PKN ORLEN described above.

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 shareholders of PARAMO a.s. and concerns change in compensation received due to losses incurred on squeeze out performed by UNIPETROL a.s. in 2009. The claim concerns the difference between officially approved price of PARAMO a.s. shares as at the date to buy – out amounting to CZK 977 per share, and the requested by shareholders price ranging from CZK 1,800 to CZK 3,200 per share. The total amount of the claim is approximately no more than PLN 49,278 thousand at average exchange rate as at 31 March 2013 (representing approximately CZK 304,000 thousand). UNIPETROL a.s. considers the above described claims of former shareholders of PARAMO a.s. as ungrounded.

The Court confirmed by its sentence issued 26 January 2012 that PARAMO a.s. Shareholders Meeting's resolution regarding the share buyout is fully valid and effective. Two plaintiffs appealed from the sentence to the Supreme Court in the Czech Republic. The claim will be considered only if the Supreme Court recognizes an important law issue in the case.

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 approximately PLN 289,925 thousand, translated using the exchange rate from 31 March 2013 (representing 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 claim is unjustified and groundless. The case is pending in the Regional Court in Ostrava. The parties are waiting for the date of the first hearing.

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

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

On 15 July 2009 PKN ORLEN submitted in the Court of Arbitration by the International Chamber of Commerce in London the request for arbitration proceedings against Yukos International UK B.V., seated in the Netherlands, in connection with purchase transaction of AB ORLEN Lietuva (previously AB Mazeikiu Nafta) shares. Claims of PKN ORLEN 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.

On 14 September 2009 Yukos International submitted a response to PKN ORLEN's request for arbitration proceedings. In its response Yukos International appealed to dismiss all PKN ORLEN's claims and adjudge it with proceeding costs refund.

On the first seating of the Arbitration Court in London, PKN ORLEN and Yukos International agreed i.a. proceedings schedule and extent of competence of the Arbitration Court. On 3 May 2010, according to the schedule PKN ORLEN issued a law suit in which it demands from Yukos International a reimbursement of approximately PLN 814,750 thousand at exchange rate as at 31 March 2013 (representing USD 250,000 thousand) with interest and costs of proceedings. The amount is 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. On 31 December 2010 Yukos International submitted a response to the law suit, in which PKN ORLEN's claim was considered as unjustified and

appealed for dismissal of all claims and for refund of proceeding costs. On 11 July 2011 PKN ORLEN pleaded the surrebutter in which replied to Yukos International arguments. Between 28 November and 8 December 2011 an evidentiary seating in front of the Court of Arbitration was held in London, during which representatives of PKN ORLEN and Yukos International summed up the opinions of the parties, witnesses have been heared and experts have been appointed by the parties.

At the closing of the seating 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 exchange of the above mentioned motions, PKN ORLEN is expecting for the decision of the Court of Arbitration.

5.2.2. Compensations due to property damages

- Rafineria Trzebinia S.A. acts as a plaintiff in the proceedings held by District Court in Cracow 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. On 12 February 2013 the Court discharged the proceedings. The Company complained about the Court's decision, the complaint has not been recognised by the court yet. The next hearing was set by the Court of Appeals on 21 May 2013.

- AB Orlen Lietuva is a plaintiff in the court 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. regarding compensation payment for damage caused by the hit of tanker ship into terminal buoy in Butinge Terminal on 29 December 2005. The total compensation claim amounts to approximately PLN 72,594 thousand at exchange rate as at 31 March 2013 (representing approximately LTL 60,000 thousand). The proceeding is held in the first instance in front of district court in Klajpeda.

5.2.3. Tax proceedings

UNIPETROL RPA s.r.o., acting as a legal successor of CHEMOPETROL a.s., was 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 2006 and 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 52,683 thousand translated using exchange rate as at 31 March 2013 (representing approximately CZK 325,000 thousand).

5.2.4. Arbitration proceedings against Basell Europe Holding B.V.

On 20 December 2012 PKN ORLEN sent an arbitration call to Basell Europe Holding B.V. regarding *ad hoc* proceeding relating to Joint Venture Agreement signed in 2002 between PKN ORLEN and Basell Europe Holding B.V. PKN ORLEN seeks compensation in its own favour or, depending on the court's decision, in favor of Basell Orlen Polyolefins Sp. z o.o. of PLN 112,110 thousand (representing approximately EUR 27,423 thousand) plus interest. The compensation regards the price of goods manufactured by Basell Orlen Polyolefins sp. z o.o. which are acquired by Basell Sales & Marketing Company B.V. (entity related to Basell Europe Holdings B.V. in the meaning of Joint Venture Agreement) with the purpose of re-sell within own network. The arbitration proceeding will take place in London Court of *ad hoc* Arbitration, acting based on Regulations of United Nation Commission on International Trade Law (UNCITRAL). The process of selecting members of the Court of Arbitration is in progress.

Additional information concerning the abovementioned proceedings was presented in the Consolidated Financial Statements for 2012 - note 44.

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	Percentage share in total voting rights at Shareholder's Meeting as at the submission date of		Number of shares as at the submission date of	
	the foregoing quarterly report	the previous quarterly report	the foregoing quarterly report	the previous quarterly report
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
Other	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 by fund as at 9 February 2010
** According to the received confirmations by fund as at 30 March 2012

The information in the table were determined on the basis of the notifications received by the Parent Company from the shareholders in accordance with article 69 section 1 of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies (Journal of Laws 2009 No. 185, item. 1439, as amended).

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.

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

	Number of shares, as at the submission date of the quarterly report **	Number of shares, options, as at the submission date of the previous quarterly report *
Supervisory Board	**3 300**	**3 300**
Grzegorz Borowiec	100	100
Artur Gabor	3 200	3 200

* According to the received confirmations as at 14 January 2013
** According to the information possessed by the Company as at 17 April 2013

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 31 March 2013 PKN ORLEN 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 Parent 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
PKN ORLEN S.A.

FOR I QUARTER 2013

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

Separate statement of financial position

	AS AT 31/03/2013 (unaudited)	AS AT 31/12/2012
ASSETS		
Non-current assets		
Property, plant and equipment	11 966 433	12 087 781
Intangible assets	583 585	603 416
Perpetual usufruct of land	91 030	91 319
Shares in related parties	8 986 174	9 003 021
Financial assets available for sale	40 483	40 634
Other non-current assets	657 286	647 963
	22 324 991	**22 474 134**
Current assets		
Inventories	12 016 519	10 375 471
Trade and other receivables	6 106 745	6 395 513
Other short-term financial assets	700 729	1 081 549
Income tax receivables	89 073	56 489
Cash	484 129	972 179
Non-current assets classified as held for sale	6 530	51 634
	19 403 725	**18 932 835**
Total assets	**41 728 716**	**41 406 969**
EQUITY AND LIABILITIES		
EQUITY		
Share capital	1 057 635	1 057 635
Share premium	1 227 253	1 227 253
Hedging reserve	(44 560)	(69 133)
Retained earnings	20 719 990	20 704 251
Total equity	**22 960 318**	**22 920 006**
LIABILITIES		
Non-current liabilities		
Loans and debt securities	5 934 300	6 968 525
Provisions	360 307	360 307
Deferred tax liabilities	249 642	239 872
Other non-current liabilities	108 494	133 627
	6 652 743	**7 702 331**
Current liabilities		
Trade and other liabilities	8 374 218	8 585 606
Loans,borrowings and debt securities	2 735 237	1 303 497
Provisions	404 197	400 794
Deferred income	160 497	137 348
Other financial liabilities	441 506	357 387
	12 115 655	**10 784 632**
Total liabilities	**18 768 398**	**18 486 963**
Total equity and liabilities	**41 728 716**	**41 406 969**

Separate statement of profit or loss and other comprehensive income

	3 months ended 31/03/2013 (unaudited)	3 months ended 31/03/2012 (unaudited)
Statement of profit or loss		
Sales revenues	20 205 061	22 135 325
Cost of sales	(19 261 368)	(20 754 316)
Gross profit on sales	**943 693**	**1 381 009**
Distribution expenses	(514 598)	(501 571)
General and administrative expenses	(183 084)	(184 199)
Other operating revenues	37 892	66 614
Other operating expenses	(44 759)	(91 684)
Profit from operations	**239 144**	**670 169**
Financial revenues	41 045	1 101 579
Financial expenses	(355 013)	(97 368)
Financial revenues and expenses	**(313 968)**	**1 004 211**
(Loss)/Profit before tax	**(74 824)**	**1 674 380**
Income tax expense	90 563	(318 099)
Net profit	**15 739**	**1 356 281**
Items of other comprehensive income which will be reclassified into profit or loss under certain conditions		
Hedging instruments	*30 338*	*90 010*
Deferred tax	*(5 765)*	*(17 102)*
	24 573	**72 908**
Total net comprehensive income	**40 312**	**1 429 189**
Net profit and diluted net profit per share (in PLN per share)	0.04	3.17

Separate statement of cash flows

	3 months ended 31/03/2013 (unaudited)	3 months ended 31/03/2012 (unaudited)
Cash flows - operating activities		
Net profit	**15 739**	**1 356 281**
Adjustments for:		
Depreciation and amortisation	251 067	263 277
Foreign exchange loss/(gain)	175 349	(742 489)
Interest, net	60 027	76 770
Dividends	-	(9 332)
(Profit)/ Loss on investing activities	(3 656)	3 691
Change in provisions	17 121	94 375
Income tax expense on (loss)/profit before tax	(90 563)	318 099
Income tax received/(paid)	61 984	(141 554)
Other adjustments	(39 596)	(99 499)
Change in working capital	(1 322 412)	(584 033)
inventories	*(1 639 256)*	*(808 417)*
receivables	*371 479*	*(61 822)*
liabilities	*(54 635)*	*286 206*
Net cash provided by/(used in) operating activities	**(874 940)**	**535 586**
Cash flows - investing activities		
Acquisition of property, plant and equipment and intangible assets	(306 582)	(301 530)
Disposal of property, plant and equipment and intangible assets	87 807	5 686
Acquisition of shares	(75)	(9 578)
Interest received	3 530	4 092
Outflows from additional repayable payments to subsidiaries' equity	-	(400)
Proceeds/(Outflows) from current loans granted	395 108	(326 178)
(Outflows)/Proceeds from cash pool facility	(7 298)	49 876
Other	(1 827)	(15 151)
Net cash provided by/(used in) investing activities	**170 663**	**(593 183)**
Cash flows - financing activities		
Proceeds from loans and borrowings received	2 249 996	1 304 038
Debt securities issued	1 510 726	3 804 622
Repayments of loans and borrowings	(2 101 920)	(2 617 495)
Redemption of debt securities	(1 467 315)	(3 337 761)
Interest paid	(80 839)	(92 268)
Payments of liabilities under finance lease agreements	(3 007)	(2 296)
Proceeds/(Outflows) from cash pool facility	108 638	(99 667)
Net cash provided by/(used in) financing activities	**216 279**	**(1 040 827)**
Net (decrease) in cash and cash equivalents	**(487 998)**	**(1 098 424)**
Effect of exchange rate changes	(52)	126
Cash and cash equivalents, beginning of the period	**972 179**	**4 291 187**
Cash and cash equivalents, end of the period	**484 129**	**3 192 889**

Statement of changes in separate equity

	Share capital and share premium	Hedging reserve	Retained earnings	Total equity
1 January 2013	2 284 888	(69 133)	20 704 251	22 920 006
Net profit	-	-	15 739	15 739
Items of other comprehensive income	-	24 573	-	24 573
Total net comprehensive income	**-**	**24 573**	**15 739**	**40 312**
31 March 2013	**2 284 888**	**(44 560)**	**20 719 990**	**22 960 318**
(unaudited)				
1 January 2012	2 284 888	(14 617)	18 576 453	20 846 724
Net profit	-	-	1 356 281	1 356 281
Items of other comprehensive income	-	72 908	-	72 908
Total net comprehensive income	**-**	**72 908**	**1 356 281**	**1 429 189**
31 March 2012	**2 284 888**	**58 291**	**19 932 734**	**22 275 913**
(unaudited)				

The foregoing quarterly report was authorized by the Management Board of the Parent Company on 23 April 2013.

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Dariusz Krawiec
President of the Board

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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 a person responsible for keeping accounting books

……

Rafał Warpechowski

Executive Director
Planning and Reporting