CONSOLIDATED QUARTERLY REPORT FOR I QUARTER 2012

ORLEN

POLISH FINANCIAL SUPERVISION AUTHORITY
Consolidated Quarterly Report QSr I/ 2012
quarter / (year)

(in accordance with § 82 section 2 and § 83 section 1 of the Minister of Finance Regulation of 19 February 2009, Official Journal No. 33, item 259)
(for issuers of securities whose business activity embraces manufacture, construction, trade and services)

for the I quarter of the reporting year 2012, that is for the period from 01.01.2012 to 31.03.2012, which includes consolidated financial statements prepared in accordance with International Financial Reporting Standards with amounts stated in the Polish functional currency (PLN) and condensed financial statements prepared in accordance with International Financial Reporting Standards with amounts stated in the Polish functional currency (PLN).

25 April 2012
(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		**OIL&GAS**
(abbreviated name of the issuer)		(industrial sector in line with classification of Warsaw Stock Exchange)
09-411		**PŁOCK**
(zip code)		(location)
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(street)		(number)
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Polski Koncern Naftowy ORLEN
Spółka Akcyjna

ORLEN CAPITAL GROUP
SELECTED FINANCIAL DATA

(Translation of a document originally issued in Polish)

SELECTED CONSOLIDATED FINANCIAL DATA	PLN thousand		EUR thousand	
	I quarter cummulative data period from 01.01.2012 to 31.03.2012	I quarter cummulative data period from 01.01.2011 to 31.03.2011	I quarter cummulative data period from 01.01.2012 to 31.03.2012	I quarter cummulative data period from 01.01.2011 to 31.03.2011
I. Sales revenues	29 247 466	22 673 949	7 005 381	5 430 886
II. Profit from operations	938 760	1 338 808	224 853	320 673
III. Profit before tax	1 531 801	1 375 291	366 898	329 411
IV. Net profit attributable to equity holders of the parent	1 260 158	1 104 510	301 834	264 553
V. Net profit	1 243 970	1 148 268	297 957	275 034
VI. Total comprehensive income attributable to equity holders of the parent	1 149 683	1 583 577	275 373	379 300
VII. Total net comprehensive income	1 100 375	1 700 018	263 563	407 190
VIII. Net cash provided by/(used in) operating activities	147 946	(41 908)	35 437	(10 038)
IX. Net cash provided by/(used in) investing activities	(555 833)	(607 539)	(133 134)	(145 518)
X. Net cash provided by/(used in) financing activities	(781 722)	473 429	(187 239)	113 396
XI. Net (decrease) in cash and cash equivalents	(1 189 609)	(176 018)	(284 936)	(42 160)
XII. Net profit and diluted net profit per share attributable to equity holders of the parent (in PLN/EUR per share)	2.95	2.58	0.71	0.62
	as at 31/03/2012	as at 31/12/2011	as at 31/03/2012	as at 31/12/2011
XIII. Non-current assets	28 027 231	28 599 141	6 734 725	6 872 150
XIV. Current assets	30 870 878	30 132 337	7 418 031	7 240 565
XV. Total assets	58 898 109	58 731 478	14 152 756	14 112 716
XVI. Long-term liabilites	11 536 279	12 120 002	2 772 078	2 912 342
XVII. Short-term liabilities	19 481 308	19 812 793	4 681 206	4 760 860
XVIII. Equity	27 880 522	26 798 683	6 699 472	6 439 514
XIX. Equity attributable to equity holders of the parent	25 690 361	24 533 773	6 173 193	5 895 274
XX. Share capital	1 057 635	1 057 635	254 141	254 141
XXI. Number of shares	427 709 061	427 709 061	427 709 061	427 709 061
XXII. Book value and diluted book value per share attributable to equity holders of the parent (in PLN/EUR per share)	60.07	57.36	14.43	13.78

SELECTED SEPARATE FINANCIAL DATA	PLN thousand		EUR thousand	
	I quarter cummulative data period from 01.01.2012 to 31.03.2012	I quarter cummulative data period from 01.01.2011 to 31.03.2011	I quarter cummulative data period from 01.01.2012 to 31.03.2012	I quarter cummulative data period from 01.01.2011 to 31.03.2011
I. Sales revenues	22 135 325	16 756 240	5 301 874	4 013 471
II. Profit from operations	670 169	940 019	160 520	225 154
III. Profit before tax	1 674 380	1 120 887	401 049	268 476
IV. Net profit	1 356 281	909 432	324 858	217 828
V. Total net comprehensive income	1 429 189	1 301 312	342 321	311 691
VI. Net cash provided by/(used in) operating activities	535 586	(398 197)	128 284	(95 377)
VII. Net cash provided by/(used in) investing activities	(593 183)	2 470	(142 080)	592
VIII. Net cash provided by/(used in) financing activities	(1 040 827)	328 841	(249 300)	78 764
IX. Net (decrease) in cash and cash equivalents	(1 098 424)	(66 886)	(263 096)	(16 021)
X. Net profit and diluted net profit per share (in PLN/EUR per share)	3.17	2.13	0.76	0.51
	as at 31/03/2012	as at 31/12/2011	as at 31/03/2012	as at 31/12/2011
XI. Non-current assets	22 478 886	22 429 271	5 401 501	5 389 579
XII. Current assets	23 439 922	23 439 812	5 632 430	5 632 404
XIII. Total assets	45 918 808	45 869 083	11 033 931	11 021 983
XIV. Long-term liabilites	9 375 060	9 844 384	2 252 754	2 365 529
XV. Short-term liabilities	14 267 835	15 177 975	3 428 449	3 647 149
XVI. Equity	22 275 913	20 846 724	5 352 728	5 009 305
XVII. Share capital	1 057 635	1 057 635	254 141	254 141
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)	52.08	48.74	12.51	11.71

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

- specific items of assets, equity and liabilities – by the average exchange rate published by the National Bank of Poland as of 31 March 2012 – 4.1616 PLN/EUR;
- specific items of statement of comprehensive income and statement of cash flows - by the arithmetic average of average exchange rates published by the National Bank of Poland as of every last day of the month during the period 1 January - 31 March 2012 – 4.1750 PLN/EUR.

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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE 3 MONTHS PERIOD ENDED 31 MARCH 2012 PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

ORLEN

Polski Koncern Naftowy ORLEN
Spółka Akcyjna

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

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 31/03/2012 (unaudited)	as at 31/12/2011
ASSETS			
Non-current assets			
Property, plant and equipment		25 608 402	26 578 651
Investment property		115 709	117 645
Intangible assets		1 760 011	1 323 044
Perpetual usufruct of land		95 470	95 664
Investments accounted for under equity method		12 204	13 125
Financial assets available for sale		40 734	40 520
Deferred tax assets		349 801	399 526
Other non-current assets		44 900	30 966
		28 027 231	**28 599 141**
Current assets			
Inventories		17 849 113	16 296 517
Trade and other receivables		8 524 585	8 071 011
Other short-term financial assets	3.3.	224 388	293 434
Income tax receivable		30 278	33 684
Cash and cash equivalents		4 215 903	5 409 166
Non-current assets held for sale		**26 611**	**28 525**
		30 870 878	**30 132 337**
Total assets		**58 898 109**	**58 731 478**
EQUITY AND LIABILITIES			
EQUITY			
Share capital		1 057 635	1 057 635
Share premium		1 227 253	1 227 253
Hedging reserve		59 929	(24 305)
Revaluation reserve		5 301	5 301
Foreign exchange differences on subsidiaries from consolidation		220 919	415 628
Retained earnings		23 119 324	21 852 261
Total equity attributable to equity holders of the parent		**25 690 361**	**24 533 773**
Non-controlling interest		**2 190 161**	**2 264 910**
Total equity		**27 880 522**	**26 798 683**
LIABILITIES			
Long-term liabilities			
Interest-bearing loans and borrowings	3.5.	9 904 944	10 537 792
Provisions	3.4.	605 321	621 379
Deferred tax liabilities		839 731	740 910
Deferred income		15 608	16 239
Other long-term liabilities		170 675	203 682
		11 536 279	**12 120 002**
Short-term liabilities			
Trade and other liabilities		15 360 610	15 092 524
Interest-bearing loans and borrowings	3.5.	1 481 035	2 459 799
Income tax liability		708 934	673 643
Provisions	3.4.	1 100 891	1 008 140
Deferred income		537 563	136 379
Other financial liabilities		292 275	442 308
		19 481 308	**19 812 793**
Total liabilities		**31 017 587**	**31 932 795**
Total equity and liabilities		**58 898 109**	**58 731 478**

The accompanying notes disclosed on pages 8 - 16 are an integral part of the foregoing interim condensed consolidated financial statements.

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Consolidated statement of comprehensive income

	Note	for 3 months ended 31/03/2012 (unaudited)	for 3 months ended 31/03/2011 (unaudited)
Income statement			
Sales revenues	3.6.	29 247 466	22 673 949
Cost of sales	3.7.	(26 980 832)	(20 176 513)
Gross profit on sales		**2 266 634**	**2 497 436**
Distribution expenses		(937 600)	(877 867)
General and administrative expenses		(366 682)	(329 574)
Other operating revenues	3.8.	132 374	164 677
Other operating expenses	3.8.	(155 966)	(115 864)
Profit from operations		**938 760**	**1 338 808**
Financial revenues	3.9.	826 980	247 419
Financial expenses	3.9.	(233 435)	(275 173)
Financial revenues and expenses		**593 545**	**(27 754)**
Share in profit from investments accounted for under equity method		(504)	64 237
Profit before tax		**1 531 801**	**1 375 291**
Income tax expense	3.10.	(287 831)	(227 023)
Net profit		**1 243 970**	**1 148 268**
Items of other comprehensive income			
Hedging instruments valuation		201 485	473 637
Hedging instruments settlement		(89 022)	(2 340)
Foreign exchange differences on subsidiaries from consolidation		(234 690)	169 999
Deferred tax on other comprehensive income items		(21 368)	(89 546)
		(143 595)	**551 750**
Total net comprehensive income		**1 100 375**	**1 700 018**
Net profit attributable to:		**1 243 970**	**1 148 268**
equity holders of the parent		1 260 158	1 104 510
non-controlling interest		(16 188)	43 758
Total comprehensive income attributable to:		**1 100 375**	**1 700 018**
equity holders of the parent		1 149 683	1 583 577
non-controlling interest		(49 308)	116 441
Net profit and diluted net profit per share attributable to equity holders of the parent (in PLN per share)		2.95	2.58

The accompanying notes disclosed on pages 8 - 16 are an integral part of the foregoing interim condensed consolidated financial statements.

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Consolidated statement of cash flows

	for 3 months ended 31/03/2012 (unaudited)	for 3 months ended 31/03/2011 (unaudited)
Cash flows - operating activities		
Net profit	**1 243 970**	**1 148 268**
Adjustments for:		
Share in profit from investments accounted for under equity method	504	(64 237)
Depreciation and amortisation	578 585	554 331
Foreign exchange (gain)/loss	(388 248)	69 689
Interest, net	87 221	75 262
Loss/(Profit) on investing activities	35 717	(23 064)
Change in receivables	(661 860)	(817 949)
Change in inventories	(1 777 998)	(1 540 682)
Change in liabilities	911 677	388 095
Change in provisions	152 268	156 452
Income tax expense	287 831	227 023
Income tax (paid)	(180 827)	(59 703)
Other adjustments	(140 894)	(155 393)
Net cash provided by/(used in) operating activities	**147 946**	**(41 908)**
Cash flows - investing activities		
Acquisition of property, plant and equipment and intangible assets	(548 462)	(871 462)
Disposal of property, plant and equipment and intangible assets	11 113	295 009
Disposal of shares	268	-
Acquisition of shares	(9 578)	(74)
Disposal of securities and deposits	7 505	11 210
Acquisition of securities and deposits	(17 192)	(53 718)
Interest received	3 230	3 932
Other	(2 717)	7 564
Net cash (used in) investing activities	**(555 833)**	**(607 539)**
Cash flows - financing activities		
Proceeds from loans and borrowings received	3 783 220	3 040 441
Debt securities issued	1 000 000	-
Repayments of loans and borrowings	(4 712 960)	(2 459 252)
Redemption of debt securities	(750 000)	-
Interest paid	(92 918)	(98 516)
Payments of liabilities under finance lease agreements	(7 291)	(6 524)
Other	(1 773)	(2 720)
Net cash provided by/(used in) financing activities	**(781 722)**	**473 429**
Net (decrease) in cash and cash equivalents	**(1 189 609)**	**(176 018)**
Effect of exchange rate changes	(3 654)	(6 551)
Cash and cash equivalents, beginning of the period	**5 409 166**	**2 820 742**
Cash and cash equivalents, end of the period	**4 215 903**	**2 638 173**

The accompanying notes disclosed on pages 8 - 16 are an integral part of the foregoing interim condensed consolidated financial statements.

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Statement of changes in consolidated equity

	Equity attributable to equity holders of the parent						Non-controlling interest	Total equity
	Share capital and share premium	Hedging reserve	Foreign exchange differences on subsidiaries from consolidation	Revaluation reserve	Retained earnings	Total		
1 January 2012	2 284 888	(24 305)	415 628	5 301	21 852 261	24 533 773	2 264 910	26 798 683
Net profit	-	-	-	-	1 260 158	1 260 158	(16 188)	1 243 970
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)								
1 January 2011	2 284 888	63 872	(149 492)	-	19 428 670	21 627 938	2 612 015	24 239 953
Net profit	-	-	-	-	1 104 510	1 104 510	43 758	1 148 268
Other comprehensive income	-	385 551	93 516	-	-	479 067	72 683	551 750
Total net comprehensive income	**-**	**385 551**	**93 516**	**-**	**1 104 510**	**1 583 577**	**116 441**	**1 700 018**
Dividends	**-**	**-**	**-**	**-**	**-**	**-**	**(89)**	(89)
31 March 2011	**2 284 888**	**449 423**	**(55 976)**	**-**	**20 533 180**	**23 211 515**	**2 728 367**	**25 939 882**
(unaudited)								

The accompanying notes disclosed on pages 8 - 16 are an integral part of the foregoing interim condensed consolidated financial statements.

Explanatory notes to interim condensed consolidated financial statements

1. Information on principles adopted for the preparation of the interim condensed consolidated financial statements for the I quarter of 2012

1.1. Statement of compliance and general principles for preparation

The foregoing interim condensed consolidated financial statements ("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 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) ("Regulation") and present Polski Koncern Naftowy ORLEN S.A. Capital Group's ("ORLEN Capital Group", "Group", "Capital Group") financial position as at 31 March 2012 and 31 December 2011, results of its operations and cash flows for the 3 month period ended 31 March 2012 and 31 March 2011.

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

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

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

1.2. Statement of the Management Board

1.2.1. In respect of the reliability of 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 of the Group and present true and fair view on financial position and financial result of the Group and net result.

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

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

1.2.3. Applied accounting principles and IFRS amendments

These foregoing interim condensed consolidated financial statements were prepared according to principles described in ORLEN Capital Group's consolidated financial statements for the year ended 31 December 2011. Amendments to IFRSs that came into force on 1 January 2012, have no effect on current and previously presented consolidated financial results and consolidated equity.

In these foregoing interim condensed consolidated financial statements, the significant judgments made by the Management Board regarding adoption of accounting principles and main uncertainties were the same as those applied and described in note 3 of the consolidated financial statement for the year 2011.

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

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

a) functional currency and presentation currency

The functional currency of the quarterly condensed financial information 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 interim condensed consolidated financial statements.

b) methods applied to translation of data

Financial statements of foreign entities, for consolidation purposes, are translated into PLN using the following methods:
– assets and liabilities at the closing rate,
– respective items of statement of comprehensive income and statement of cash flows at the arithmetic average of average exchange rates published by the National Bank of Poland ("NBP") as of every last day of month in the quarterly reporting period.

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

CURRENCY	average exchange rate for		exchange rate as at the end of	
	3 months ended 31/03/2012	3 months ended 31/03/2011	31/03/2012	31/12/2011
PLN/EUR	4.2313	3.9443	4.1616	4.4168
PLN/USD	3.2263	2.8849	3.1191	3.4174
PLN/CZK	0.1687	0.1619	0.1678	0.1711

2. Operating segments

The operations of the Capital Group were divided into the following segments:
– the refining segment – refining products processing and wholesale, oil production and sale as well as supporting production,
– the retail segment – sale at petrol stations,
– the petrochemical segment – production and wholesale of petrochemicals and chemicals

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

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

Revenues, expenses and financial result by operating segments

for 3 months ended 31 March 2012

	Refining Segment (unaudited)	Retail Segment (unaudited)	Petrochemical Segment (unaudited)	Corporate Functions (unaudited)	Adjustments (unaudited)	Total (unaudited)
Sales to external customers	16 062 538	8 916 592	4 246 088	22 248	-	29 247 466
Transactions with other segments	7 025 486	31 457	964 535	53 836	(8 075 314)	-
Total sales revenues	23 088 024	8 948 049	5 210 623	76 084	(8 075 314)	29 247 466
Total operating expenses	(22 334 165)	(8 909 385)	(4 871 391)	(245 487)	8 075 314	(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)	(17 503)	25	(155 966)
Segment operating profit/(loss)	**732 043**	**26 463**	**345 634**	**(165 380)**	**-**	**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**

for 3 months ended 31 March 2011

	Refining Segment (unaudited)	Retail Segment (unaudited)	Petrochemical Segment (unaudited)	Corporate Functions (unaudited)	Adjustments (unaudited)	Total (unaudited)
Sales to external customers	12 302 676	6 938 278	3 412 571	20 424	-	22 673 949
Transactions with other segments	5 310 857	26 747	770 806	53 363	(6 161 773)	-
Total sales revenues	17 613 533	6 965 025	4 183 377	73 787	(6 161 773)	22 673 949
Total operating expenses	(16 595 490)	(6 932 740)	(3 814 654)	(202 827)	6 161 757	(21 383 954)
Other operating revenues	66 191	10 526	37 363	50 612	(15)	164 677
Other operating expenses	(56 721)	(16 283)	(21 330)	(21 545)	15	(115 864)
Segment operating profit/(loss)	**1 027 513**	**26 528**	**384 756**	**(99 973)**	**(16)**	**1 338 808**
Financial revenues						247 419
Financial expenses						(275 173)
Share in profit from investments accounted for under equity method	(135)	-	(291)	64 663	-	64 237
Profit before tax						**1 375 291**
Income tax expense						(227 023)
Net profit						**1 148 268**

Assets by operating segments

	as at 31/03/2011 (unaudited)	as at 31/12/2011
Refining Segment	34 239 375	32 821 176
Retail Segment	6 335 130	6 067 744
Petrochemical Segment	13 352 582	13 030 826
Total segment assets	**53 927 087**	**51 919 746**
Corporate Functions	5 466 052	7 077 508
Adjustments	(495 030)	(265 776)
	58 898 109	**58 731 478**

3. Other explanatory notes

3.1. Impairment allowances of assets

	for 3 months ended 31/03/2012 (unaudited)	for 3 months ended 31/03/2011 (unaudited)
Property, plant and equipment		
Increase	(25 316)	(2 947)
Decrease	19 848	4 242
Intangible assets		
Increase	(17 912)	-
Decrease	593	3 184
Financial assets available for sale		
Increase	-	(125)
Decrease	215	-
Receivables		
Increase	(22 954)	(17 541)
Decrease	18 234	27 757
Non-current assets held for sale		
Increase	(511)	(2 658)
Decrease	35	2 719

Recognition and reversal of impairment allowances in the I quarter of 2012 was a result of impairment of property, plant and equipment (fuel stations, warehouses) and intangible assets (CO_2 emission rights), expiry of the impairment indicators of overdue debts, recognition of bad debt proceeded in court, as well as impairment of financial assets available for sale.

3.2. Inventories written down to net realizable value

	for 3 months ended 31/03/2012 (unaudited)	for 3 months ended 31/03/2011 (unaudited)
Increase	(63 340)	(40 918)
Decrease	98 974	19 023

3.3. Other short-term financial assets

	as at 31/03/2012 (unaudited)	as at 31/12/2011
Cash flow hedge instruments	**175 632**	**225 910**
foreign currency forwards	44 747	25 898
commodity swaps	130 885	200 012
Derivatives not designated as hedge accounting	**19 717**	**48 003**
foreign currency forwards	4 384	30 395
foreign currency swaps	441	3 410
commodity swaps	14 892	14 198
Embedded derivatives	**1 012**	**180**
foreign currency swaps	1 012	180
Deposits /other debt securities	**24 229**	**15 197**
Loans granted	**3 674**	**4 041**
Other	**124**	**103**
	224 388	**293 434**

3.4. Provisions

	long-term		short-term		Total	
	as at 31/03/2012 (unaudited)	as at 31/12/2011	as at 31/03/2012 (unaudited)	as at 31/12/2011	as at 31/03/2012 (unaudited)	as at 31/12/2011
Environmental provision	291 506	292 413	35 623	42 416	327 129	334 829
Jubilee and post-employment benefits provision	252 493	254 568	36 531	36 604	289 024	291 172
Business risk provision	22 719	26 903	65 421	67 488	88 140	94 391
Shield programs provision	2 364	2 365	59 260	64 704	61 624	67 069
Provision for CO_2 emissions	-	-	648 802	542 054	648 802	542 054
Other	36 239	45 130	255 254	254 874	291 493	300 004
	605 321	**621 379**	**1 100 891**	**1 008 140**	**1 706 212**	**1 629 519**

Increase in provision for CO_2 emissions in the I quarter of 2012 is a result of recognition of provision for the estimated cost of CO_2 emissions of PLN 108,041 thousand. Final settlement of the provision for 2011 is to occur in the second quarter of 2012 after amortisation of CO_2 emission rights.

3.5. Interest – bearing loans and borrowings

	long-term		short-term		Total	
	as at 31/03/2012 (unaudited)	as at 31/12/2011	as at 31/03/2012 (unaudited)	as at 31/12/2011	as at 31/03/2012 (unaudited)	as at 31/12/2011
Bank loans	8 545 267	10 179 994	1 422 469	1 644 324	9 967 736	11 824 318
Borrowings	-	-	16 995	10 055	16 995	10 055
Debt securities	1 359 677	357 798	41 571	805 420	1 401 248	1 163 218
	9 904 944	**10 537 792**	**1 481 035**	**2 459 799**	**11 385 979**	**12 997 591**

3.6. Sales revenues

	for 3 months ended 31/03/2012 (unaudited)	for 3 months ended 31/03/2011 (unaudited)
Revenues from sales of finished goods and services, net	22 126 553	18 101 300
Revenues from sales of merchandise and raw materials, net	7 120 913	4 572 649
	29 247 466	**22 673 949**

3.7. Operating expenses

Cost of sales

	for 3 months ended 31/03/2012 (unaudited)	for 3 months ended 31/03/2011 (unaudited)
Cost of finished goods and services sold	(20 185 997)	(15 891 490)
Cost of merchandise and raw materials sold	(6 794 835)	(4 285 023)
	(26 980 832)	**(20 176 513)**

Cost by kind

	for 3 months ended 31/03/2012 (unaudited)	for 3 months ended 31/03/2011 (unaudited)
Materials and energy	(20 257 726)	(15 318 794)
Cost of merchandise and raw materials sold	(6 794 835)	(4 285 023)
External services	(1 015 936)	(917 986)
Payroll, social security and other employee benefits	(527 382)	(491 396)
Depreciation and amortisation	(578 585)	(554 331)
Taxes and charges	(127 729)	(117 941)
Other	(244 250)	(208 470)
	(29 546 443)	**(21 893 941)**
Change in inventories	1 068 930	323 726
Cost of products and services for own use	36 433	70 397
Operating expenses	**(28 441 080)**	**(21 499 818)**
Distribution expenses	937 600	877 867
General and administrative expenses	366 682	329 574
Other operating expenses	155 966	115 864
Cost of sales	**(26 980 832)**	**(20 176 513)**

3.8. Other operating revenues and expenses

Other operating revenues

	for 3 months ended 31/03/2012 (unaudited)	for 3 months ended 31/03/2011 (unaudited)
Profit on sale of non-financial non-current assets	6 978	31 760
Reversal of provisions	13 501	12 184
Reversal of receivables impairment allowances	14 842	24 123
Reversal of impairment allow ances of property, plant and equipment and intangible assets	20 093	2 580
Penalties and compensations earned	11 985	10 136
Grants	3 361	14 539
Other	61 614	69 355
	132 374	**164 677**

The line other in the 3 months period ended 31 March 2012 mainly includes the effect of the settlement of CO_2 emission rights surplus received free of charge in relation to actual emissions of PLN 39,465 thousand.

Other operating expenses

	for 3 months ended 31/03/2012 (unaudited)	for 3 months ended 31/03/2011 (unaudited)
Loss on sale of non-financial non-current assets	(19 307)	(10 630)
Recognition of provisions	(10 930)	(17 028)
Recognition of receivables impairment allowances	(17 497)	(13 744)
Recognition of impairment allowances of property, plant and equipment and intangible assets	(43 316)	(2 947)
Cost of damages, breakdowns and compensations	(6 580)	(20 128)
Other	(58 336)	(51 387)
	(155 966)	**(115 864)**

The line other includes mainly recalculation of provision for CO_2 emissions of PLN (39,597) thousand.

3.9. Financial revenues and expenses

Financial revenues

	for 3 months ended 31/03/2012 (unaudited)	for 3 months ended 31/03/2011 (unaudited)
Interest	49 008	10 710
Foreign exchange gains surplus	704 404	215 659
Settlement and valuation of financial instruments	68 749	15 348
Decrease in receivables impairment allow ances	3 392	3 634
Other	1 427	2 068
	826 980	**247 419**

Financial expenses

	for 3 months ended 31/03/2012 (unaudited)	for 3 months ended 31/03/2011 (unaudited)
Interest	(94 107)	(80 018)
Foreign exchange losses surplus	(62 020)	(70 176)
Settlement and valuation of financial instruments	(59 980)	(116 105)
Increase in receivables impairment allow ances	(5 457)	(3 797)
Other	(11 871)	(5 077)
	(233 435)	**(275 173)**

Borrowing costs capitalized in the 3 months period ended 31 March 2012 and 31 March 2011 amounted to PLN (3,303) thousand and PLN (32,779) thousand, respectively.

3.10. Income tax expense

	for 3 months ended 31/03/2012 (unaudited)	for 3 months ended 31/03/2011 (unaudited)
Current income tax	(218 832)	(246 940)
Deferred income tax	(68 999)	19 917
	(287 831)	**(227 023)**

3.11. Methods applied in determining fair values of financial instruments recognised in the 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 current 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 observable (so called Level 2).

Fair value hierarchy

	as at 31/03/2012 (unaudited)		as at 31/12/2011	
	Level 1	Level 2	Level 1	Level 2
Financial assets				
Quoted shares	906	-	690	-
Embedded derivatives and hedging instruments	-	209 170	-	274 174
	906	**209 170**	**690**	**274 174**
Financial liabilities				
Embedded derivatives and hedging instruments	-	374 950	-	555 910
	-	**374 950**	**-**	**555 910**

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

3.12. Finance lease payments

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

	as at 31/03/2012 (unaudited)	as at 31/12/2011
Future value of minimum lease payments	110 975	107 107
Present value of minimum lease payments	94 506	90 468

3.13. Information concerning seasonal or cyclical character of the 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 2012 and 31 December 2011 the value of future liabilities resulting from investment contracts signed until this day amounted to PLN 466,994 thousand and PLN 449,293 thousand, respectively.

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

In the period covered by these foregoing interim condensed consolidated financial statement a redemption of debt securities occurred of PLN 750,000 thousand. Additionally according to strategy of financing diversification and debt refinancing implemented by PKN ORLEN, 7-year debt securities of PLN 1,000,000 thousand were issued. Moreover, in order to optimize liquidity in ORLEN Capital Group, short-term debt securities were issued to the Group companies.

3.16. Payment of dividends

According to the resolution dated on 18 April 2012 the Management Board of PKN ORLEN recommended to distribute the net profit for the year 2011 of PLN 1,386,165,827.51 to reserve capital of the Company. Final decision regarding distribution of the net profit shall be taken by the General Shareholders' Meeting of PKN ORLEN S.A.

3.17. Contingent liabilities

	as at 31/12/2011	increase/ (decrease)	as at 31/03/2012 (unaudited)
Anti-trust proceedings of the OCCP	14 000	(14 000)	-
Other legal cases at court	16 845	(11 078)	5 767
	30 845	**(25 078)**	**5 767**

Court proceedings as at 31 March 2012 relate mainly to claims arising from trade contracts with contractors and employees' claims.

In March 2012 the anti-trust proceeding of the OCCP has finished - detailed information is disclosed in note 5.1.2.2.

The Board of Directors of Spolana a.s. takes steps to extend the period of integrated environmental permit IPPC without the necessity to convert the technology used in production of chlorine using the mercury electrolysis and simultaneously considers the continuation of production based on purchased raw materials. This will require the adjustment of the electrolysis building to its new function, what might change the purpose of the building and help to avoid potential reclamation costs. Further information is disclosed in note 36 to the Consolidated Annual Report for 2011.

3.18. Supplementary information

Excise tax guarantees and excise tax on goods and merchandise under the excise tax suspension procedure as at 31 March 2012 and 31 December 2011 amounted to PLN 1,349,273 thousand and PLN 1,336,701 thousand, respectively.
Guarantees granted as at 31 March 2012 and 31 December 2011 amounted to PLN 135,026 thousand and PLN 156,346 thousand, respectively.

OTHER INFORMATION TO CONSOLIDATED QUARTERLY REPORT FOR THE I QUARTER OF 2012

B. OTHER INFORMATION TO CONSOLIDATED QUARTERLY REPORT

1. Principal activity

The Parent Company of ORLEN Capital Group ("Group", "Capital Group") is Polski Koncern Naftowy ORLEN S.A. ("Company", "PKN ORLEN", "Parent Company", "Issuer") seated in Płock, 7 Chemików Street.

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

2. Organization of the Capital Group

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

CONSOLIDATION SCHEME OF THE CAPITAL GROUP – first level

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

fully consolidated entities

entities consolidated under proportionate method

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

name of the group	Share in total voting rights	
	31/03/2012	31/12/2011
1. Capital Group of Rafineria Trzebinia S.A.	86%	86%
Energomedia Sp. z o.o.	100%	100%
Euronaft Trzebinia Sp. z o.o.	100%	100%
Fabryka Parafin NaftoWax Sp. z o.o.	100%	100%
Zakładowa Straż Pożarna Sp. z o.o.	100%	100%
EkoNaft Sp. z o.o.	100%	100%
2. Capital Group of Rafineria Nafty Jedlicze S.A.	99%	90%
Raf-Koltrans Sp. z o.o.	100%	100%
Raf-Służba Ratownicza Sp. z o.o.	100%	100%
Raf-Bit Sp. z o.o.	100%	100%
Konsorcjum Olejów Przepracowanych – Organizacja Odzysku S.A.	81%	81%
3. Capital Group of ORLEN Oil Sp. z o.o.	100%*	100%*
ORLEN Oil Cesko s.r.o.	100%	100%
Platinum Oil Sp. z o.o.	100%	100%
Petro-Oil Małopolskie Centrum Sprzedaży Sp. z o.o.	-	100%
Petro-Oil Zachodniopomorskie Centrum Sprzedaży Sp. z o.o.	-	24%
Petro-Oil Wielkopolskie Centrum Sprzedaży Sp. z o.o.	22%	22%
4. Capital Group of ORLEN Lietuva	100%	100%
UAB Mazeikiu naftos sveikatos prieziuros centras	100%	100%
UAB PASLAUGOS TAU	100%	100%
UAB Emas	100%	100%
AB Ventus-Nafta	100%	100%
UAB Naftelf	34%	34%
Capital Group of UAB Mazeikiu naftos prekybos namai	100%	100%
SIA ORLEN Latvija (SIA Mazeikiu Nafta Tirdzniecibas nams)	100%	100%
OU ORLEN Eesti (OU Mazeikiu Nafta Trading House)	100%	100%
5. Capital Group of UNIPETROL a.s.	63%	63%
Capital Group of UNIPETROL RPA s.r.o	100%	100%
UNIPETROL DOPRAVA s.r.o.	100%	100%
UNIPETROL SLOVENSKO s.r.o.	100%	100%
POLYMER INSTITUTE BRNO spol. s.r.o.	100%	100%
HC Benzina Litvinov a.s.	71%	71%
UNIPETROL DEUTSCHLAND GmbH	100%	100%
Výzkumný ústav anorganické chemie a.s.	100%	100%
Capital Group of BENZINA s.r.o.	100%	100%
PETROTRANS s.r.o.	100%	100%
UNIPETROL SERVICES s.r.o.	100%	100%
Capital Group of PARAMO a.s.	100%	100%
MOGUL SLOVAKIA s.r.o.	100%	100%
PARAMO OIL s.r.o.	100%	100%
PARAMO ASFALT s.r.o.	100%	100%
CESKA RAFINERSKA a.s.	51%	51%
Butadien Kralupy s.r.o.	51%	51%
6. Capital Group of "Anwil" S.A.	95%	95%
Przedsiębiorstwo Inwestycyjno-Remontowe Remwil Sp. z o.o.	100%	100%
Przedsiębiorstwo Produkcyjno-Handlowo-Usługowe Pro-Lab Sp. z o.o.	99%	99%
Przedsiębiorstwo Usług Specjalistycznych i Projektowych Chemeko Sp. z o.o.	56%	56%
Spolana a.s.	100%	100%
Zakład Usługowo Produkcyjny EKO-Dróg Sp. z o.o.	49%	49%
Przedsiębiorstwo Usług Technicznych Wircom Sp. z o.o.	49%	49%
Specjalistyczna Przychodnia Przemysłowa Prof-Med Sp. z o.o.	46%	46%

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

name of the group	Share in total voting rights	
	31/03/2012	31/12/2011
7. Capital Group of Basell ORLEN Polyolefins Sp. z o.o.	50%	50%
Basell ORLEN Polyolefins Sprzedaż Sp. z o.o.	100%	100%
8. Capital Group of ORLEN Medica Sp. z o.o.	100%	100%
Sanatorium Uzdrowiskowe "KRYSTYNKA" Sp. z o.o.	99%	99%
9. Capital Group of ORLEN Holding Malta Ltd.	100%	100%
ORLEN Insurance Ltd.	100%	100%
10. Capital Group of Płocki Park Przemysłowo-Technologiczny S.A	50%	50%
Centrum Edukacji Sp. z o.o.	69%	69%
11. Capital Group of Orlen International Exploration & Production Company BV	100%	100%
SIA Balin Energy	50%	50%

* 94% share in consolidated financial data

In the 3 months period ended 31 March 2012 the following changes in the composition of Capital Group occurred:
- sale of Petro-Oil Zachodniopomorskie Centrum Sprzedaży Sp. z o.o.,
- acquisition of non-contolling interest in Rafineria Nafty Jedlicze S.A., IKS Solino and Anwil S.A.,
- inclusion of Petro-Oil Małopolskie Centrum Sprzedaży Sp. z o.o. in Platinium Oil Sp. z o.o.

3. Financial situation

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

Results from operations and financial activities

The profit from operations of the ORLEN Capital Group ("ORLEN Group") for the I quarter of 2012 amounted to PLN 939 million, in comparison to PLN 1,339 million for the analogous period of the prior year

Positive impact of higher sales volume exceeded the negative impact of macroeconomic factors including among others the decreased level of model petrochemical margin and resulted in increase of operating result of ORLEN Group by PLN 153 million (y/y).

In the I quarter of 2012 PKN ORLEN S.A. acquired from Maury Sp. z o.o. mandatory reserves of crude oil, that has been sold in December 2010. The acquisition price of crude oil has been hedged with a forward contract, and effectively close to sale price, and therefore lower from current market quotations. The positive impact of the above mentioned transaction on operating result in the I quarter amounted to approximately PLN 240 million.
In order to minimize the effects of shutdowns of conversion installations in the I quarter of 2011, PKN ORLEN S.A. increased the share of crude oil with low sulfur content in the total crude oil throughput as well as in the operating reserve. As a result, the operating reserve of REBCO crude oil acquired in previous years at lower prices had a positive effect on the result from operations of the I quarter of 2011 of PLN 296 million.
Positive net effect of one-off events on the operating result of the I quarter of 2012 was lower by PLN (-) 56 million (y/y).

Other operating items amounted to PLN (-) 274 million (y/y) and were connected mainly with implementation of legislative changes in the respect of bio components in fuels taxation.

Change in other operating result amounted to PLN (-) 72 million (y/y) and included mainly the effects of lower balance of sale of non-financial non-current assets of PLN (-) 33 million PLN (y/y) and lack of revenues due to compensations received from ENERGA-OPERATOR S.A. which took place in I quarter of 2011 of PLN 31 million.

Net financial revenues in the I quarter of 2012 amounted to PLN 594 million and comprised mainly positive foreign exchange differences on revaluation of loans and other positions denominated in foreign currencies of PLN 642 million and net interest of PLN (-) 45 million.

Foreign exchange gains on loans denominated in USD for which hedging relationship with net investment in ORLEN Lietuva was designated of PLN 395 million, according to IAS 39 (Financial instruments: recognition and

measurement) and foreign exchange gains on revaluation of subsidiaries' loans and borrowings denominated in foreign currencies of PLN 115 million, according to IAS 21 (The effects of changes in foreign exchange rates), were recognized in equity in line foreign exchange differences on subsidiaries from consolidation.

After consideration of tax charges, net profit of ORLEN Group for I quarter of 2012 amounted to PLN 1,244 million.

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

- PKN ORLEN S.A. – result from operations was lower by PLN (-) 270 million (y/y) and amounted to PLN 670 million.
  - result of the refining segment, lower by PLN (-) 292 million (y/y) is mainly a result of lower impact of inventory valuation of PLN (-) 109 million (y/y) and negative impact of legislative changes in the respect of bio components in fuels taxation.
  - result of the retail segment, higher by PLN 14 million is mainly a result of increasing sales volume and higher non-fuel margins, accompanied by lower fuel margins due to high fuel prices.
  - improvement of results of the petrochemical segment by PLN 64 million (y/y) is a result of positive impact of higher sales volume, accompanied by negative impact of macroeconomic factors and higher depreciation and amortization costs due to launching PX/PTA Complex.
  - costs of corporate functions, higher by PLN (-) 56 million (y/y), are mainly the effect of lack of revenues due to compensations received from ENERGA-OPERATOR S.A. which occurred in I quarter of 2011.

- ORLEN Lietuva Capital Group („ORLEN Lietuva") – the result from operations was lower by PLN (-) 27 million (y/y) and amounted to PLN 73 million.
  - decrease of the operating result of the refining segment by PLN (-) 23 million (y/y)) is mainly a result of negative impact of inventory valuation of PLN (-) 51 million (y/y) and unfavorable impact of macroeconomic factors accompanied by higher sales volume.
  - result of the retail segment on comparable level to I quarter of 2011 accompanied by higher sales volume and stable margins.
  - costs of corporate functions, higher by PLN (-) 4 million (y/y).

- Unipetrol Capital Group („Unipetrol Group") – the result from operations was lower by PLN (-) 95 million (y/y) and amounted to PLN (-) 8 million.
  - result of the refining segment, higher by PLN 15 million (y/y) is mainly a result of improvement in sales volume structure and positive impact of macroeconomic factors, accompanied by negative impact of inventory valuation of PLN (-) 7 million.
  - result of the retail segment, lower by PLN (-) 3 million (y/y), is mainly the result of lower sales volume and realized non-fuel margins.
  - deterioration of petrochemical segment result by PLN (-) 101 million (y/y) due to the negative impact of petrochemical margins, accompanied by positive impact of inventory valuation of PLN 23 million.
  - costs of corporate functions, higher by PLN (-) 6 million (y/y).

Net indebtedness and cash flows

As at 31 March 2012 net indebtedness of the ORLEN Group amounted to PLN 7,146 million and was lower by PLN (-) 443 million as compared to the level at the end of 2011.
In the I quarter of 2012 the decrease in net indebtedness due to foreign exchange differences on revaluation of loans denominated in foreign currencies amounted to PLN (-) 934 million and was accompanied by increase in the balance of cash and cash equivalents, net repayment of loans and debt securities valuation of PLN 491 million.

Net cash provided by operating activities amounted to PLN 148 million in the I quarter of 2012.
Main positions of operating cash flows included net profit increased by depreciation and amortization of PLN 1,823 million and change in net working capital of PLN (-) 1,528 million.

Net cash used in investing activities in the I quarter of 2012 amounted to PLN (-) 556 million and concerned mainly net expenditures for acquisition of property, plant and equipment and intangible assets of PLN (-) 537 million relating to carried investment programs.

Net cash used in financing activities amounted to PLN (-) 782 million in the I quarter of 2012 and concerned mainly repayment of loans and borrowings and debt securities issued of PLN (-) 680 million as well as debt costs of PLN (-) 93 million.

Consequently, the balance of cash and cash equivalents decreased in the I quarter of 2012 by PLN (-) 1,190 million (y/y) and amounted to PLN 4,216 million as at 31 March 2012.

Factors and events which may influence future results

Similar factors as described above may influence results in the following quarters.

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

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

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

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

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

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

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

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

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

4. Information on related parties

Information on significant related party transactions

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

In the 3 month period ended 31 March 2012 and 3 month period ended 31 March 2011, there were no significant related party transactions concluded within the Group on other than market terms.

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

In the 3 month period ended 31 March 2012 and 3 months period ended 31 March 2011, the Group companies did not grant any advances, borrowings, loans, guarantees and sureties to managing and supervising persons and their relatives nor concluded other agreements obliging to render services to the Company and its related parties.
As at 31 March 2012 and 31 December 2011 there are no loans granted by the Group companies to managing and supervising persons and their relatives.

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

In the 3 month period ended 31 March 2012 and 3 month period ended 31 March 2011 key executive personnel of the Company 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 (in PLN thousand)		Purchases (in PLN thousand)	
	for 3 months ended 31/03/2012 (unaudited)	for 3 months ended 31/03/2011 (unaudited)	for 3 months ended 31/03/2012 (unaudited)	for 3 months ended 31/03/2011 (unaudited)
Managing persons	32	17	3	3
Other key executive personnel	21	12	-	-
	53	**29**	**3**	**3**

As at 31 March 2012 and 31 December 2011 key executive personnel of the 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. Group companies' transactions and balance of settlements with related parties

	Jointly-controlled entities		Associates		Total related parties	
	for 3 months ended 31/03/2012 (unaudited)	for 3 months ended 31/03/2011 (unaudited)	for 3 months ended 31/03/2012 (unaudited)	for 3 months ended 31/03/2011 (unaudited)	for 3 months ended 31/03/2012 (unaudited)	for 3 months ended 31/03/2011 (unaudited)
Sales	524 541	481 762	15 182	42 638	539 723	524 400
Purchases	146 289	131 191	10 136	33 978	156 425	165 169
Financial revenues	220	517	99	81	319	598
Financial expenses	11	3	-	4	11	7

	Jointly-controlled entities		Associates		Total related parties	
	as at 31/03/2012 (unaudited)	as at 31/12/2011	as at 31/03/2012 (unaudited)	as at 31/12/2011	as at 31/03/2012 (unaudited)	as at 31/12/2011
Trade and other receivables	388 610	345 136	16 485	17 557	405 095	362 693
Other short-term financial assets	-	-	-	-	-	-
Trade and other liabilities	255 410	243 599	6 313	8 108	261 723	251 707

The above transactions with related parties include mainly: sale and purchase of refining and petrochemical products and crude oil as well as purchase of repair, transportation and other services.

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

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

5.1.1 Proceedings with the total value exceeding 10% of the 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 unfair competition and illegal violation of reputation of Agrofert Holding a.s. , due to acquisition of UNIPETROL a.s. by PKN ORLEN.
On 21 October 2010 the Court of Arbitration in Prague overruled the entire claim of Agrofert Holding a.s. against PKN ORLEN regarding the payment of approximately PLN 3,266,139 thousand translated at the exchange rate as at 31 March 2012 (representing CZK 19,464,473 thousand) with interest and obliged Agrofert Holding a.s. to cover the cost of proceedings born by PKN ORLEN.
In 2011 PKN ORLEN received from the court in Prague (Czech Republic) claim to overrule the sentence of arbitration court of the above mentioned case.

On 16 January 2012 PKN ORLEN submitted a response to Agrofert's claim. In its response PKN ORLEN appealed to dismiss all Agrofert Holding a.s.'s claim and adjudge it with proceeding costs refund. In the opinion of PKN ORLEN the decision included in judgment of the arbitration court dated 21 October 2010 is correct and there is no ground for its reverse.

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

5.1.2.1. Tax proceedings

At the end of reporting period 31 March 2012 there are ongoing tax proceedings in Rafineria Trzebinia S.A. concerning excise tax settlements for the period May-September 2004.

In the prior years, as a result of the Customs Office proceeding, the excise tax liability for Rafineria Trzebinia S.A. was set at the amount above PLN 100 million.

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

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

5.1.2.2. Anti-trust proceedings

Anti-trust proceedings concern an allegation that in the years 1996 – 2007, PKN ORLEN, Petrol Station Kogut Sp.j. and MAGPOL B. Kułakowski i Wspólnicy Sp.j. were using practice limiting competition on the domestic market of wholesale of petrol and diesel oil by setting retail selling prices of petrol and diesel oil. On 16 July 2010 the President of the Office of Competition and Consumer Protection issued a decision, in which PKN ORLEN and Petrol Station Kogut Sp.j. were found guilty of participating till 16 July 2007 in anti-competition actions. The President of OCCP has imposed a fine on PKN ORLEN of PLN 52,700 thousand. On 2 August 2010 PKN ORLEN appealed from the

decision of the President of the OCCP to the Court of Competition and Consumer Protection. The date of the appeal proceeding has not been set yet.

Moreover, the proceedings concerning an allegation that in the years 2000 – 2004 PKN ORLEN was using practice limiting competition on the domestic market of trading in glycol has been finished. On 6 October 2010 the Court of Competition and Consumer Protection repealed the decision of the Chairman of OCCP regarding the alleged misuse of PKN ORLEN's leading position on the glycol market and repealed the penalty imposed to PKN ORLEN of PLN 14,000 thousand. The President of the OCCP has issued an appeal against this verdict. On 15 September 2011 Court of Appeals in Warsaw revoked the appeal of the President of the OCCP. As a result, the verdict of the Court of Competition and Consumer Protection repealing the penalty imposed on PKN ORLEN of PLN 14,000 thousand. The President of OCCP did not file an annulment to the sentence of the Supreme Court from 15 September 2011. As a result, in the first half of March 2012 an appellate proceeding was finished.

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 consolidated financial statements PKN ORLEN participates in two court proceedings concerning the settlement of system fee with ENERGA OPERATOR S.A. The subject of the court proceedings is regulated by the Regulation of the Minister of Economy dated 14 December 2000 relating to detailed methods of determination and computation of tariffs and electricity settlement regulations. According to the paragraph 36 of the above regulation, the method of settlement of system fee, constituting an element of a power transfer fee, was changed. According to the paragraph 37 of the above regulation, a different method of system fee calculation was introduced.

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

The subject of the court proceedings concerns settlement of the contentious system fee for the period from 5 July 2001 to 30 June 2002. The obligation to settle power transfer fee results from the electricity sale agreement between ENERGA – OPERATOR S.A. and PKN ORLEN which was signed without determining contentious issues concerning system fee. The case was regarded as a civil case so contentious system fee should be judged by an appropriate court. The total amount of the claim is PLN 46,232 thousand increased by interest from 30 June 2004 till the payment date.
The proceedings were described in details in note 42.1.2.4 to the Consolidated Financial Statements for the year 2011.
On 4 August 2011, the Court of Appeals in Warsaw revoked the first instance authority sentence and submitted the case to re-examination by the District Court in Warsaw. The District Court set the date of hearing on 30 April 2012.

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

In 2004 the District Court in Warsaw summoned PKN ORLEN as a co-defendant in a court case PSE – Operator S.A. (legal successor of PGE Polska Grupa Energetyczna S.A., former Polskie Sieci Elektroenergetyczne) against ENERGA – OPERATOR S.A.
The proceedings were described in details in note 42.1.2.4 to the Consolidated Financial Statements for the year 2011.
PSE Operator S.A. submitted a cassation to Supreme Court from the verdict of the Court of Appeals dated 21 September 2011. The Court ruling does not result in liabilities directly on the side of PKN ORLEN, as PKN ORLEN acts only as an outside intervener in the case.

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

The Company UNIPETROL a.s. is a party in a proceeding initiated in 2009 by former non-controlling interest shareholders of PARAMO a.s. and concerns change in compensation received due to losses incurred on compulsory shares buy-out performed by UNIPETROL a.s. in 2009. The claim concerns the difference between officially approved price of PARAMO a.s. shares as at the date of buy-out of 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 51,011 thousand at average exchange rate as at 31 March 2012 (representing CZK 304,000 thousand). UNIPETROL a.s. considers the above described claims of former shareholders of PARAMO a.s. as ungrounded.

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

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

The proceedings concern inconsistency of Yukos International's statements with the actual state of AB ORLEN Lietuva at the closing date of the purchase of AB ORLEN Lietuva shares by PKN ORLEN. Demands of PKN ORLEN concern reimbursement of the amount of approximately PLN 779,775 thousand at exchange rate as at 31 March 2012 (representing USD 250,000 thousand), deposited in the escrow account as a part of the payment for AB ORLEN Lietuva shares in order to secure the potential claims of PKN ORLEN towards Yukos International.
The proceedings were described in details in note 42.2.1 to the Consolidated Financial Statements for the year 2011.
At the closing of the evidentiary seating held between 28 November and 8 December 2011 the Court of Arbitration obliged the parties to submit final pleadings and proceeding costs refund in March and April 2012. On 29 February 2012 PKN Orlen submitted final pleading. Yukos International submitted as well the pleading. On 30 March 2012 PKN ORLEN and Yukos International submitted the response to the above-mentioned pleadings. On 13 April 2012 the parties submitted motions for the proceeding cost refund. Another exchange of the pleadings with respect to cost refund is expected to occur on 29 April 2012. After the submission of pleadings PKN ORLEN will be expecting for the final decision of the Court of Arbitration.

5.2.2. Compensation due to property damages

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

- AB Orlen Lietuva was a party in the compensation proceeding against RESORT MARITIME SA, The London Steamship Owners' Mutual Insurance Association Limited, Sigma Tankers Inc., Cardiff Maritime Inc., Heidenreich Marine, Heidenreich Maritime Inc. and Heidmar Inc. due to losses incurred during the accident in Butinge Terminal (the tanker ship hit a terminal buoy) on 29 December 2005. The total compensation claim amounts to approximately PLN 72,318 thousand translated at the exchange rate as at 31 March 2012 (representing LTL 60,000 thousand at). The proceedings is held in 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 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 54,535 thousand translated using exchange rate as at 31 March 2012 (representing CZK 325,000 thousand).

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 foregoing report

Shareholder	% of votes at the GSM as at the date of the foregoing quarterly report filing **	Change p.p.	% of votes at the GSM as at the date of the prior quarterly report filing *	Number of shares as at the date of the foregoing quarterly report filing **	Change	Number of shares as at the date of the prior quarterly report filing *
State Treasury	27.52%	-	27.52%	117 710 196	-	117 710 196
Aviva OFE***	5.08%	-	5.08%	21 744 036	-	21 744 036
ING OFE****	5.02%	5.02%	-	21 464 398	21 464 398	-
Other	62.38%	(5.02%)	67.40%	266 790 431	(21 464 398)	288 254 829
	100.00%	**-**	**100.00%**	**427 709 061**	**-**	**427 709 061**

* According to the received confirmations as at 31 January 2012
** According to the information possessed by the Company as at 16 April 2012
*** According to the received confirmations as at 9 February 2010
**** According to the received confirmations as at 30 March 2012

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

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

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

* According to the received confirmations as at 31 January 2012
** According to the information possessed by the Company as at 16 April 2012

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

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

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

QUARTERLY FINANCIAL INFORMATION OF PKN ORLEN S.A.

Polski Koncern Naftowy ORLEN
Spółka Akcyjna

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

Separate statement of financial position

	as at 31/03/2012 (unaudited)	as at 31/12/2011
ASSETS		
Non-current assets		
Property, plant and equipment	12 031 171	12 190 347
Intangible assets	614 084	362 791
Perpetual usufruct of land	89 618	89 692
Shares in related parties	9 061 456	9 051 706
Financial assets available for sale	40 544	40 328
Deferred tax assets	-	11 280
Other non-current assets	642 013	683 127
	22 478 886	**22 429 271**
Current assets		
Inventories	12 365 405	11 549 043
Trade and other receivables	7 332 856	7 271 441
Other short-term financial assets	540 892	320 480
Income tax receivable	1 142	1 142
Cash and cash equivalents	3 192 889	4 291 187
Non-current assets held for sale	**6 738**	**6 519**
	23 439 922	**23 439 812**
Total assets	**45 918 808**	**45 869 083**
EQUITY AND LIABILITIES		
EQUITY		
Share capital	1 057 635	1 057 635
Share premium	1 227 253	1 227 253
Hedging reserve	58 291	(14 617)
Retained earnings	19 932 734	18 576 453
Total equity	**22 275 913**	**20 846 724**
LIABILITIES		
Long-term liabilities		
Interest-bearing loans	8 757 149	9 346 203
Provisions	327 590	327 747
Deferred tax liabilities	150 018	-
Other long-term liabilities	140 303	170 434
	9 375 060	**9 844 384**
Short-term liabilities		
Trade and other liabilities	11 070 220	10 998 036
Interest-bearing loans and borrowings	1 242 495	2 320 861
Income tax liability	645 530	613 182
Provisions	536 713	442 181
Deferred income	296 882	118 423
Other financial liabilities	475 995	685 292
	14 267 835	**15 177 975**
Total liabilities	**23 642 895**	**25 022 359**
Total equity and liabilities	**45 918 808**	**45 869 083**

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Separate statement of comprehensive income

	for 3 months ended 31/03/2012 (unaudited)	for 3 months ended 31/03/2011 (unaudited)
Income statement		
Sales revenues	22 135 325	16 756 240
Cost of sales	(20 754 316)	(15 221 610)
Gross profit on sales	**1 381 009**	**1 534 630**
Distribution expenses	(501 571)	(483 997)
General and administrative expenses	(184 199)	(137 300)
Other operating revenues	66 614	93 614
Other operating expenses	(91 684)	(66 928)
Profit from operations	**670 169**	**940 019**
Financial revenues	1 101 579	314 171
Financial expenses	(97 368)	(133 303)
Financial revenues and expenses	**1 004 211**	**180 868**
Profit before tax	**1 674 380**	**1 120 887**
Income tax expense	(318 099)	(211 455)
Net profit	**1 356 281**	**909 432**
Items of other comprehensive income		
Hedging instruments valuation	198 422	486 143
Hedging instruments settlement	(108 412)	(2 341)
Deferred tax on other comprehensive income items	(17 102)	(91 922)
	72 908	**391 880**
Total net comprehensive income	**1 429 189**	**1 301 312**
Net profit and diluted net profit per share (in PLN per share)	3.17	2.13

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Separate statement of cash flows

	for 3 months ended 31/03/2012 (unaudited)	for 3 months ended 31/03/2011 (unaudited)
Cash flows - operating activities		
Net profit	**1 356 281**	**909 432**
Adjustments for:		
Depreciation and amortisation	263 277	212 599
Foreign exchange (gain)	(742 489)	(147 679)
Interest net	76 770	52 592
Dividends received	(9 332)	(10 730)
Loss/(Profit) on investing activities	3 691	(20 558)
Change in receivables	(61 822)	(677 632)
Change in inventories	(808 417)	(1 073 368)
Change in liabilities	286 206	80 254
Change in provisions	94 375	110 999
Income tax expense	318 099	211 455
Income tax (paid)	(141 554)	(18 127)
Other adjustments	(99 499)	(27 434)
Net cash provided by/(used in) operating activities	**535 586**	**(398 197)**
Cash flows - investing activities		
Acquisition of property, plant and equipment and intangible assets	(301 530)	(503 245)
Disposal of property, plant and equipment and intangible assets	5 686	237 134
Acquisition of shares	(9 578)	-
Interest received	4 092	1 979
Dividends received	-	2 000
Additional repayable payments to subsidiaries' equity	(400)	-
Outflows due to short-term loans granted	(326 178)	-
Proceeds from short-term loans granted	-	278 334
Proceeds/(Outflows) from cash pool facility	49 876	(13 632)
Other	(15 151)	(100)
Net cash provided by/(used in) investing activities	**(593 183)**	**2 470**
Cash flows - financing activities		
Proceeds from loans and borrowings received	1 304 038	1 868 034
Debt securities issued	3 804 622	1 306 608
Repayments of loans and borrowings	(2 617 495)	(1 580 138)
Redemption of debt securities	(3 337 761)	(1 194 667)
Interest paid	(92 268)	(87 003)
Payments of liabilities under finance lease agreements	(2 296)	(1 077)
(Outflows)/Proceeds from cash pool facility	(99 667)	17 084
Net cash provided by/(used in) financing activities	**(1 040 827)**	**328 841**
Net (decrease) in cash and cash equivalents	**(1 098 424)**	**(66 886)**
Effect of exchange rate changes	126	(1 943)
Cash and cash equivalents, beginning of the period	**4 291 187**	**1 396 060**
Cash and cash equivalents, end of the period	**3 192 889**	**1 327 231**

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Statement of changes in separate equity

	Share capital and share premium	Hedging reserve	Retained earnings	Total equity
1 January 2012	2 284 888	(14 617)	18 576 453	20 846 724
Net profit	-	-	1 356 281	1 356 281
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)				
1 January 2011	2 284 888	63 874	17 190 287	19 539 049
Net profit	-	-	909 432	909 432
Other comprehensive income	-	391 880	-	391 880
Total net comprehensive income	**-**	**391 880**	**909 432**	**1 301 312**
31 March 2011	**2 284 888**	**455 754**	**18 099 719**	**20 840 361**
(unaudited)				

The foregoing quarterly report was authorized by the Management Board of the Parent Company on 24 April 2012.

……
Dariusz Krawiec
President of the Board

……
Sławomir Jędrzejczyk
Vice-President of the Board

……
Piotr Chełmiński
Member of the Board

……
Krystian Pater
Member of the Board

……
Marek Podstawa
Member of the Board

Signature of a person responsible for keeping account books

……..……
Rafał Warpechowski
Executive Director
Planning and Reporting