Polski Koncern Naftowy ORLEN
Spółka Akcyjna

ORLEN GROUP

CONSOLIDATED QUARTERLY REPORT

FOR THE 3rd QUARTER 2015

ORLEN GROUP - SELECTED DATA

	PLN million		EUR million	
	9 MONTHS 2015	9 MONTHS 2014	9 MONTHS 2015	9 MONTHS 2014
Sales revenues	68 249	81 930	16 412	19 702
Profit/(Loss) from operations increased by depreciation and amortisation (EBITDA)	5 914	(2 056)	1 422	(494)
EBITDA before impairment allowances *	6 470	2 973	1 556	715
Profit/(Loss) from operations (EBIT)	4 529	(3 562)	1 089	(857)
Profit/(Loss) before tax	4 040	(4 832)	972	(1 162)
Net profit/(loss) attributable to equity owners of the parent	2 918	(4 595)	702	(1 105)
Net profit/(loss)	3 302	(4 649)	794	(1 118)
Total net comprehensive income attributable to equity owners of the parent	4 026	(4 197)	968	(1 009)
Total net comprehensive income	4 421	(4 191)	1 063	(1 008)
Net cash provided by operating activities	3 791	2 779	913	668
Net cash (used) in investing activities	(1 909)	(3 020)	(460)	(726)
Net cash provided by/(used in) financing activities	(993)	2 530	(239)	608
Net increase in cash and cash equivalents	889	2 289	214	550
Net profit/(loss) and diluted net profit/(loss) per share attributable to equity owners of the parent (in PLN/EUR per share)	6.82	(10.74)	1.64	(2.58)

	30/09/2015	31/12/2014	30/09/2015	31/12/2014
Non-current assets	24 844	24 971	5 861	5 891
Current assets	25 022	21 754	5 903	5 132
Total assets	49 866	46 725	11 765	11 024
Share capital	1 058	1 058	250	250
Equity attributable to equity owners of the parent	22 091	18 771	5 212	4 429
Total equity	24 101	20 386	5 686	4 810
Non-current liabilities	12 081	12 305	2 851	2 903
Current liabilities	13 684	14 034	3 228	3 311
Number of shares	427 709 061	427 709 061	427 709 061	427 709 061
Carrying amount and diluted carrying amount per share attributable to equity owners of the parent (in PLN/EUR per share)	51.65	43.89	12.19	10.35

* Impairment allowances of net non-current assets are: 2015: PLN (556) million mainly: PLN (429) million ORLEN Upstream Group and PLN (93) million Unipetrol Group; 2014: PLN (5,029) million mainly: ORLEN Lietuva Group PLN (4,187) million, Unipetrol Group PLN (711) million, Anwil (Spolana) Group PLN (58) million and Rafineria Nafty Jedlicze Group PLN (42) million

PKN ORLEN - SELECTED DATA

	PLN million		EUR million	
	9 MONTHS 2015	9 MONTHS 2014	9 MONTHS 2015	9 MONTHS 2014
Sales revenues	47 237	59 383	11 359	14 280
Profit from operations increased by depreciation and amortisation (EBITDA)	2 658	1 237	639	297
Profit from operations (EBIT)	1 840	484	442	116
Profit/(Loss) before tax*	1 711	(3 609)	411	(868)
Net profit/(loss)*	1 382	(3 626)	332	(872)
Total net comprehensive income	2 533	(3 935)	609	(946)
Net cash provided by/(used in) operating activities	(262)	2 199	(63)	529
Net cash provided by/(used in) investing activities	343	(2 182)	82	(525)
Net cash provided by/(used in) financing activities	(13)	1 736	(3)	417
Net increase in cash	68	1 753	16	422
Net profit/(loss) and diluted net profit/(loss) per share (in PLN/EUR per share)	3.23	(8.48)	0.78	(2.04)

	30/09/2015	31/12/2014	30/09/2015	31/12/2014
Non-current assets	21 273	21 802	5 019	5 144
Current assets	18 074	16 176	4 264	3 816
Total assets	39 347	37 978	9 283	8 960
Share capital	1 058	1 058	250	250
Total equity	18 100	16 302	4 270	3 846
Non-current liabilities	11 111	11 379	2 621	2 685
Current liabilities	10 136	10 297	2 391	2 429
Number of shares	427 709 061	427 709 061	427 709 061	427 709 061
Carrying amount and diluted carrying amount per share (in PLN/EUR per share)	42.32	38.11	9.98	8.99

* Items include impairment allowances of shares: 2015: PLN (417) million ORLEN Upstream; 2014: PLN (4,542) million AB ORLEN Lietuva

The above data for the 9 month period of 2015 and 2014 was translated into EUR using the following exchange rates:

– items in the statement of profit or loss and other comprehensive income and the statement of cash flows - by the arithmetic average of average exchange rates published by the National Bank of Poland as of the last day of the month during the reporting period: from 1 January to 30 September 2015 – 4.1585 EUR/PLN;
– items of assets, equity and liabilities – by the average exchange rate published by the National Bank of Poland as at 30 September 2015 – 4.2386 EUR/PLN.

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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE 9 AND 3 MONTH PERIOD ENDED 30 SEPTEMBER 2015

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (PLN million)

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

Consolidated statement of profit or loss and other comprehensive income

	NOTE	9 MONTHS 2015 (unaudited)	3 MONTHS 2015 (unaudited)	9 MONTHS 2014 (unaudited)	3 MONTHS 2014 (unaudited)
Statement of profit or loss					
Sales revenues	3.1	68 249	23 468	81 930	29 160
Cost of sales	3.2	(59 376)	(20 973)	(76 769)	(26 785)
Gross profit on sales		**8 873**	**2 495**	**5 161**	**2 375**
Distribution expenses		(2 910)	(990)	(2 907)	(1 021)
Administrative expenses		(1 122)	(332)	(1 095)	(383)
Other operating income	3.5	272	75	518	86
Other operating expenses	3.5	(773)	(177)	(5 299)	(79)
Share in profit from investments accounted for under equity method		189	85	60	23
Profit/(Loss) from operations		**4 529**	**1 156**	**(3 562)**	**1 001**
Finance income	3.6	260	101	214	132
Finance costs	3.6	(749)	(202)	(1 484)	(389)
Net finance income and costs		**(489)**	**(101)**	**(1 270)**	**(257)**
Profit/(Loss) before tax		**4 040**	**1 055**	**(4 832)**	**744**
Tax expense	3.7	(738)	(170)	183	(129)
Net profit/(loss)		**3 302**	**885**	**(4 649)**	**615**
Items of other comprehensive income:					
which will be reclassified into profit or loss under certain conditions					
Hedging instruments		*1 332*	*1 008*	*(325)*	*(100)*
Foreign exchange differences on subsidiaries from consolidation		*41*	*(7)*	*721*	*14*
Deferred tax		*(254)*	*(192)*	*62*	*19*
		1 119	**809**	**458**	**(67)**
Total net comprehensive income		**4 421**	**1 694**	**(4 191)**	**548**
Net profit/(loss) attributable to		**3 302**	**885**	**(4 649)**	**615**
equity owners of the parent		*2 918*	*795*	*(4 595)*	*538*
non-controlling interest		*384*	*90*	*(54)*	*77*
Total net comprehensive income attributable to		**4 421**	**1 694**	**(4 191)**	**548**
equity owners of the parent		*4 026*	*1 576*	*(4 197)*	*455*
non-controlling interest		*395*	*118*	*6*	*93*
Net profit/(loss) and diluted net profit/(loss) per share attributable to equity owners of the parent (in PLN per share)		6.82	1.86	(10.74)	1.26

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (PLN million)

Consolidated statement of financial position

	NOTE	30/09/2015 (unaudited)	31/12/2014
ASSETS			
Non-current assets			
Property, plant and equipment		22 489	22 644
Investment property		113	111
Intangible assets		617	703
Perpetual usufruct of land		96	89
Investments accounted for under equity method		746	672
Financial assets available for sale		41	40
Deferred tax assets		261	385
Other non-current assets	3.9	481	327
		24 844	**24 971**
Current assets			
Inventories		11 916	9 829
Trade and other receivables		7 663	7 057
Other financial assets	3.10	520	862
Current tax assets		37	35
Cash and cash equivalents		4 869	3 937
Non-current assets classified as held for sale		17	34
		25 022	**21 754**
Total assets		**49 866**	**46 725**
EQUITY AND LIABILITIES			
EQUITY			
Share capital		1 058	1 058
Share premium		1 227	1 227
Hedging reserve		(215)	(1 319)
Foreign exchange differences on subsidiaries from consolidation		513	509
Retained earnings		19 508	17 296
Total equity attributable to equity owners of the parent		**22 091**	**18 771**
Non-controlling interest		**2 010**	**1 615**
Total equity		**24 101**	**20 386**
LIABILITIES			
Non-current liabilities			
Loans, borrowings and bonds	3.11	9 656	9 670
Provisions	3.12	740	709
Deferred tax liabilities		549	75
Deferred income		8	8
Other non-current liabilities	3.13	1 128	1 843
		12 081	**12 305**
Current liabilities			
Trade and other liabilities		11 454	11 215
Loans and borrowings	3.11	896	987
Current tax liabilities		203	42
Provisions	3.12	597	648
Deferred income		191	122
Other financial liabilities	3.14	343	1 020
		13 684	**14 034**
Total liabilities		**25 765**	**26 339**
Total equity and liabilities		**49 866**	**46 725**

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (PLN million)

Consolidated statement of changes in equity

	Equity attributable to equity owners of the parent						
	Share capital and share premium	Hedging reserve	Foreign exchange differences on subsidiaries from consolidation	Retained earnings	Total	Non-controlling interest	Total equity
01/01/2015	2 285	(1 319)	509	17 296	18 771	1 615	20 386
Net profit	-	-	-	2 918	2 918	384	3 302
Items of other comprehensive income	-	1 104	4	-	1 108	11	1 119
Total net comprehensive income	**-**	**1 104**	**4**	**2 918**	**4 026**	**395**	**4 421**
Dividends	-	-	-	(706)	(706)	-	(706)
30/09/2015	**2 285**	**(215)**	**513**	**19 508**	**22 091**	**2 010**	**24 101**
(unaudited)							
01/01/2014	2 285	148	(201)	23 716	25 948	1 603	27 551
Net (loss)	-	-	-	(4 595)	(4 595)	(54)	(4 649)
Net investment hedge in a foreign operation	-	-	658	-	658	-	658
Items of other comprehensive income	-	(281)	21	-	(260)	60	(200)
Total net comprehensive income	**-**	**(281)**	**679**	**(4 595)**	**(4 197)**	**6**	**(4 191)**
Change in the structure of non-controlling interest	-	-	-	23	23	(23)	-
Dividends	-	-	-	(616)	(616)	(1)	(617)
30/09/2014	**2 285**	**(133)**	**478**	**18 528**	**21 158**	**1 585**	**22 743**
(unaudited)							

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (PLN million)

Consolidated statement of cash flows

	9 MONTHS 2015 (unaudited)	3 MONTHS 2015 (unaudited)	9 MONTHS 2014 (unaudited)	3 MONTHS 2014 (unaudited)
Cash flows - operating activities				
Net profit/(loss)	**3 302**	**885**	**(4 649)**	**615**
Adjustments for:				
Share in profit from investments accounted for under equity method	(189)	(85)	(60)	(23)
Depreciation and amortisation	1 385	469	1 506	460
Foreign exchange (profit)/loss	(14)	48	761	(31)
Interest, net	151	46	192	63
Dividends	(2)	-	(2)	-
(Profit)/Loss on investing activities	708	107	4 753	(74)
Tax expense	738	170	(183)	129
Change in provisions	337	139	17	64
Change in working capital	(2 272)	(1 482)	733	1 083
inventories	*(1 914)*	*(1 143)*	*1 072*	*223*
receivables	*(166)*	*1 381*	*(993)*	*(36)*
liabilities	*(192)*	*(1 720)*	*654*	*896*
Other adjustments	(197)	(114)	(185)	(79)
Income tax (paid)	(156)	(51)	(104)	(43)
Net cash provided by operating activities	**3 791**	**132**	**2 779**	**2 164**
Cash flows - investing activities				
Acquisition of property, plant and equipment, intangible assets and perpetual usufruct of land	(1 850)	(605)	(2 677)	(973)
Disposal of property, plant and equipment, intangible assets and perpetual usufruct of land	70	16	356	15
Acquisition of shares adjusted for received cash	(35)	-	(745)	-
Disposal of shares	1	-	48	2
Deposits, net	20	2	(28)	(29)
Dividends received	118	115	2	-
Proceeds from loans granted	1	-	5	2
Other	(234)	(119)	19	43
Net cash (used) in investing activities	**(1 909)**	**(591)**	**(3 020)**	**(940)**
Cash flows - financing activities				
Proceeds from loans and borrowings received	1 986	1 989	8 868	502
Bonds issued	-	-	2 350	-
Repayments of loans and borrowings	(2 047)	(72)	(7 849)	(1 354)
Interest paid	(208)	(56)	(196)	(60)
Dividends paid	(706)	(706)	(617)	(617)
Payments of liabilities under finance lease agreements	(21)	(8)	(24)	(8)
Other	3	3	(2)	-
Net cash provided by/(used in) financing activities	**(993)**	**1 150**	**2 530**	**(1 537)**
Net increase/(decrease) in cash and cash equivalents	**889**	**691**	**2 289**	**(313)**
Effect of exchange rate changes	43	38	3	(1)
Cash and cash equivalents, beginning of the period	3 937	4 140	2 689	5 295
Cash and cash equivalents, end of the period	**4 869**	**4 869**	**4 981**	**4 981**

The accompanying notes disclosed on pages 8 – 16 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 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 (consolidated text: Official Journal 2014, item 133) ("Regulation") and present the Polski Koncern Naftowy ORLEN S.A. Capital Group's ("Group", "ORLEN Group") financial position as at 30 September 2015 and as at 31 December 2014, financial results and cash flows for the 9 and 3 month period ended 30 September 2015 and 30 September 2014.

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 the foregoing 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.

The duration of the Parent Company and the entities comprising the ORLEN 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. Statements of the Management Board

1.2.1. Reliability of the interim condensed consolidated financial statements

Under the Regulation, the Management Board of PKN ORLEN hereby declares that to the best of its 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 a true and fair view on financial position and financial result of the Group.

1.2.2. Entity authorized to conduct review of the interim condensed consolidated financial statements

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

1.2.3. Applied accounting principles and amendments to International Financial Reporting Standards (IFRS)

In the 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 2014.
The Group intends to adopt IFRS amendments, published but not effective as at the date of publication of the foregoing interim condensed consolidated financial statements, in accordance with their effective date. An estimate of the impact of changes and new IFRS on future consolidated financial statements was presented in the Consolidated Financial Statements for 2014 in note 3.2.

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

1.3.1. Functional currency and presentation currency

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

1.3.2. Methods applied to translation of financial data

Translation into PLN of financial statements of foreign entities, for consolidation purposes:
- particular assets and liabilities – at spot exchange rate as at the end of the reporting period,
- items of the statement of profit or loss and other comprehensive income and the statement of cash flows - at the average exchange rate for the reporting period.

Foreign exchange differences resulting from the above recalculations are recognized in equity as foreign exchange differences on subsidiaries from consolidation.

CURRENCY	Average exchange rate for the reporting period				Exchange rate as at the end of the reporting period	
	9 MONTHS 2015	3 MONTHS 2015	9 MONTHS 2014	3 MONTHS 2014	30/09/2015	31/12/2014
EUR/PLN	4.1578	4.1894	4.1760	4.1758	4.2386	4.2623
USD/PLN	3.7305	3.7652	3.0815	3.1511	3.7754	3.5072
CZK/PLN	0.1520	0.1547	0.1518	0.1512	0.1560	0.1537
CAD/PLN	2.9643	2.8793	2.8164	2.8943	2.8173	3.0255

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

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (PLN million)

2. Segment reporting

The Group operates in:
- the Downstream segment, which includes integrated areas of refining and petrochemical production and sales and operations in the energy production activity,
- the Retail segment, which includes sales at the petrol stations,
- the Upstream segment, which includes the activity related to exploration and extraction of mineral resources,

and Corporate Functions which are reconciling items and include activities related to management and administration, support functions and remaining activities not allocated to separate operating segments.
The allocation of the ORLEN Group's companies to operating segments and corporate functions was presented in section Other information to the consolidated quarterly report in note B2.

Revenues, expenses, financial result by operating segments

for the 9 month period ended 30 September 2015

	NOTE	Downstream Segment (unaudited)	Retail Segment (unaudited)	Upstream Segment (unaudited)	Corporate Functions (unaudited)	Adjustments (unaudited)	Total (unaudited)
Sales revenues from external customers		44 504	23 515	162	68	-	68 249
Sales revenues from transactions with other segments		9 764	52	-	148	(9 964)	-
Sales revenues	3.1	54 268	23 567	162	216	(9 964)	68 249
Operating expenses		(49 781)	(22 666)	(235)	(690)	9 964	(63 408)
Other operating income	3.5	196	35	1	40	-	272
Other operating expenses	3.5	(223)	(39)	(429)	(82)	-	(773)
Share in profit from investments accounted for under equity method		189	-	-	-	-	189
Profit/(Loss) from operations		**4 649**	**897**	**(501)**	**(516)**	**-**	**4 529**
Net finance income and costs	3.6						(489)
Profit before tax							**4 040**
Tax expense	3.7						(738)
Net profit							**3 302**
Depreciation and amortisation		**942**	**273**	**109**	**61**	**-**	**1 385**
EBITDA		**5 591**	**1 170**	**(392)**	**(455)**	**-**	**5 914**

for the 3 month period ended 30 September 2015

	NOTE	Downstream Segment (unaudited)	Retail Segment (unaudited)	Upstream Segment (unaudited)	Corporate Functions (unaudited)	Adjustments (unaudited)	Total (unaudited)
Sales revenues from external customers		15 060	8 333	49	26	-	23 468
Sales revenues from transactions with other segments		3 404	18	-	51	(3 473)	-
Sales revenues	3.1	18 464	8 351	49	77	(3 473)	23 468
Operating expenses		(17 575)	(7 897)	(76)	(220)	3 473	(22 295)
Other operating income	3.5	53	12	1	9	-	75
Other operating expenses	3.5	(130)	(14)	-	(33)	-	(177)
Share in profit from investments accounted for under equity method		85	-	-	-	-	85
Profit/(Loss) from operations		**897**	**452**	**(26)**	**(167)**	**-**	**1 156**
Net finance income and costs	3.6						(101)
Profit before tax							**1 055**
Tax expense	3.7						(170)
Net profit							**885**
Depreciation and amortisation		**318**	**92**	**36**	**23**	**-**	**469**
EBITDA		**1 215**	**544**	**10**	**(144)**	**-**	**1 625**

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (PLN million)

for the 9 month period ended 30 September 2014

	NOTE	Downstream Segment (unaudited)	Retail Segment (unaudited)	Upstream Segment (unaudited)	Corporate Functions (unaudited)	Adjustments (unaudited)	Total (unaudited)
Sales revenues from external customers		54 284	27 370	214	62	-	81 930
Sales revenues from transactions with other segments		11 878	144	-	176	(12 198)	-
Sales revenues	3.1	66 162	27 514	214	238	(12 198)	81 930
Operating expenses		(65 285)	(26 755)	(182)	(747)	12 198	(80 771)
Other operating income	3.5	363	74	4	77	-	518
Other operating expenses	3.5	(5 165)	(65)	(8)	(61)	-	(5 299)
Share in profit from investments accounted for under equity method		61	-	-	(1)	-	60
Profit/(Loss) from operations		**(3 864)**	**768**	**28**	**(494)**	**-**	**(3 562)**
Net finance income and costs	3.6						(1 270)
(Loss) before tax							**(4 832)**
Tax expense	3.7						183
Net (loss)							**(4 649)**
Depreciation and amortisation		**1 091**	**264**	**74**	**77**	**-**	**1 506**
EBITDA		**(2 773)**	**1 032**	**102**	**(417)**	**-**	**(2 056)**

for the 3 month period ended 30 September 2014

	NOTE	Downstream Segment (unaudited)	Retail Segment (unaudited)	Upstream Segment (unaudited)	Corporate Functions (unaudited)	Adjustments (unaudited)	Total (unaudited)
Sales revenues from external customers		19 273	9 778	91	18	-	29 160
Sales revenues from transactions with other segments		4 292	54	-	62	(4 408)	-
Sales revenues	3.1	23 565	9 832	91	80	(4 408)	29 160
Operating expenses		(22 800)	(9 480)	(77)	(240)	4 408	(28 189)
Other operating income	3.5	63	10	1	12	-	86
Other operating expenses	3.5	(52)	(10)	-	(17)	-	(79)
Share in profit from investments accounted for under equity method		24	-	-	(1)	-	23
Profit/(Loss) from operations		**800**	**352**	**15**	**(166)**	**-**	**1 001**
Net finance income and costs	3.6						(257)
Profit before tax							**744**
Tax expense	3.7						(129)
Net profit							**615**
Depreciation and amortisation		**310**	**89**	**37**	**24**	**-**	**460**
EBITDA		**1 110**	**441**	**52**	**(142)**	**-**	**1 461**

Assets by operating segments

	30/09/2015 (unaudited)	31/12/2014
Downstream Segment	35 331	32 298
Retail Segment	5 773	5 787
Upstream Segment	1 912	2 422
Segment assets	**43 016**	**40 507**
Corporate Functions	7 052	6 425
Adjustments	(202)	(207)
	49 866	**46 725**

3. Other notes

3.1. Sales revenues

	9 MONTHS 2015 (unaudited)	3 MONTHS 2015 (unaudited)	9 MONTHS 2014 (unaudited)	3 MONTHS 2014 (unaudited)
Revenues from sales of finished goods and services, net	53 809	18 546	61 414	22 619
Revenues from sales of merchandise and raw materials, net	14 440	4 922	20 516	6 541
	68 249	**23 468**	**81 930**	**29 160**

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (PLN million)

3.2. Operating expenses

Cost of sales

	9 MONTHS 2015 (unaudited)	3 MONTHS 2015 (unaudited)	9 MONTHS 2014 (unaudited)	3 MONTHS 2014 (unaudited)
Cost of finished goods and services sold	(45 774)	(16 306)	(57 211)	(20 648)
Cost of merchandise and raw materials sold	(13 602)	(4 667)	(19 558)	(6 137)
	(59 376)	**(20 973)**	**(76 769)**	**(26 785)**

Cost by nature

	9 MONTHS 2015 (unaudited)	3 MONTHS 2015 (unaudited)	9 MONTHS 2014 (unaudited)	3 MONTHS 2014 (unaudited)
Materials and energy	(42 628)	(14 937)	(54 134)	(19 456)
Cost of merchandise and raw materials sold	(13 602)	(4 667)	(19 558)	(6 137)
External services	(3 221)	(1 079)	(3 129)	(1 168)
Employee benefits	(1 573)	(503)	(1 536)	(489)
Depreciation and amortisation	(1 385)	(469)	(1 506)	(460)
Taxes and charges	(862)	(290)	(470)	(150)
Other	(1 071)	(270)	(5 635)	(201)
	(64 342)	**(22 215)**	**(85 968)**	**(28 061)**
Change in inventories	(8)	(302)	(274)	(290)
Cost of products and services for own use	169	45	172	83
Operating expenses	**(64 181)**	**(22 472)**	**(86 070)**	**(28 268)**
Distribution expenses	2 910	990	2 907	1 021
Administrative expenses	1 122	332	1 095	383
Other operating expenses	773	177	5 299	79
Cost of sales	**(59 376)**	**(20 973)**	**(76 769)**	**(26 785)**

3.3. Impairment allowances of inventories to net realizable value

	9 MONTHS 2015 (unaudited)	3 MONTHS 2015 (unaudited)	9 MONTHS 2014 (unaudited)	3 MONTHS 2014 (unaudited)
Increase	(99)	(43)	(64)	(10)
Decrease	908	58	118	6

During the 9 month period ended 30 September 2015, the item decrease includes above all usage in the 1st quarter of 2015 of impairment allowances recorded mainly in the 4th quarter of 2014 due to a decrease in crude oil and petroleum products' prices.

3.4. Impairment allowances of assets

	9 MONTHS 2015 (unaudited)	3 MONTHS 2015 (unaudited)	9 MONTHS 2014 (unaudited)	3 MONTHS 2014 (unaudited)
Property, plant and equipment				
Recognition	(568)	(105)	(5 038)	(24)
Reversal	12	4	33	12
Intangible assets				
Recognition	(1)	(1)	(28)	-
Reversal	1	1	4	-
Receivables				
Recognition	(35)	(10)	(27)	(8)
Reversal	18	7	34	10

3.4.1. Impairment allowances of non-current assets

As a consequence of the accident at the installation for the production of ethylene in Litvinov (Unipetrol Group) in August 2015, impairment of property, plant and equipment of PLN (93) million translated using the exchange rate as at 30 September 2015 (representing approximately CZK 597 million) was recorded in the 3rd quarter of 2015.
As at 30 September 2015, the ORLEN Group did not identify any new indicators of impairment of assets. The indicators recognized in the 1st half of 2015 in the Upstream segment remain in force.
As part of the Upstream segment ORLEN Upstream Group determined in the 2nd quarter of 2015, on the basis of previously gathered data, the most promising areas for further exploration of hydrocarbon in Poland. Narrowing the search area influenced the partial impairment of assets related to exploration and recognition of mineral resources in the amount of PLN (429) million recognized in the 2nd quarter of 2015.
The fair value of assets due to exploration and evaluation of mineral resources has been established in accordance with IAS 36 - Impairment of Assets and results from the analysis of future cash flows which take into account current and forecasted hydrocarbon prices, expected changes in the regulatory environment and the probability of success/failure and long-term production forecasts. Net cash flow projections used for the purpose of estimating the fair value of the assets were discounted to their present value using a discount rate at 8.99%, which reflects the current market assessment of the time value of money and the risks specific to the respective assets on the Polish market.

Sensitivity analysis of the ORLEN Upstream assets value in use within an impairment test performed as at 30 June 2015

PLN million — HYDROCARBONS PRICES

DISCOUNT RATE change	-5% *	0%	5%
- 0.5 p.p.	*increase in allowance* (25)	*decrease in allowance* 12	*decrease in allowance* 51
0.0 p.p.	*increase in allowance* (25)	-	*decrease in allowance* 37
+ 0.5 p.p.	*increase in allowance* (25)	*increase in allowance* (11)	*decrease in allowance* 24

* in the scenario of lowering the hydrocarbon prices during the forecast period by 5% the amount of revenue will include impairment of the entire value of the tested assets

3.5. Other operating income and expenses

Other operating income

	NOTE	9 MONTHS 2015 (unaudited)	3 MONTHS 2015 (unaudited)	9 MONTHS 2014 (unaudited)	3 MONTHS 2014 (unaudited)
Profit on sale of non-current non-financial assets		17	6	36	11
Gain on bargain purchase of shares	*3.8*	63	-	180	-
Reversal of provisions		10	4	47	7
Reversal of receivables impairment allowances		14	5	26	9
Reversal of impairment allowances of property, plant and equipment and intangible assets		13	5	37	12
Penalties and compensation		44	20	41	16
Other		111	35	151	31
		272	**75**	**518**	**86**

The line other in the 9 and 3 month period ended 30 September 2015 includes mainly recognition of due energy certificates effect in the amount of PLN 42 million and PLN 11 million, respectively.

Moreover, the line other in the 3rd quarter of 2015 includes mainly revenues from the decision of the tax authorities for reimbursement of excise duties paid by PKN ORLEN in the previous years, related to fuel marking ekoterm for the period October - November 2009 in the amount of PLN 15 million.

The line other in the 9 and 3 month period ended 30 September 2014 included the effect of recognition of property rights, so-called yellow and red energy certificates for the period from 30 April 2014 to 30 September 2014 of PLN 26 million.
Moreover, the line other in the 9 and 3 month period ended 30 September 2014 included mainly the impact of CO_2 emission rights prices fluctuation on the value of CO_2 emission cost of PLN 30 million and the revaluation effect of due CO_2 emission rights of PLN 28 million.

Other operating expenses

	9 MONTHS 2015 (unaudited)	3 MONTHS 2015 (unaudited)	9 MONTHS 2014 (unaudited)	3 MONTHS 2014 (unaudited)
Loss on sale of non-current non-financial assets	(21)	(9)	(43)	(14)
Recognition of provisions	(58)	(21)	(73)	(7)
Recognition of receivables impairment allowances	(32)	(9)	(23)	(8)
Recognition of impairment allowances of property, plant and equipment and intangible assets	(569)	(106)	(5 066)	(24)
Penalties, damages and compensation	(28)	(13)	(15)	(6)
Other	(65)	(19)	(79)	(20)
	(773)	**(177)**	**(5 299)**	**(79)**

In the 9 month period ended 30 September 2015, the line recognition of impairment allowances of property, plant and equipment and intangible assets includes mainly impairment allowances of Unipetrol Group's property, plant and equipment of PLN (93) million recognized in the 3rd quarter of 2015 and impairment allowances of exploration assets of ORLEN Upstream Group in Poland recognized in the 2nd quarter of 2015 of PLN (429) million. Additional information is presented in note 3.4.1.

In the 9 month period ended 30 September 2014, the line recognition of impairment allowances of property, plant and equipment and intangible assets included mainly impairment recognized in the 2nd quarter of 2014 impairment allowances of ORLEN Lietuva Group's refining assets of PLN (4,187) million, Unipetrol Group's of PLN (711) million, Rafineria Jedlicze Group's of PLN (42) million and petrochemical assets of Spolana from Anwil Group of PLN (58) million.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (PLN million)

3.6. Finance income and costs

Finance income

	9 MONTHS 2015 (unaudited)	3 MONTHS 2015 (unaudited)	9 MONTHS 2014 (unaudited)	3 MONTHS 2014 (unaudited)
Interest	66	29	48	28
Dividends	2	-	2	-
Settlement and valuation of financial instruments	164	67	133	99
Reversal of receivables impairment allowances	4	2	8	1
Other	24	3	23	4
	260	**101**	**214**	**132**

Finance costs

	9 MONTHS 2015 (unaudited)	3 MONTHS 2015 (unaudited)	9 MONTHS 2014 (unaudited)	3 MONTHS 2014 (unaudited)
Interest	(161)	(52)	(185)	(59)
Foreign exchange loss surplus	(184)	(73)	(1 190)	(323)
Settlement and valuation of financial instruments	(374)	(70)	(71)	-
Recognition of receivables impairment allowances	(3)	(1)	(4)	-
Other	(27)	(6)	(34)	(7)
	(749)	**(202)**	**(1 484)**	**(389)**

Borrowing costs capitalized in the 9 and 3 month period ended 30 September 2015 and 30 September 2014 amounted to PLN (42) million and PLN (15) million and PLN (36) million and PLN (12) million, respectively.

3.7. Tax expense

	9 MONTHS 2015 (unaudited)	3 MONTHS 2015 (unaudited)	9 MONTHS 2014 (unaudited)	3 MONTHS 2014 (unaudited)
Current income tax	(324)	(136)	(158)	(88)
Deferred tax	(414)	(34)	341	(41)
	(738)	**(170)**	**183**	**(129)**

3.8. Acquisition of shares of Česká Rafinérská

In the 1st quarter of 2014, Unipetrol a.s acquired from Shell Overseas Investments BV (Shell) 152,701 shares of Česká Rafinérská representing 16.335% of Česká Rafinérská share capital. The Group recognized a gain on the bargain purchase in other operating income of PLN 180 million, calculated as the difference between the acquired share in equity of Česká Rafinérská of PLN 262 million, and the purchase price of PLN 82 million. As a result of the transaction, Unipetrol's a.s. share in the capital of Česká Rafinérská increased to 67.56 %.
On 19 December 2014 Unipetrol a.s received approval from the Czech Antimonopoly Office for the acquiring Česká Rafinérská's shares from an Italian ENI Holding, however on 5 January 2015 an organization, among other of the united independent fuel station operators on the Czech market – SČS - Unie nezávislých petrolejářů, z.s. filed a complaint to this decision. On 30 March 2015 the Antimonopoly Office dismissed the appeal and declared the decision of 19 December 2014 to be valid.
On 3 July 2014 Unipetrol a.s. accepted the offer of an Italian ENI Holding regarding the acquisition of Česká Rafinérská shares, representing 32.445% of share capital of the company. On 30 April 2015 Unipetrol a.s. acquired from ENI 303,301 shares of Česká Rafinérská. The purchase price of shares in the amount of PLN 97 million translated using the exchange rate as at 30 April 2015 (representing EUR 24 million) was settled in cash.
Based on the completion of the transaction, Unipetrol's a.s. stake in Česká Rafinérská's share capital increased from 67.555% to 100%. After settlement of the transaction, Unipetrol a.s. obtained control over Česká Rafinérská and adopted the full method of consolidation of the company. As a result of the settlement in the 2nd quarter of 2015, the Group recognized a gain on bargain purchase in the amount of PLN 63 million in the consolidated statement of profit or loss and other comprehensive income.

	Carrying amount as at the acquisition day 30/04/2015	Adjustments to fair value	Fair value 30/04/2015
Non-current assets	338	(92)	246
Current assets	1 169	(15)	1 154
Assets (A)	**1 507**	**(107)**	**1 400**
Non-current liabilities	5	24	29
Current liabilities	870	8	878
Liabilities (B)	**875**	**32**	**907**
Identifiable net assets at fair value (A-B)			**493**
32.445% of net acquired assets in fair value			160
Fair value of transferred payment due to acquisition			(97)
Gain on bargain purchase			**63**

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (PLN million)

3.9. Other non-current assets

	30/09/2015 (unaudited)	31/12/2014
Cash flows hedge instruments	468	302
currency forwards	*37*	*16*
commodity swaps	*429*	*286*
currency interest rate swaps	*2*	*-*
Loans granted	-	2
Other	13	23
	481	**327**

3.10. Other financial assets

	30/09/2015 (unaudited)	31/12/2014
Cash flows hedge instruments	262	692
currency forwards	*69*	*180*
commodity swaps	*193*	*512*
Derivatives not designated as hedge accounting	46	43
currency forwards	*5*	*8*
commodity swaps	*41*	*35*
Embedded derivatives	1	1
currency swaps	*1*	*1*
Deposits	15	24
Loans granted	-	1
Receivables on cash flows settled hedge instruments	196	101
	520	**862**

3.11. Loans, borrowings and bonds

	Non-current		Current		Total	
	30/09/2015 (unaudited)	31/12/2014	30/09/2015 (unaudited)	31/12/2014	30/09/2015 (unaudited)	31/12/2014
Loans	5 526	5 506	894	985	6 420	6 491
Borrowings	2	3	2	2	4	5
Bonds	4 128	4 161	-	-	4 128	4 161
	9 656	**9 670**	**896**	**987**	**10 552**	**10 657**

In the period covered by the foregoing interim condensed consolidated financial statements, as well as after the reporting date, there were no instances of principal or interest non repayment nor loan covenant violations.

3.12. Provisions

	Non-current		Current		Total	
	30/09/2015 (unaudited)	31/12/2014	30/09/2015 (unaudited)	31/12/2014	30/09/2015 (unaudited)	31/12/2014
Environmental	448	414	15	37	463	451
Jubilee bonuses and post-employment benefits	250	251	35	33	285	284
Shield programs	-	-	11	38	11	38
CO_2 emissions	-	-	320	334	320	334
Other	42	44	216	206	258	250
	740	**709**	**597**	**648**	**1 337**	**1 357**

3.13. Other non-current liabilities

	30/09/2015 (unaudited)	31/12/2014
Cash flows hedge instruments	775	1 599
interest rate swaps	*101*	*93*
commodity swaps	*583*	*1 395*
currency interest rate swaps	*91*	*111*
Investment liabilities	177	125
Finance lease	150	90
Other	26	29
	1 128	**1 843**

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (PLN million)

3.14. Other financial liabilities

	30/09/2015 (unaudited)	31/12/2014
Cash flows hedge instruments	220	990
currency forwards	*24*	*31*
commodity swaps	*196*	*959*
Derivatives not designated as hedge accounting	6	29
currency forwards	*2*	*-*
commodity swaps	*4*	*29*
Embedded derivatives	1	1
currency swaps	*1*	*1*
Liabilities on cash flows settled hedge instruments	116	-
	343	**1 020**

3.15. Methods applied in determining fair value (fair value hierarchy)

As compared to the previous reporting period the Group did not change the valuation methods concerning derivative instruments. Methods applied in determining the fair value were described in the Consolidated Financial Statements for 2014 in note 3.4.25.

Fair value hierarchy

	30/09/2015 (unaudited)	31/12/2014
	LEVEL 2	
Financial assets		
Embedded derivatives, hedging and not designated as hedge accounting	777	1 038
	777	**1 038**
Financial liabilities		
Embedded derivatives, hedging and not designated as hedge accounting	1 002	2 619
	1 002	**2 619**

The fair value of financial assets and liabilities quoted on active markets is determined based on market quotations (so called Level 1). In other cases, the fair value is determined based on other input data which are directly or indirectly observable (so called Level 2) or unobservable inputs (so called Level 3).
During the reporting period and comparative period there were no reclassifications in the Group between Level 1 and Level 2 of the fair value hierarchy.

3.16. Finance lease payments

As at 30 September 2015 and as at 31 December 2014 the Group possessed as a lessee the finance lease agreements, concerning mainly buildings, technical equipment and machinery and means of transportation.

	30/09/2015 (unaudited)	31/12/2014
Value of future minimum lease payments	236	142
Present value of future minimum lease payments	178	116

3.17. Future commitments resulting from signed investment contracts

As at 30 September 2015 and as at 31 December 2014 the value of future commitments resulting from signed investment contracts until that day amounted to PLN 2,839 million and PLN 2,005 million, respectively.

3.18. Issue, redemption and repayment of debt securities

In the period covered by the foregoing interim condensed consolidated financial statements short term bonds were issued in favour of the Group companies as a part of liquidity optimisation in the ORLEN Group.

3.19. Covering the loss for 2014, the recommendation concerning paying dividend in 2015

The Ordinary General Meeting of PKN ORLEN S.A. as of 28 April 2015 decided to cover the net loss incurred by PKN ORLEN for the financial year 2014 in the amount of PLN (4,672) million from the reserve capital of the Parent Company.

The Ordinary General Meeting of PKN ORLEN S.A. also agreed to distribute the amount of PLN 705,719,950.65 for the dividend payment (PLN 1.65 per 1 share). The dividend was paid from the Parent Company's reserve capital of the previous year's profit. The dividend date was set at 16 June 2015 and the dividend payment date at 8 July 2015.

3.20. Contingent assets and liabilities

Contingent assets
As a consequence of the accident at the installation for the production of ethylene which took place on 13 August 2015, Unipetrol Group recognized impairment of petrochemical assets of PLN (93) million (representing CZK 597 million) in the 3rd quarter of 2015 in other operating expenses. Unipetrol Group selected a repair scenario which is going to secure the lowest lost profit and shortest shutdown duration. The Group is insured against property and mechanical damage and it is in the process of seeking recourse from the insurer.

Contingent liabilities
In the period covered by the foregoing interim condensed consolidated financial statements there were no significant contingent liabilities, other than those already disclosed in the Consolidated Financial Statements for 2014 in note 36.

3.21. Guarantees

Excise tax guarantees and excise tax on goods and merchandise under the excise tax suspension procedure as at 30 September 2015 and as at 31 December 2014 amounted to PLN 1,798 million and PLN 1,637 million, respectively.

3.22. Events after the end of the reporting period

After the end of the reporting period there were no events required to be included in the foregoing interim condensed consolidated financial statements.

OTHER INFORMATION TO CONSOLIDATED QUARTERLY REPORT

FOR THE 9 AND 3 MONTH PERIOD ENDED 30 SEPTEMBER 2015

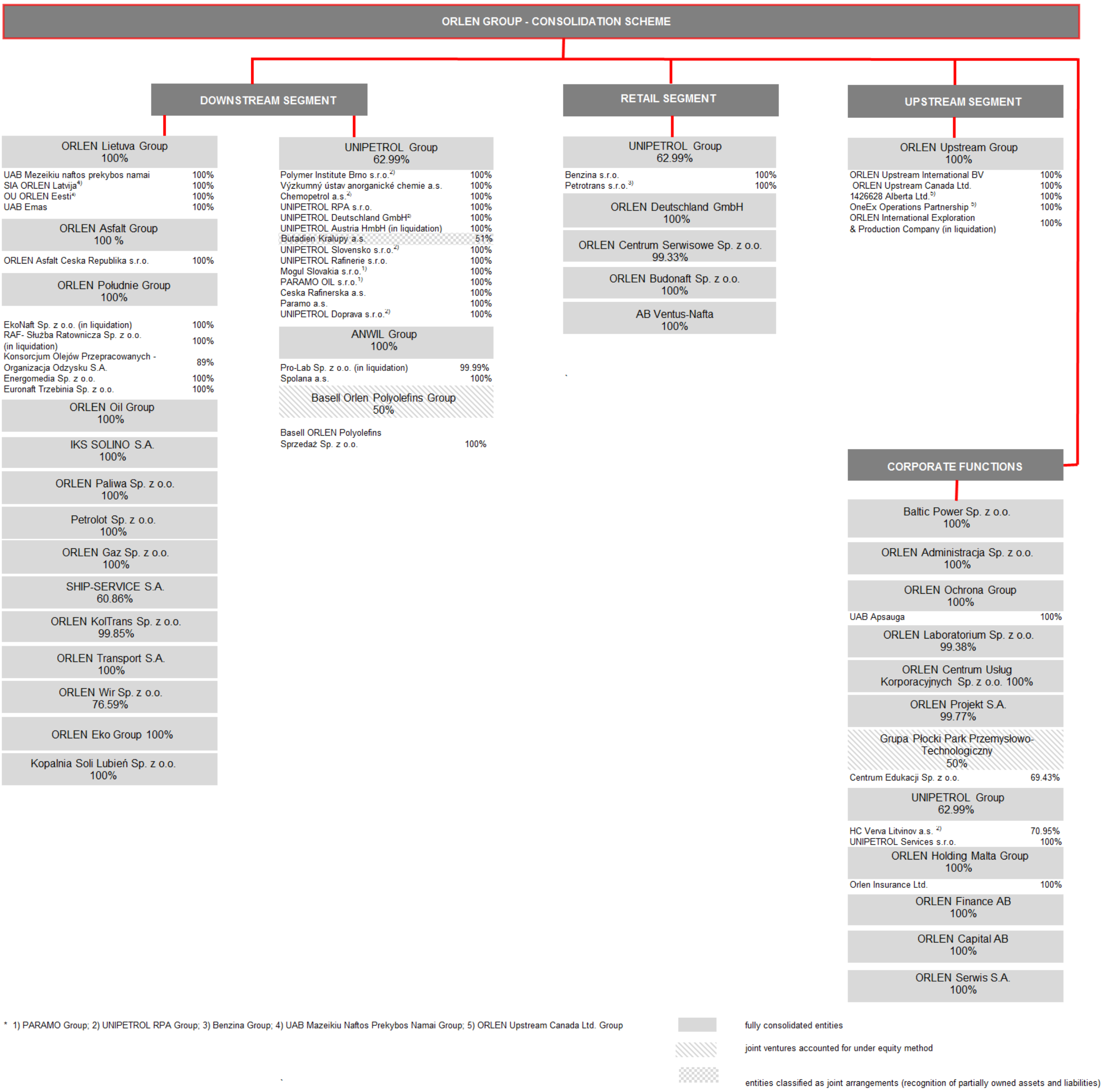
B. OTHER INFORMATION TO CONSOLIDATED QUARTERLY REPORT

1. Principal activity of the ORLEN Group

The Parent Company of the Polski Koncern Naftowy ORLEN S.A. Capital Group is the Polski Koncern Naftowy ORLEN S.A. ("PKN ORLEN", "Company", "Parent Company") domiciled in Płock, 7 Chemików Street.
The core business of the ORLEN Group is crude oil processing and production of fuel, petrochemical and chemical goods, as well as retail and wholesale of fuel products. The ORLEN Group conducts also exploration, recognition and extraction of hydrocarbons, and generates, distributes and trades of electricity and heat.
The activity of the ORLEN Group companies is also service-related activity: storage of crude oil and fuels, road and rail transport, maintenance and overhaul services, laboratory, security, design, administrative, insurance and financial services.

2. Organization of the ORLEN Group

The ORLEN Group includes PKN ORLEN as the Parent Company and entities located in Poland, Germany, Czech Republic, Lithuania, Malta, Sweden, Netherlands, Slovakia, Switzerland, Estonia, Latvia and Canada.



2.1. Changes in the structure of the ORLEN Group from 1 January 2015 up to the date of preparation of the foregoing report

- On 5 January 2015, a merger of Rafineria Trzebinia S.A. and the companies: Rafineria Nafty Jedlicze S.A., Fabryka Parafin Naftowax Sp. z o.o. and Zakładowa Straż Pożarna Sp. z o.o. took place. The company operates under the new name of ORLEN Południe S.A. since 5 January 2015;
- On 5 January 2015, a merger of ORLEN OIL Sp. z o.o and Platinum OIL Sp. z o.o. took place;
- On 22 January 2015 acquisition by PKN ORLEN from Anwil S.A. shares of Przedsiębiorstwo Inwestycyjno-Remontowe "RemWil" Sp. z o.o, domiciled in Włocławek took place;
- On 20 February 2015 a merger of ORLEN Serwis S.A. with ORLEN Automatyka Sp. z o.o. and Przedsiębiorstwo Inwestycyjno-Remontowe RemWil Sp. z o.o. took place;
- On 19 March 2015 a merger of Baltic Power and Baltic Spark took place;
- On 30 April 2015 the acquisition of 32.445% of Česká Rafinérská's share by Unipetrol a.s from an Italian ENI Holding took place. The detailed information is presented in note 3.8 in the interim condensed consolidated financial statements.
- On 1 June 2015 winding-up proceedings of EkoNaft Sp. z o.o. domiciled in Trzebinia was begun. As a part of restructuring of the ORLEN Group two organised parts of the enterprise of EkoNaft were sold in 2014 and from this moment EkoNaft does not conduct its principal activity;
- On 26 June 2015 shareholders of the ORLEN International Exploration & Production Company BV domiciled in Amsterdam, adopted a resolution of the opening winding-up proceedings due to closure of the exploration and extraction project on the Latvian shelf;
- On 30 June 2015 the District Court in Rzeszów made an entry of a merger of ORLEN PetroTank Sp. z o.o. domiciled in Widełka and ORLEN Paliwa Sp. z o.o. domiciled in Płock into a single entity operating under the name ORLEN Paliwa Sp. z o.o. domiciled in Widełka. PKN ORLEN share in the share capital of ORLEN Paliwa Sp. z o.o. (formerly ORLEN PetroTank Sp. z o.o.) remained unchanged at 100%;
- On 2 July 2015 winding-up procedures of the SIA Balin Energy terminated, the company was deleted from the trade registry of the Republic of Latvia;
- On 1 August 2015 winding-up proceedings of the company Pro-Lab Sp. z o.o. domicilied in Włocławek was begun. As a part of restructuring of the ORLEN Group organised parts of the enterprise of Pro-Lab were sold in 2014 and from this moment Pro-Lab does not conduct its principal activity;
- On 1 October 2015 an Extraordinary General Meeting of Shareholders of ORLEN Upstream took place on where a resolution was adopted on increasing the company's share capital through the creation of 1,059 new and indivisible shares with a nominal value of PLN 500 each, which were fully subscribed by PKN ORLEN in exchange for a cash contribution of PLN 52,966,000. Surplus cash contribution over total nominal value of the new shares contributed to the company's reserve capital. The proceeds from the capital increase will be earmarked for further exploration activities.

Changes in the Group structure are an element of the ORLEN Group strategy, assuming a focus on core activities and allocating the resulting available capital for development of the Group in the most prospective areas.

3. Financial situation

3.1. ORLEN Group's achievements accompanied by factors having a significant impact on financial results

Results for 9 month period of 2015

Operating profit increased by depreciation and amortization before consideration of the impact of crude oil prices on inventory valuation (EBITDA LIFO[1]) and recognition of impairment allowances of non-current assets for the 9 month period of 2015, amounted to PLN 6,872 million and was higher by PLN 2,919 million (y/y) than in the corresponding period of the previous year.

The positive impact of changes in the macroeconomic factors related to the increase of model downstream margin by USD/bbl 3.5 (y/y) and the impact of depreciation of the average PLN exchange rates versus the USD amounted to PLN 3,720 million (y/y).

Higher sales volume achieved in all operating segments increased the operating results by PLN 1,242 million (y/y).

Other effects amounting to PLN (2,043) million (y/y) included mainly:
- PLN (1,323) million (y/y) – effect of settlement of repurchase of V and VI tranches of mandatory reserves in January and August of 2015 amounting accordingly to PLN (297) and (860) million (y/y) and a lack of positive effects in the 1st half of 2014 including mainly profit totalling PLN (166) million on the repurchase of IV tranche and sale of VI tranche of reserves,
- PLN (290) million (y/y) – lack of positive effects from the 3rd quarter of 2014 related to optimization of operating reserves and as a result of the rotation of crude oil purchased in previous years,
- PLN (193) million (y/y) – negative impact of change of balance on other operating activities, after elimination of impairment allowances of assets, including mainly decrease (y/y) of gain on the bargain purchase of shares of Česká Rafinérská by Unipetrol a.s. from ENI (2nd quarter of 2014) in comparison to purchase of shares from Shell (1st quarter of 2014) in the amount of PLN (117) million and an effect of an update of provisions for emissions and revaluation due CO_2 emission rights of PLN (43) million (y/y).

Impairment allowances of non-current assets for the 9 month period of 2015 amounted to PLN (556) million and concerned mainly the impairment allowance of exploration assets of ORLEN Upstream Group in Poland of PLN (429) million included in the 2nd quarter of 2015 and the impairment allowance of petrochemical assets of Unipetrol Group related to the accident on installation for ethylene production in August 2015 in the amount of PLN (93) million included in the 3rd quarter of 2015.
Impairment allowances of non-current assets for the 9 month period of 2014 amounted to PLN (5,029) million and concerned primarily the impairment allowances of refinging assets of ORLEN Lietuva in the amount PLN (4,187) million, Unipetrol Group in the

[1] ORLEN Group's inventories are valued in the financial statements in accordance with International Financial Reporting Standards at the weighted average cost method or purchase price method. Therefore, an upward trend in crude oil prices has a positive effect and a downtrend has a negative impact on reported results. As a result, in the Other information to consolidated quarterly report, the operating results were presented based on both the weighted average cost of production or acquisition as well as the LIFO method of inventory valuation, which eliminates the above impact.

amount of PLN (711), Jedlicze Refinery Group in the amount of PLN (42) million and petrochemical assets of Spolana from the Anwil Group in the amount of PLN (58) million included in the 2nd quarter of 2014.

After consideration of the above impairment allowances, EBITDA LIFO profit of the ORLEN Group for the 9 month period of 2015 amounted to PLN 6,316 million.

The negative impact of crude oil prices on inventory valuation for the described 9 month period of 2015 amounted to PLN (402) million.
As a result, EBITDA profit of the ORLEN Group for the 9 month period of 2015 amounted to PLN 5,914 million.

After consideration of depreciation and amortization expense operating profit of the ORLEN Group in the described period amounted to PLN 4,529 million.

Net finance costs for the 9 month period of 2015 amounted to PLN (489) million and consisted primarily of the impact of recognition and valuation of net financial instruments of PLN (210) million, negative foreign exchange differences of PLN (184) million and net interest of PLN (95) million.

After consideration of tax charges of PLN (738) million, the net profit of the ORLEN Group for the 9 month period of 2015 amounted to PLN 3,302 million.

Results for 3rd quarter of 2015

Operating result increased by depreciation and amortization before consideration of the impact of crude oil prices on inventory valuation (EBITDA LIFO) and recognition of impairment allowances of non-current assets in the 3rd quarter of 2015 amounted to PLN 2,060 million and was lower by PLN (57) million (y/y) than in the corresponding period of the previous year.

The positive impact of changes in the macroeconomic factors including the increase of model downstream margin by USD/bbl 2.6 (y/y) and the impact of depreciation of the average PLN exchange rates versus the USD amounted to PLN 1,173 million (y/y).

Positive impact of higher sales volume amounted to PLN 258 million (y/y) and included primarily the increase of retail and wholesale of refinery products accompanied by lower petrochemical volume on the Czech market connected with the accident at the installation for ethylene production in August 2015.

Negative impact of other factors amounted to PLN (1,488) million (y/y) and included mainly:
- PLN (860) million (y/y) – impact of settlement of repurchase of VI tranche of mandatory reserves in August 2015,
- PLN (375) million (y/y) – impact of the inventories revaluation to the net realizable value due to the decrease of crude oil prices and refinery margins observed between 3rd and 4th quarters of 2015,
- PLN (290) million (y/y) – a lack of positive effect in the 3rd quarter of 2014 related to optimization of operating reserves and as an effect rotation of crude oil purchased in previous years.

Price of repurchase of VI tranche of mandatory reserves was hedged using futures transaction at the time of sale in order to avoid the risk of change of crude oil prices on the world market.
As a result of a decrease of crude oil prices observed from middle of 2014, the above mentioned hedging instruments had a negative valuation in the amount of PLN (1,541) million at the day of repurchase of the reserves, which increased the repurchase price determined based on market quotations from August 2015. Therefore the total cost of repurchase of VI tranche of mandatory reserves translated into USD corresponded to the amount hedged at the moment of their sale in year 2014.

The average cost of crude oil purchases in August 2015 includes the purchase of 1.4 million tonnes of processed crude oil according to current market prices and additional volume of approximately 1.0 million tonnes from repurchase of VI tranche of mandatory reserves purchased based on price determined at the moment of their sale which corresponds with current market prices increased by the hedging instruments described above.

The cost of processed crude oil in August 2015 and therefore the EBITDA LIFO result include the negative effect of repurchase of VI tranche in the amount of PLN (860) million, which is mainly a result of including in the production costs a partial amount of hedging instruments revaluation of repurchase price of VI tranche of PLN (1,541) million proportionally to the ratio corresponding to processed crude oil (approximately 1.4 million tonnes) against a total volume of purchased crude oil in August 2015 (approximately 2.4 million tonnes).

Impairment allowances of non-current assets in the 3rd quarter of 2015 amounted to PLN (101) million and concerned mainly part of the installation for ethylene production after the accident in August 2015 in the amount of PLN (93) million.

After consideration of the above impairment allowances, EBITDA LIFO profit of the ORLEN Group in the 3rd quarter of 2015 amounted to PLN 1,959 million.

The negative impact of crude oil prices on inventory valuations to net realizable value in the 3rd quarter of 2015 amounted to PLN (334) million and included the effect of inventory revaluations.

As a result, EBITDA profit of the ORLEN Group in the 3rd quarter of 2015 amounted to PLN 1,625 million.

After consideration of depreciation and amortization operating profit of the ORLEN Group in the presented period amounted to PLN 1,156 million.

Net finance costs in the 3rd quarter of 2015 amounted to PLN (101) million and consisted primarily of negative foreign exchange differences of PLN (73) million and net interest of PLN (23) million.
After consideration of tax charges of PLN (170) million, net profit of the ORLEN Group in the 3rd quarter of 2015 amounted to PLN 885 million.

Statement of financial position

As at 30 September 2015 total assets amounted to PLN 49,866 million and increased by PLN 3,141 million in comparison to 31 December 2014.
Current assets increased by PLN 3,268 million to the level of PLN 25,022 million, mainly as an effect of an increase by PLN 2,087 million of the inventories value (including the effect of repurchase of 2 tranches of mandatory reserves as well as declining prices of crude oil and thus prices of petroleum product) and an increase by PLN 932 million of the balance of cash and cash equivalents.

As at 30 September 2015, the value of non-current assets amounted to PLN 24,844 million and was lower by PLN (127) million in comparison to the balance at the end of 2014, including decrease of property, plant and equipment and intangible assets by PLN (241) million and increase of investments accounted for under equity method by PLN 74 million (mainly as an impact of recognition of ORLEN Group share in the results of these entities).
The change of property, plant and equipment and intangible assets included mainly the capital expenditures in the amount of PLN 1,887 million, depreciation and amortization in the amount of PLN (1,385) million and recognized impairment allowances of assets in the total amount of PLN (556) million, mainly for the ORLEN Upstream Group for the 2nd quarter of 2015 in the amount of PLN (429) million and the Unipetrol Group in the amount of PLN (93) million.
As at 30 September 2015 total equity amounted to PLN 24,101 million and was higher by PLN 3,715 million in comparison to the end of 2014, mainly as a result of:

- net profit attributable to equity owners of the parent for the 9 month period of 2015 in the amount PLN 2,918 million and an increase by PLN 395 million of value of a non-controlling interest
- dividend payment in the amount of PLN (706) million under the decision of the Ordinary General Shareholders' Meeting of PKN ORLEN S.A. on 28 April 2015
- positive impact a change of balance of hedging reserve by PLN 1 104 million.

As at 30 September 2015, net indebtedness of the ORLEN Group amounted to PLN 5,683 million and was lower by PLN (1,037) million PLN in comparison to the end of 2014. The balance of net indebtedness decreased as a result of the net repayment of loans and borrowings in the amount of PLN (61) million, an increase of cash balances by PLN (932) million and the net impact of negative exchange differences from revaluation, indebtedness valuation as well as recalculation of balances of foreign entities in total amount of PLN (44) million.

Statement of cash flows

The net cash provided by operating activities in the 9 month period of 2015 amounted to PLN 3,791 million and comprised mainly of the EBITDA result of PLN 5,914 million as well as the negative impact of net working capital increase of PLN (2,272) million.
In the 3rd quarter 2015 the net cash provided by operating activities was PLN 132 million and comprised mainly of the EBITDA result before non-cash impairment allowances of non-current assets of PLN 1,625 million and the negative impact of net working capital increase of PLN (1,482) million.
The increase in net working capital both in the 9 months of 2015 and in the 3rd quarter of 2015 was mainly due to an increased inventory level, including primarily the repurchase in January and August of 2015 of 2 tranches of mandatory reserves while reducing the value of inventories due to lower crude oil prices and also prices of petroleum products.

The repurchase of V and VI tranches of mandatory reserves conducted in the 1st and 3rd quarters of 2015 reduced the cash from operating activities in the period discussed respectively, by approximately PLN (1.0) billion and PLN (2.7) billion. According to the mentioned descriptions regarding the impact of these transaction on EBITDA LIFO, part of the above amounts respectively of PLN (297) million and PLN (860) million adjusted profit of EBITDA LIFO and the remaining amounts respectively of PLN (0.7) billion and of PLN (1.8) billion were presented in changes in net working capital as an increase of inventory value respectively in the 1st and 3rd quarter of 2015.

Net cash used in investing activities in the 9 month period of 2015 amounted to PLN (1,909) million and included mainly net expenses for the acquisition of property, plant and equipment, intangible assets and perpetual usufruct of land of PLN (1,780) million and net expenses adjusted by acquired cash and cash equivalents related to shares acquisition of PLN (35) million regarding mainly acquisition of shares of Česká Rafinérská from ENI and also net expenses related to valuation of financial instruments of PLN (238) million and dividends received PLN 118 million.
In the 3rd quarter 2015 net cash used in investing activities amounted to PLN (591) million and comprised mainly net expenses for the acquisition of property, plant and equipment, intangible assets and perpetual usufruct of land of PLN (589) million.

Net cash used in financing activities in the 9 month period of 2015 amounted to PLN (993) million and comprised mainly of net repayment of loans and borrowings of PLN (61) million, dividend payment of PLN (706) million as well as interest paid of PLN (208) million.
In the 3rd quarter of 2015 net cash provided by financing activities amounted to PLN 1,150 million and comprised mainly the net proceeds of loans and borrowings of PLN 1,917 million, dividend payment of PLN (706) million, as well as interest paid of PLN (56) million.

Taking into account the revaluation of cash due to exchange differences, the cash balance increased in the 9 month period of 2015 by PLN 932 million and as at 30 September 2015 amounted to PLN 4,869 million.

Factors and events which may influence future results

Similar factors as described above will have influence on future financial results.

3.2. The most significant events in the period from 1 January 2015 until the date of preparation of the foregoing report

Repurchase of mandatory reserves

Transaction date	Parties to transaction		Transaction value	
	Seller	Buyer	USD million	PLN million
29 January 2015	Neon	PKN ORLEN	**257**	**959**
			including hedging transaction settlement	
			112	*419*
12 August 2015	Cranbell	PKN ORLEN	**707**	**2 673**
			including hedging transaction settlement	
			406	*1 541**

* value calculated by the average exchange rates of National Bank of Poland of the days the cash settlement of hedging instruments

SEPTEMBER 2015

Power plant in Włocławek
The Management Board of PKN ORLEN hereby informed that it received information from the consortium of companies (General Electric International S.A., office in Poland and SNC-LAVALIN POLSKA Sp. z o.o.) executing the project of building a power plant in Włocławek about new date for completion of the project. As a result of that commercial operation of the power plant is currently planned in the second quarter of 2016. The previously planned date of commercial operation of the power plant was December 2015.

OCTOBER 2015

ORLEN Upstream Sp. z o.o. through its subsidiary ORLEN Upstream Canada Ltd. intends to acquire Kicking Horse Energy Inc.
The Management Board of PKN ORLEN informed that on 12 October 2015 ORLEN Upstream Canada Ltd. ("ORLEN Upstream Canada") has entered into an arrangement agreement with Kicking Horse Energy Inc. ("Kicking Horse"). Under the arrangement agreement, ORLEN Upstream Canada will acquire 100% shares of Kicking Horse.
Kicking Horse is a Calgary, Alberta, Canada based company engaged in the exploration, development and production of oil and natural gas. Kicking Horse shares are traded on the Canadian stock exchange TSX Venture Exchange under the symbol " KCK".
The total amount to be paid by ORLEN Upstream Canada for Kicking Horse shares will amount to approximately PLN 825 million translated using the exchange rate as at 30 September 2015 (representing approximately CAD 293 million). The total transaction value representing the Kicking Horse value, including the Kicking Horse's net debt and working capital as of 30 September 2015 as well as after the settlement of existing options will amount to approximately PLN 1,003 million translated using the exchange rate as at 30 September 2015 (representing approximately CAD 356 million). The arrangement plan is subject to customary conditions for a transaction of this nature, which include approval by at least 66 2/3% of the votes of Kicking Horse's shareholders and option holders cast at General Meeting of Shareholders and pertinent court approvals, applicable regulatory approvals and the satisfaction of certain closing conditions customary in transactions of this nature.
Sending information document relating to the arrangement plan to Kicking Horse's shareholders is planned for the end of October of 2015. The General Meeting and the closing of the transaction is scheduled for the end of the 4th quarter of 2015.

ORLEN Upstream Sp. z o.o. intends to acquire FX Energy
The Management Board of PKN ORLEN informed that on 13 October 2015 ORLEN Upstream Sp. z o.o. ("ORLEN Upstream") has entered into an agreement of merger with American company FX Energy, Inc ("FX Energy"). Under the agreement of merger, ORLEN Upstream will acquire 100% of FX Energy shares.
FX Energy is Salt Lake City, Utah, USA based company engaged in the exploration, development and production of crude oil and natural gas with the main assets in Poland in the area of the Polish Lowlands. The company also has exploration block in the Lublin Basin, neighboring possessed by ORLEN Upstream concessions (Wołomin, Garwolin). FX Energy is traded on the New York stock exchange NASDAQ under the symbol „FXEN, FXENP".
The total amount to be paid for 100% of FX Energy common shares and 100% redeemed shares will amount to approximately PLN 313 million translated using the exchange rate as at 30 September 2015 (representing approximately USD 83 million) after consideration of net debt with FX Energy working capital as at 30 June 2015 of PLN 136 million translated using the exchange rate as at 30 September 2015 (representing approximately USD 36 million).
As a result of the agreement signed ORLEN Upstream no later than 23 October 2015 will announce a tender offer for shares of FX Energy. The transaction is also subject to the approval of anti-monopoly offices in Poland, United States of America and in the other countries where it will be justified by ORLEN Group operating.
Closing of the transaction is expected in the 4th quarter of 2015 or in the 1st quarter of 2016.

Above arrangement agreements are in line with the Group's strategy for the years 2014-2017.

4. Related party transactions

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

In the 9 and 3 month period ended 30 September 2015 and 30 September 2014 the Group companies did not grant any advances, borrowings, loans, guarantees and sureties to managing and supervising persons or their relatives nor concluded other agreements or service commitments to PKN ORLEN or its related parties.
As at 30 September 2015 and as at 31 December 2014 there are no loans granted by the Group companies to managing and supervising persons or their relatives.

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

As at 30 September 2015 and as at 31 December 2014 and for the 9 and 3 month period ended 30 September 2015 and 30 September 2014 key executive personnel of the Parent Company and the Group companies did not conclude any transactions with related parties that could significantly influence the consolidated financial statements.

ORLEN ORLEN GROUP (PLN million)

4.3. Group companies' transactions and balances of settlements with related parties

	Sales				Purchases			
	9 MONTHS 2015 (unaudited)	3 MONTHS 2015	9 MONTHS 2014 (unaudited)	3 MONTHS 2014	9 MONTHS 2015 (unaudited)	3 MONTHS 2015	9 MONTHS 2014 (unaudited)	3 MONTHS 2014
Jointly- controlled entities	**2 301**	**718**	**2 477**	**764**	**(199)**	**(20)**	**(380)**	**(132)**
joint ventures	*2 158*	*699*	*2 191*	*663*	*(27)*	*(9)*	*(21)*	*(7)*
joint operations	*143*	*19*	*286*	*101*	*(172)*	*(11)*	*(359)*	*(125)*
Associates	**37**	**10**	**45**	**14**	**(22)**	**(12)**	**(33)**	**(9)**
	2 338	**728**	**2 522**	**778**	**(221)**	**(32)**	**(413)**	**(141)**

	Trade and other receivables		Trade and other liabilities	
	30/09/2015 (unaudited)	31/12/2014	30/09/2015 (unaudited)	31/12/2014
Jointly- controlled entities	**504**	**620**	**9**	**225**
joint ventures	*503*	*575*	*9*	*4*
joint operations	*1*	*45*	*-*	*221*
Associates	**18**	**17**	**7**	**9**
	522	**637**	**16**	**234**

The above transactions with related parties include mainly sales and purchases of petrochemicals and refinery products and sales and purchases of repair, transportation and other services. Related parties sale and purchase transactions were concluded on market terms.

5. Information concerning 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 Group entities act as the 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 regarding the payment of compensation for losses related among others, to alleged unfair competition of PKN ORLEN included in Agrofert Holding a.s.' (Agrofert) claim and alleged illegal violation of reputation of Agrofert in relation to purchase by PKN ORLEN of UNIPETROL a.s. shares. On 21 October 2010 the Court of Arbitration in Prague dismissed the entire claim of Agrofert against PKN ORLEN regarding the payment of PLN 3,036 million translated using the exchange rate as at 30 September 2015 (representing CZK 19,464 million) with interest and obliged Agrofert to cover the cost of proceedings born by PKN ORLEN. On 3 October 2011 PKN ORLEN received from the common court in Prague (Czech Republic) Agrofert's claim which repealed the sentence of the Arbitration Court attached to the Economic Chamber of the Czech Republic and Agricultural Chamber of the Czech Republic in Prague issued on 21 October 2010. The complaint was dismissed by the court in Prague with the ruling of 24 January 2014. On 7 April 2014 Agrofert appealed the above decision. On 7 April 2015 the court of appeals dismissed the appeal of Agrofert and therefore confirms the earlier judgment of the court of 24 January 2014 dismissing Agrofert's claim which overruled the sentence of the Arbitration Court attached to the Economic Chamber of the Czech Republic and Agricultural Chamber of the Czech Republic in Prague of 21 October 2010.

In the opinion of PKN ORLEN, the decision included in the judgment of the Arbitration Court dated 21 October 2010, in the judgment of the common court in Prague dated 24 January 2014 and in the judgment of the court of appeals dated 7 April 2015 are correct and the company will take all necessary means to retain the judgment in force.

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

5.1.2.1. Tax proceedings in ORLEN Południe S.A. (previously Rafineria Trzebinia S.A.)

On 14 May 2014 and 20 May 2014 the company received the decisions of the Head of the Customs Office in Kraków determining excise tax liabilities for the months: May - August 2004 in the amount of PLN 132 million. Rafineria Trzebinia S.A. paid the entire liability with interest. At the same time, provisions recognized for this purpose in prior years were used. Rafineria Trzebnia S.A. appealed to the Voivodship Administrative Court (VAC) in Kraków the decisions of tax liability for the months: May – August 2004. On 26 February 2015 the VAC in Kraków announced a judgment dismissing the company's claim. On 5 May 2015 the company submitted to the Supreme Administrative Court in Warsaw annulment claims against the judgement of the VAC, that were not recognized until the date of approval of the foregoing financial statements.

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

Court proceeding concerning the settlement of a disputed system fee of PKN ORLEN with ENERGA – OPERATOR S.A. for the period from 5 July 2001 to 30 June 2002. ENERGA – OPERATOR S.A. claims from PKN ORLEN payment of PLN 46 million plus statutory interest. During the retrial, an opinion was prepared by an expert witness for the variant damages calculation. The District Court in Warsaw (as the initial court) by its judgment from 27 October 2014 ordered PKN ORLEN to pay to ENERGA - OPERATOR S.A. the amount of PLN 46 million, together with statutory interest from 30 June 2004 to the date of payment. This judgment is not binding. PKN ORLEN filed an appeal against this judgment. Date of the hearing in front of the Court of Appeal in Warsaw was appointed on 12 November 2015.
On 29 June 2015 PKN ORLEN received consecutive claim on this case, in which ENERGA-OPERATOR S.A. requests PLN 13.3 million in addition. The case is pending in front of the District Court in Łódź. On 10 July 2015 was filed a response to the lawsuit, which questioned the claim as unfounded. The District Court in Łódź fixed a hearing on 21 January 2016.

5.1.2.3. I. I.P.-95 s.r.o. compensation claim against UNIPETROL RPA s.r.o.

On 23 May 2012, UNIPETROL RPA s.r.o. received from the District Court in Ostrava a claim brought by I.P.-95 s.r.o. for compensation related to the filing by UNIPETROL RPA s.r.o. a motion for bankruptcy of the company I.P.-95 s.r.o. in November 2009. The total amount of the claim is approximately PLN 279 million, translated using the exchange rate as at 30 September 2015 (representing CZK 1,789 million). UNIPETROL RPA s.r.o. is one of 8 defendants against which the claim was brought. According to UNIPETROL RPA s.r.o the claim is without merit. Based on a Supreme Court decision, on the jurisdiction of the court proceedings is continued in the District Court in Ostrava. On 31 July 2015 the District Court repealed the decision of the Regional Court in Ostrava allowing to join the proceedings the claimant Cypriot company NESTARMO TRADING LIMITED. The court shall give further procedural issues.

5.1.2.4. Claim of OBR S.A. for compensation

On 5 September 2014, the company OBR S.A. filed an action against PKN ORLEN with the District Court in Łódź for a claim for payment in respect of an alleged breach by PKN ORLEN of patent rights: 'The technique of the separation of hydrodesulfurization products of heavy residue after extractive distillation of crude oil'. The amount of the claim in the lawsuit has been estimated by the OBR S.A. of approximately PLN 83 million. The claim covers the adjudged sum of money from PKN ORLEN for the OBR S.A. in the amount corresponding to the market value of the license fee for the use of the solution under the above patent and adjudge the obligation to repay the benefits derived from the use of this solution. On 16 October 2014, PKN ORLEN responded to the lawsuit. The value of the dispute was referred to by the plaintiff in a procedural document from 11 December 2014 in the amount of PLN 247 million. By the court order from 21 May 2015 the parties were directed to mediation (mediation is ongoing). In the opinion of PKN ORLEN the claim of patent infringement is without merit.

5.2. Court proceedings in which the ORLEN Group entities act as a plaintiff

5.2.1. Compensations due to damages suffered by ORLEN Południe S.A (previously Rafineria Trzebinia S.A.)

ORLEN Południe S.A. acts as an auxiliary prosecutor in proceedings started in 2010 concerning abuses associated with the realization of an investment - installation for the esterification of biodiesel oils, in which Rafineria Trzebinia S.A. claims to have incurred a loss of approximately PLN 79 million. The Company filed a motion requesting to oblige the defendants to compensate the incurred damages. The proceeding is pending in the District Court in Chrzanów. By the order of 26 August 2014, certain acts included in the claim were partially adjudicated. Criminal proceedings concerning the accused who acted against the company's interest are ongoing under which they were interrogated at subsequent dates of hearings. The next hearing was fixed for 30 October of 2015.

5.2.2. Proceeding of ORLEN Lietuva for compensation in respect of an accident at the Terminal in Butingė

AB ORLEN Lietuva is a plaintiff in a court proceeding against RESORT MARITIME S.A., 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 a collision of a tanker ship into a terminal buoy in Butinge Terminal on 29 December 2005. The total compensation claim amounts to approximately PLN 73 million, translated using the exchange rate as at 30 September 2015 (representing approximately EUR 17.26 million). The parties agreed to change the jurisdiction to English courts. The company expects the next hearing date to be announced.

5.2.3. Tax proceedings in UNIPETROL RPA

UNIPETROL RPA s.r.o., acting as a legal successor of CHEMOPETROL a.s. claims a refund of taxes paid in 2006 for the year 2005 by CHEMOPETROL a.s.. The claim concerns unused investment relief attributable to CHEMOPETROL a.s.. The value of the claim amounts to approximately PLN 51 million, translated using the exchange rate as at 30 September 2015 (representing approximately CZK 325 million). On 11 December 2013, the Court in Usti by the Elbe River (Czech Republic) issued a judgement in which it dismissed the decisions of the tax authorities regarding income tax liability of UNIPETROL RPA s.r.o. of approximately CZK 325 million. UNIPETROL RPA s.r.o. submitted an annulment claim against the sentence of the Court in Usti by the Elbe River seeking to dismiss the decision of the tax authorities and to state that they are invalid, as such statement would improve the company's position against the tax authorities in this particular case. On 19 March 2014 the Czech supreme administrative court overruled the annulment claim of UNIPETROL RPA, s.r.o and at the same time dismissed the Court in Usti by the Elbe River judgment and decided to return the case to the Court in Usti for re-examination. At a hearing on 25 February 2015 the Court in Usti by the Elbe River rejected of an annulment claim of UNIPETROL RPA s.r.o regarding dismissal of the tax authorities' decision. On 8 April 2015 UNIPETROL RPA s.r.o. submitted an annulment claim against this sentence to the higher court. The parties await the court's decision regarding the annulment claim.

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

On 20 December 2012 PKN ORLEN sent an arbitration request to Basell Europe Holdings B.V. regarding an ad hoc proceeding before the Court of Arbitration in London on compensation relating to Joint Venture Agreement signed in 2002 between PKN ORLEN and Basell Europe Holdings B.V. The claims follow from the use by Basell Sales & Marketing Company so-called *Cash Discounts* which effectively led to a lower product price payable to Basell ORLEN Polyolefins Sp. z o.o. On 27 February 2014 PKN ORLEN submitted its statement on this case, according to which, inter alia, it requests payments from Basell Europe Holdings B.V. to Basell ORLEN Polyolefins Sp. z o.o. in the amount of PLN 127 million, translated using the exchange rate as at 30 September 2015 (representing approximately EUR 30 million) plus interest, or alternatively, from Basell Europe Holdings B.V. to PKN ORLEN the amount of approximately PLN 57 million, provided that the amounts may be adjusted during arbitration proceedings. On 10 April 2014 PKN ORLEN submitted an application for suspension of the arbitration proceedings until 1 November 2014. Basell Europe Holdings B.V. accepted this request. On 23 April 2014 the parties received the Tribunal's decision regarding the suspension of the proceeding until 1 November 2014. On 1 November 2014, the arbitration proceedings were resumed. On 24-26 March 2015 an evidentiary hearing was held in London in which the parties summarized their case positions and some witnesses and experts were interviewed. On 27 March 2015, the Court of Arbitration issued a procedural ordinance which established the schedule for further proceedings, including the order of submission of further pleadings by the parties. On 29 May 2015 the two parties submitted letters in which referred to the position of the opposing party in terms of summaries of the case. Additionally, the parties requested expenditures and costs incurred in arbitration proceedings. Further proceedings are not envisaged. Parties awaiting a judgment.

ORLEN GROUP (PLN million)

5.2.5. The dispute between ORLEN Lietuva and Lietuvos Geležinkeliai

On 31 December 2014, ORLEN Lietuva filed a motion for arbitration against the company Lietuvos Gelezinkeliai ("LG") in the court of arbitration in Vilnius. Currently in this proceeding ORLEN Lietuva calls for the conversion of tariffs for railway transportation in line with the LG agreement. Consideration of the request of ORLEN Lietuva would lead to savings for the company (compensation) in the amount of approximately PLN 89 million, converted with the exchange rate as at 30 September 2015 (representing approximately EUR 21 million) due to a breach of contract of rail transport by LG because of excessive rates. The amount of the claim will be updated in accordance with the activity on the base of the agreement.
At the same time were initiated 4 court proceedings in which LG demands of ORLEN Lietuva pay approximately PLN 76 million converted with exchange rate of 30 September 2015 year (which corresponds to approximately EUR 18 million) of fees for rail services. The above proceedings are currently at an early stage. The next hearing date is expected to be announced.

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 submission date of the foregoing report

Shareholder	Percentage share in total voting rights at Shareholder's Meeting as at submission date	Number of shares as at submission date
State Treasury	27.52%	117 710 196
Nationale-Nederlanden OFE (ING OFE*)	9.12%	39 000 000
Aviva OFE*	7.95%	34 000 000
Other	55.41%	236 998 865
	100,00%	**427 709 061**

* According to the information from the Ordinary Shareholders Meeting of PKN ORLEN of 28 April 2015

Percentage share in the share capital of the Parent Company of the above mentioned shareholders is equal to the percentage share in total votes at the General Shareholders' Meeting.
In the period covered by the foregoing interim condensed consolidated financial statements there were no changes in the ownership structure of holdings.

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

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

* According to the received confirmations as at 15 October 2015

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

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

On 30 June 2014, ORLEN Capital AB resident of Sweden - a subsidiary of PKN ORLEN issued Eurobonds with a maturity of 7 years in the amount of approximately PLN 2,080 million, converted with the exchange rate as at 30 June 2014 (representing EUR 500 million). PKN ORLEN is the guarantor of the bonds issue by an irrevocable and unconditional guarantee issued to the bondholders. The guarantee was granted for the duration of the Eurobond issue, that is, 30 June 2021.
The remuneration for the guarantee is included in the interest rate of the loan granted to PKN ORLEN by ORLEN Capital.

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

The ORLEN Group did not publish forecasts of its results.

QUARTERLY FINANCIAL INFORMATION
PKN ORLEN

FOR THE 3rd QUARTER 2015

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

QUARTERLY FINANCIAL INFORMATION OF PKN ORLEN (PLN million)

C. QUARTERLY FINANCIAL INFORMATION OF PKN ORLEN

Separate statement of profit or loss and other comprehensive income

	9 MONTHS 2015 (unaudited)	3 MONTHS 2015 (unaudited)	9 MONTHS 2014 (unaudited)	3 MONTHS 2014 (unaudited)
Statement of profit or loss				
Sales revenues	47 237	16 384	59 383	20 779
Cost of sales	(43 067)	(15 313)	(56 742)	(19 581)
Gross profit on sales	**4 170**	**1 071**	**2 641**	**1 198**
Distribution expenses	(1 698)	(577)	(1 603)	(544)
Administrative expenses	(645)	(185)	(568)	(217)
Other operating income	126	40	172	45
Other operating expenses	(113)	(41)	(158)	(41)
Profit from operations	**1 840**	**308**	**484**	**441**
Finance income	635	43	1 146	41
Finance costs	(764)	(148)	(5 239)	(297)
Net finance income and costs	**(129)**	**(105)**	**(4 093)**	**(256)**
Profit/(Loss) before tax	**1 711**	**203**	**(3 609)**	**185**
Tax expense	(329)	(45)	(17)	(28)
Net profit/(loss)	**1 382**	**158**	**(3 626)**	**157**
Items of other comprehensive income: **which will be reclassified into profit or loss under certain conditions**				
Hedging instruments	*1 421*	*1 010*	*(382)*	*(143)*
Deferred tax	*(270)*	*(192)*	*73*	*28*
	1 151	**818**	**(309)**	**(115)**
Total net comprehensive income	**2 533**	**976**	**(3 935)**	**42**
Net profit/(loss) and diluted net profit/(loss) per share (in PLN per share)	3.23	0.37	(8.48)	0.37

QUARTERLY FINANCIAL INFORMATION OF PKN ORLEN (PLN million)

Separate statement of financial position

	30/09/2015 (unaudited)	31/12/2014
ASSETS		
Non-current assets		
Property, plant and equipment	13 894	13 465
Intangible assets	294	334
Perpetual usufruct of land	92	91
Shares in related parties	6 440	6 733
Financial assets available for sale	40	40
Deferred tax assets	-	169
Other non-current assets	513	970
	21 273	**21 802**
Current assets		
Inventories	8 557	6 497
Trade and other receivables	5 541	4 954
Other financial assets	415	1 206
Current tax assets	-	6
Cash	3 548	3 475
Non-current assets classified as held for sale	13	38
	18 074	**16 176**
Total assets	**39 347**	**37 978**
EQUITY AND LIABILITIES		
EQUITY		
Share capital	1 058	1 058
Share premium	1 227	1 227
Hedging reserve	(219)	(1 370)
Retained earnings	16 034	15 387
Total equity	**18 100**	**16 302**
LIABILITIES		
Non-current liabilities		
Loans, borrowings and bonds	9 339	9 212
Provisions	358	355
Deferred tax liabilities	370	-
Other non-current liabilities	1 044	1 812
	11 111	**11 379**
Current liabilities		
Trade and other liabilities	7 231	7 572
Loans, borrowings and bonds	1 848	930
Current tax liabilities	56	-
Provisions	310	342
Deferred income	134	97
Other financial liabilities	557	1 356
	10 136	**10 297**
Total liabilities	**21 247**	**21 676**
Total equity and liabilities	**39 347**	**37 978**

QUARTERLY FINANCIAL INFORMATION OF PKN ORLEN (PLN million)

Separate statement of changes in equity

	Share capital and share premium	Hedging reserve	Retained earnings	Total equity
01/01/2015	2 285	(1 370)	15 387	16 302
Net profit	-	-	1 382	1 382
Items of other comprehensive income	-	1 151	-	1 151
Total net comprehensive income	**-**	**1 151**	**1 382**	**2 533**
Equity resulting from merger under common control	-	-	(29)	(29)
Dividends	-	-	(706)	(706)
30/09/2015	**2 285**	**(219)**	**16 034**	**18 100**
(unaudited)				
01/01/2014	2 285	168	20 682	23 135
Net (loss)	-	-	(3 626)	(3 626)
Items of other comprehensive income	-	(309)	-	(309)
Total net comprehensive income	**-**	**(309)**	**(3 626)**	**(3 935)**
Dividends	-	-	(616)	(616)
30/09/2014	**2 285**	**(141)**	**16 440**	**18 584**
(unaudited)				

QUARTERLY FINANCIAL INFORMATION OF PKN ORLEN (PLN million)

Separate statement of cash flows

	9 MONTHS 2015 (unaudited)	3 MONTHS 2015 (unaudited)	9 MONTHS 2014 (unaudited)	3 MONTHS 2014 (unaudited)
Cash flows - operating activities				
Net profit/(loss)	**1 382**	**158**	**(3 626)**	**157**
Adjustments for:				
Depreciation and amortisation	818	275	753	264
Foreign exchange (profit)/loss	30	88	(7)	3
Interest, net	141	58	166	43
Dividends	(526)	-	(1 020)	-
Loss on investing activities	446	5	4 730	10
Tax expense	329	45	17	28
Change in provisions	113	55	60	28
Change in working capital	(2 852)	(1 875)	1 159	990
inventories	*(1 991)*	*(1 721)*	*724*	*(242)*
receivables	*(583)*	*1 402*	*237*	*215*
liabilities	*(278)*	*(1 556)*	*198*	*1 017*
Other adjustments	(145)	(69)	(54)	(36)
Income tax received/(paid)	2	(2)	21	(1)
Net cash provided by/(used in) operating activities	**(262)**	**(1 262)**	**2 199**	**1 486**
Cash flows - investing activities				
Acquisition of property, plant and equipment, intangible assets and perpetual usufruct of land	(1 170)	(355)	(1 857)	(643)
Disposal of property, plant and equipment, intangible assets and perpetual usufruct of land	86	16	323	1
Acquisition of shares	(130)	-	(206)	(61)
Disposal of shares	-	-	69	2
Acquisition of bonds	-	-	(100)	-
Sale of bonds	95	25	5	5
Interest received	16	-	29	9
Dividends received	525	127	987	127
Outflows from additional repayable payments to subsidiaries' equity	-	-	(802)	-
Proceeds from additional repayable payments to subsidiaries' equity	8	8	38	-
Outflows from non-current loans granted	-	-	(336)	(23)
Proceeds from non-current loans granted	607	-	-	-
Proceeds/(Outflows) from current loans granted	320	23	(433)	(570)
Proceeds from cash pool facility	162	14	110	3
Outflows on the acquisition of the project	(172)	-	-	-
Other	(4)	8	(9)	(2)
Net cash provided by/(used in) investing activities	**343**	**(134)**	**(2 182)**	**(1 152)**
Cash flows - financing activities				
Proceeds from loans and borrowings received	2 390	2 730	9 296	2 198
Bonds issued	988	450	795	73
Repayments of loans and borrowings	(1 584)	-	(6 223)	(610)
Redemption of bonds	(746)	(258)	(1 287)	(172)
Interest paid	(209)	(58)	(199)	(57)
Dividends paid	(706)	(706)	(616)	(616)
Payments of liabilities under finance lease agreements	(14)	(5)	(13)	(5)
Proceeds/(Outflows) from cash pool facility	(132)	(35)	(16)	103
Other	-	-	(1)	-
Net cash provided by/(used in) financing activities	**(13)**	**2 118**	**1 736**	**914**
Net increase in cash and cash equivalents	**68**	**722**	**1 753**	**1 248**
Effect of exchange rate changes	5	(1)	1	(2)
Cash and cash equivalents, beginning of the period	3 475	2 827	2 072	2 580
Cash, end of the period	**3 548**	**3 548**	**3 826**	**3 826**

The foregoing quarterly report was approved by the Management Board of the Parent Company on 21 October 2015.

………………………
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 the person responsible
for keeping accounting books

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