


Summary of results
Table 1

Q4 2013 *	Q1 2014	Q1 2013 *	change %	Key financial data, PLN million	3 months 2014	3 months 2013*	change %
1	2	3	4=(2-3)/3	5	6	7	8=(6-7)/7
27 622	24 119	27 450	(12.1)	Sales revenues	24 119	27 450	(12.1)
592	953	910	4.7	Operating Profit/(Loss) under LIFO increased by depreciation and amortisation (EBITDA LIFO), including:	953	910	4.7
51	274	276	(0.7)	Refining	274	276	(0.7)
405	547	656	(16.6)	Petrochemical	547	656	(16.6)
325	234	123	90.2	Retail	234	123	90.2
(15)	31	(6)	-	Upstream	31	(6)	-
(174)	(133)	(139)	4.3	Corporate functions ¹	(133)	(139)	4.3
592	953	910	4.7	Operating Profit/(Loss) under LIFO increased by depreciation and amortisation (EBITDA LIFO), including:	953	910	4.7
629	445	547	(18.6)	PKN ORLEN S.A.	445	547	(18.6)
38	284	71	300.0	Unipetrol Group	284	71	300.0
(140)	(64)	124	-	ORLEN Lietuva Group	(64)	124	-
65	288	168	71.4	Other	288	168	71.4
54	776	857	(9.5)	Operating Profit/(Loss) increased by depreciation and amortisation (EBITDA)	776	857	(9.5)
542	522	523	(0.2)	Depreciation and Amortisation, including:	522	523	(0.2)
242	227	241	(5.8)	Refining	227	241	(5.8)
175	161	167	(3.6)	Petrochemical	161	167	(3.6)
88	90	86	4.7	Retail	90	86	4.7
4	17	0	-	Upstream	17	0	-
33	27	29	(6.9)	Corporate functions ¹	27	29	(6.9)
50	431	387	11.4	Operating Profit/(Loss) under LIFO (EBIT LIFO)	431	387	11.4
(488)	254	334	(24.0)	Operating Profit/(Loss) (EBIT)	254	334	(24.0)
(478)	126	145	(13.1)	Net Profit/(Loss)	126	145	(13.1)
(421)	64	149	(57.0)	Net Profit/(Loss) attributable to equity owners of the Parent	64	149	(57.0)
51 352	53 006	53 330	(0.6)	Total assets	53 006	53 330	(0.6)
27 551	27 612	28 563	(3.3)	Equity	27 612	28 563	(3.3)
4 668	9 016	8 507	6.0	Net debt	9 016	8 507	6.0
1 497	(3 440)	(1 332)	(158.3)	Net cash - operating activities	(3 440)	(1 332)	(158.3)
(1 269)	(816)	(128)	537.5	Net cash - investing activities	(816)	(128)	537.5
1 009	684	304	125.0	Investment expenditures (CAPEX)	684	304	125.0
0.7	0.5	3.2	(3)p.p.	Return on capital employed (ROACE) (%) ²	0.5	3.2	(3)p.p.
2.3	2.4	5.4	(3)p.p.	Return on capital employed under LIFO (ROACE LIFO) (%) ³	2.4	5.4	(3)p.p.
17.0	24.8	26.8	(2)p.p.	Net financial leverage (%) ⁴	24.8	26.8	(2)p.p.
1.51	N/A ⁵	N/A ⁵	-	Net debt/Profit from operations under LIFO increased by depreciation and amortisation for the last four quarters (EBITDA LIFO) ⁶	N/A ⁵	N/A ⁵	-
1.93	N/A ⁵	N/A ⁵	-	Net debt/Profit from operations increased by depreciations and amortisation for the last four quarters (EBITDA) ⁷	N/A ⁵	N/A ⁵	-
(0.99)	0.15	0.35	(57.1)	Net Profit/(Loss) attributable to equity owners of the Parent per share (EPS)	0.15	0.35	(57.1)
(538)	(177)	(53)	(234.0)	Effect of inventory valuation ⁸ under LIFO on profit from operations, including:	(177)	(53)	(234.0)
(507)	(129)	(57)	(126.3)	PKN ORLEN S.A.	(129)	(57)	(126.3)
(3)	(20)	17	-	Unipetrol Group	(20)	17	-
(29)	(25)	(18)	(38.9)	ORLEN Lietuva Group	(25)	(18)	(38.9)
1	(3)	5	-	Other	(3)	5	-

*) Restated data – change in consolidation method for Basell ORLEN Polyolefines Sp. z o.o. and Plocki Park Przemysłowo-Technologiczny S.A. in accordance to IFRS 11.

1) Includes Corporate Functions of the ORLEN Group companies as well as companies not included in any of the above segments.

2) ROACE = profit from operations for the last four quarters after tax/average capital employed (equity + net debt) for the last four quarters.

3) ROACE LIFO = profit from operations for the last four quarters under LIFO after tax / average capital employed (equity + net debt) for the last four quarters.

4) Net financial leverage = net debt / equity - calculated using the average carrying values in the period.

5) Covenant tested semiannually according to loan agreements.

6) Interest bearing debt net of cash and cash equivalents at the end of the period / (EBITDA LIFO + dividend received from Polkomtel) based on the LIFO method for the last four quarters.

7) Interest bearing debt net of cash and cash equivalents at the end of the period / (EBITDA + dividend received from Polkomtel) for the last four quarters.

8) From the 3rd quarter of 2013 the LIFO adjustment is presented according to its impact on the reported results. The comparative data were changed.

LIFO adjustment is calculated as a difference between: profit from operations determined using the LIFO method of inventory valuation and profit from operations determined using the weighted average method of inventory valuation.

Commentary**Financial results**

Operating profit increased by depreciation and amortisation of the ORLEN Capital Group ("ORLEN Group") based on LIFO method of inventories valuation ("EBITDA LIFO") for the I quarter of 2014 amounted to PLN 953 million and was higher by PLN 43 million as compared to analogous quarter of the prior year.

Negative effect of macroeconomic factors changes related mainly the continuing from IV quarter of 2013 low refining margins and Brent/Ural differential, amounted to PLN (-) 300 million (y/y).

The positive volume effect of PLN 108 million (y/y) resulted mainly from higher sales in petrochemical, retail segments as well as extraction of crude and natural gas in Canada accompanied by lower sales volume of refining segment.

Increase of fuel and non – fuel margins of the retail segment amounted to PLN 82 million (y/y).

The positive effect of other factors amounted to PLN 153 million (y/y) related mainly to changes in the balance of other operating activities of PLN 196 million (y/y), mainly from recognition of gain on bargain purchase of 16.3% shares of Ceska Rafinerska a.s. by Unipetrol a.s. from Shell Overseas Investments BV („Shell”).

The negative impact of crude oil prices on inventories valuation in the I quarter of 2014 amounted to PLN (-) 177 million and decreased the operating result before depreciation and amortisation ("EBTDA") by PLN (-) 124 million (y/y).

As a result, EBITDA of the ORLEN Group for the I quarter of 2014 amounted to PLN 776 million compared to PLN 857 million in the analogous quarter of prior year.

After consideration of depreciation and amortisation, operating result for the I quarter of 2014 amounted to PLN 254 million compared to PLN 334 million in the I quarter of 2013.

Net finance costs in the I quarter of 2014 amounted to PLN (-) 100 million and comprised mainly net interest expense of PLN (-) 39 million, net settlement and valuation of financial instruments of PLN (-) 23 million and negative net foreign exchange losses on revaluation of items in foreign currency of PLN (-) 34 million.

In accordance with the IAS 39 (Financial Instruments: Recognition and Measurement) negative exchange differences from loans in USD as part of a hedging relationship established with an investment in the ORLEN Lietuva of PLN (-) 15 million and in accordance with IAS 21 (The Effects of Changes in Foreign Exchange Rates) positive foreign exchange differences resulting from the translation of foreign currency loans balances of foreign entities of PLN 3 million were recognized in equity in the position of foreign exchange differences on subsidiaries from consolidation.

After consideration of tax charges, net profit of the ORLEN Group for the I quarter of 2014 amounted to PLN 126 million.

Results of the core entities of the ORLEN Group in the I quarter of 2014

- **PKN ORLEN S.A.** – EBITDA LIFO result amounted to PLN 445 million and was lower by PLN (-) 102 million (y/y):
 - PLN (-) 70 million (y/y) - lower EBITDA LIFO of refining segment resulted mainly from deterioration of macroeconomic environment and lower sales volume with positive impact of repurchase of IV tranche of mandatory reserves from Whirlwind Sp. z o.o. of PLN 81 million (y/y),
 - PLN (-) 138 million (y/y) - lower EBITDA LIFO of petrochemical segment mainly due to negative effect of macroeconomic factors changes related to olefin and PTA margins,
 - PLN 98 million (y/y) - higher EBITDA LIFO of retail segment mainly results from improved fuel and non - fuel margins and higher sales volume,
 - PLN (-) 3 million (y/y) - lower EBITDA of upstream segment,
 - PLN 11 million (y/y) - higher EBITDA of corporate functions mainly as a result of optimisation of operating expenses and positive balance in the other operating activities.

Negative impact of crude oil prices on inventories valuation in the I quarter of 2014 amounted to PLN (-) 129 million and as a result EBITDA amounted to PLN 316 million.

- **ORLEN Lietuva Group** – EBITDA LIFO result was lower by PLN (-) 188 million (y/y) and amounted to PLN (-) 64 million.
 - PLN (-) 185 million (y/y) - lower EBITDA LIFO of refining segment mainly due to negative impact of macroeconomic and market factors, which contributed to the decrease in production and sales volume,
 - PLN 1 million (y/y) - higher EBITDA of retail segment mainly results from higher sales volume and improved fuel and non – fuel margins,
 - PLN (-) 4 million (y/y) - lower EBITDA of corporate functions.

Negative impact of crude oil prices on inventories valuation in the I quarter of 2014 amounted to PLN (-) 25 million and decreased EBITDA to PLN (-) 89 million.

- **Unipetrol Group** – EBITDA LIFO result was higher by PLN 213 million (y/y) and amounted to PLN 284 million.
 - PLN 174 million (y/y) - higher EBITDA LIFO of refining segment mainly results from higher sales volume with negative impact of macroeconomic factors changes and positive balance in other operating activities of PLN 167 million mainly as a result of recognition of gain on bargain purchase of 16.3% shares of Ceska Rafinerska a.s. from Shell,
 - PLN 34 million (y/y) - higher EBITDA LIFO of petrochemical segment, by mainly results from higher sales volume,
 - PLN 8 million (y/y) - higher EBITDA of retail segment mainly results from higher sales volume and improved fuel and non – fuel margins,
 - PLN (-) 3 million (y/y) - lower EBITDA of corporate functions.

Negative impact of crude oil prices on inventories valuation in the I quarter of 2014 amounted to PLN (-) 20 million and as a result EBITDA amounted to PLN 264 million.

Net indebtedness and cash flows

As at 31 March 2014 net indebtedness of the ORLEN Group amounted to PLN 9,016 million and was higher by PLN 4,348 million as compared to the level at the end of 2013. Net financial leverage at the end of the I quarter of 2014 amounted to 25%.

Change in net indebtedness comprised mainly net proceeds from loans and borrowings of PLN 2,396 million, decrease of cash and cash equivalents of PLN 1,931 million as well as impact of negative foreign exchange differences from the revaluation of foreign currency loans and indebtedness valuation of PLN 21 million.

Net cash from operating activities in the I quarter of 2014 amounted to PLN (-) 3,440 million and resulted mainly from the change in the working capital balance of PLN (-) 3,965 million.

The most significant item was the increase in inventory balance of PLN (-) 2,404 million as a result of repurchase of IV tranche of mandatory reserves of PLN 1,189 million and purchase of operating inventories from Shell related to acquisition of shares of Ceska Rafinerska a.s. of PLN 267 million described above, as well as increased level of operating inventories before the planned shutdowns in PKN ORLEN.

Net cash used in investing activities in the I quarter of 2014 amounted to PLN (-) 816 million and comprised mainly net expenditure for the acquisition of property, plant and equipment, intangible assets and perpetual usufruct of land of PLN (-) 741 million and acquisition of shares of PLN (-) 62 million related to acquisition of shares of Ceska Rafinerska a.s by Unipetrol from Shell.

Net cash provided by financial activities in the I quarter of 2014 amounted to PLN 2,324 million and comprised mainly net proceeds of loans and borrowings of PLN 2,392 million and interest paid of PLN (-) 60 million.

Considering revaluation of cash from foreign exchange differences the cash balance decreased in the I quarter of 2014 by PLN (-) 1,931 million and as at 31 March 2014 amounted to PLN 758 million.



The change in presentation of segment data

As at 31 March 2014, joint arrangements for Basell Orlen Polyolefines Sp. z o.o. Capital Group (BOP) and Płocki Park Przemysłowo-Technologiczny S.A. Capital Group (PPPT) in accordance to IFRS 11 are recognised under the equity method instead of proportionate consolidation method applied before. As a result of the above change the comparative data for the 3 months period ended 31 March 2013 and as at 31 December 2013 were restated. Starting from the I quarter of 2014 in the consolidated financial statements "Share in profit from investments accounted for under equity method" is presented within operating activities, as the activity of those entities is connected to the core business of ORLEN Group. In the Management view opinion this change provides more legible format of financial statements.

Detailed commentaries regarding revenues and operating results of individual segments are presented further in this report.

Macroeconomic commentary
Crude oil prices, BRENT / URAL differential, model margins

Table 2

Item	Quarter			change %
	Q4 2013	Q1 2014	Q1 2013	
1	2	3	4	5=(3-4)/4
Brent crude oil (USD/bbl)	109	108	113	(4.4)
Brent / URAL differential (USD/bbl)	1.4	1.4	1.7	(17.6)
Model refining margin (USD/bbl) ¹	0.7	1.3	4.1	(68.3)
Model petrochemical margin (EUR/t) ²	736	756	737	2.6
Model olefin margin (EUR/t) ³	462	477	493	(3.2)
Quotation of margins (crack margins)				
Refining products (USD/t)⁴				
Gasoline	120	145	186	(22.0)
Diesel oil	116	107	124	(13.7)
Light heating oil	102	95	106	(10.4)
Jet A-1 fuel	166	153	183	(16.4)
Heavy heating oil	(253)	(251)	(242)	3.7
Petrochemical products (EUR/t)⁴				
Polyethylene ⁵	188	200	183	9.3
Polypropylene ⁵	292	304	307	(1.0)
Ethylene	608	603	643	(6.2)
Propylene	494	530	467	13.5
Toluene	190	218	320	(31.9)
Benzene	304	411	433	(5.1)
Butadiene	267	364	737	(50.6)
Paraxylene	475	420	602	(30.2)

1) Model refining margin = revenues (Products (93.5%) = 36% Gasoline + 43% Diesel + 14.5% HHO) minus expenses (100% input: Brent crude and other raw materials valued at Brent crude); product prices based on quotation USD/bbl.

2) Model petrochemical margin (contr.) = revenues (98% Products = 44% HDPE, 7% LDPE, 35% PP homo, 12% PP copo) – products prices based on contract quotations minus expenses (100% input = 75% Naphtha + 25% LS VGO) – products prices based on spot quotations.

3) Model petrochemical margin of olefins (contr.) = revenues (100% Products = 50% Ethylene, 30% Propylene, 10% Benzene, 10% Toluene) minus expenses (100% input = 75% Naphtha + 25% LS VGO); products prices based on quotations.

4) Margins (crack) for refining and petrochemical products (excluding polymers) calculated as difference between a quotation of given product and a quotation of Brent DTD crude oil.

5) Margin (crack) for polymers calculated as difference between quotations of polymers and monomers.

Exchange rates

Table 3

Currency	Average exchange rates ¹⁾			change %	Period end exchange rates ¹⁾			change %
	Q4 2013	Q1 2014	Q1 2013		Q4 2013	Q1 2014	Q1 2013	
1	2	3	4	5=(3-4)/4	6	7	8	9=(7-8)/8
USD/PLN	3.08	3.06	3.15	(2.9)	3.01	3.03	3.26	(7.1)
EUR/PLN	4.19	4.19	4.16	0.7	4.15	4.17	4.18	(0.2)
CZK/PLN	0.16	0.15	0.16	(6.3)	0.15	0.15	0.16	(6.3)
USD/LTL	2.54	2.52	2.62	(3.8)	2.51	2.51	2.70	(7.0)
EUR/LTL	3.45	3.45	3.45	0.0	3.45	3.45	3.45	0.0
USD/CZK	19.6	20.0	19.4	3.1	19.9	19.9	20.1	(1.0)
EUR/CZK	26.7	27.4	25.6	7.0	27.4	27.4	25.7	6.6

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

Fuel consumption ¹

Table 4

Countries, (‘000 tonnes)	Q4 2013	Q1 2014	Q1 2013	change%
1	2	3	4	5=(3-4)/4
Poland	3 710	3 317	3 271	1.4
Gasoline	904	808	807	0.1
Diesel Oil	2 806	2 509	2 464	1.8
Lithuania	320	275	250	10.0
Gasoline	50	43	44	(2.3)
Diesel Oil	270	232	206	12.6
Czech Republic	1 497	1 254	1 252	0.2
Gasoline	400	334	352	(5.1)
Diesel Oil	1 097	920	900	2.2
Germany	13 335	12 305	11 844	3.9
Gasoline	4 603	4 290	4 189	2.4
Diesel Oil	8 732	8 015	7 655	4.7

1) Estimates prepared based on data of Agencja Rynku Energii S.A., Lithuanian Statistical Office, Czech Statistical Office and Association of the German Petroleum Industry.

Segment commentary – Refining Segment

Table 5

Q4 2013	Q1 2014	Q1 2013	change %	Item, PLNm	3 months 2014	3 months 2013	change %
1	2	3	4=(2-3)/3	5	6	7	8=(6-7)/7
21 531	18 102	21 537	(15.9)	Segment revenues, including:	18 102	21 537	(15.9)
14 831	11 605	15 064	(23.0)	Sales revenues from external customers	11 605	15 064	(23.0)
6 700	6 497	6 473	0.4	Sales revenues from transactions with other segments	6 497	6 473	0.4
(22 075)	(18 411)	(21 565)	(14.6)	Segment expenses	(18 411)	(21 565)	(14.6)
(182)	194	(6)	-	Other operating income/expenses, net	194	(6)	-
51	274	276	(0.7)	Operating profit/(loss) under LIFO increased by depreciation and amortisation (EBITDA LIFO)	274	276	(0.7)
(484)	112	207	(45.9)	Operating profit/(loss) increased by depreciation and amortisation (EBITDA)	112	207	(45.9)
(191)	47	35	34.3	Profit/(Loss) from operations under LIFO	47	35	34.3
(726)	(115)	(34)	(238.2)	Profit/(Loss) from operations	(115)	(34)	(238.2)
363	271	153	77.1	CAPEX	271	153	77.1
5 862	4 736	5 581	(15.1)	Sales of products (thousand tonnes)	4 736	5 581	(15.1)

In the I quarter of 2014 EBITDA LIFO of the refining segment of the ORLEN Group amounted to PLN 274 million and was lower by PLN (-) 2 million (y/y).

Negative effect of macroeconomic factors changes regarding mainly lower refining margin and Brent/Ural differential decreased segment's EBITDA LIFO by PLN (-) 270 million (y/y).

Negative impact of lower sales volume of PLN (-) 22 million resulted mainly from negative impact of macroeconomic factors on markets operated by ORLEN Lietuva Group.

Lower sales on these markets was partially compensated by higher sales on the Czech market mainly as a result of higher availability of installations and increase of processing capacity after the acquisition of 16.3% shares in Ceska Rafinerska a.s. from Shell – increase of production capacity by 1.4 million tonnes to 5.9 million tonnes per year.

Effect of other factors of PLN 290 million (y/y) comprised mainly repurchase of IV tranche of mandatory reserves from Whirlwind Sp. z o.o. of PLN 81 million (y/y) and positive effect of change in the balance on other operating activities of PLN 200 million (y/y) resulted mainly from recognition of gain on bargain purchase of 16.3% shares of Ceska Rafinerska a.s. by Unipetrol a.s. of PLN 180 million (y/y).

Impact of crude oil prices on inventories valuation in the I quarter of 2014 amounted to PLN (-) 162 million and was lower by PLN (-) 93 million (y/y).

As a result EBITDA of refining segment of ORLEN Group for the I quarter of 2014 amounted to PLN 112 million as compared to PLN 207 million in the analogous period of the previous year.

The segment's capital expenditures in the I quarter of 2014 amounted to PLN 271 million and comprised mainly of: construction of the Installation of Catalytic Denitrification and Dedusting, site preparation of Flue Gas Desulphurization, modernization of the fuel system of the Power Plant in Plock and construction of reformate tanks on the Composition Department in PKN ORLEN; projects related to the improvement of energy efficiency in the Unipetrol Group and construction of installation of Visbreaker Vacuum Flasher in ORLEN Lietuva Group.

Segment commentary – Petrochemical Segment

Table 6

Q4 2013	Q1 2014	Q1 2013	change %	Item, PLNm	3 months 2014	3 months 2013	change %
1	2	3	4=(2-3)/3	5	6	7	8=(6-7)/7
4 742	4 968	5 075	(2.1)	Segment revenues, including:	4 968	5 075	(2.1)
3 833	4 113	4 200	(2.1)	Sales revenues from external customers	4 113	4 200	(2.1)
909	855	875	(2.3)	Sales revenues from transactions with other segments	855	875	(2.3)
(4 530)	(4 604)	(4 587)	0.4	Segment expenses	(4 604)	(4 587)	0.4
8	(9)	7	-	Other operating income/expenses, net	(9)	7	-
7	16	10	60.0	Share in profit from investments accounted for under equity method	16	10	60.0
405	547	656	(16.6)	Operating profit/(loss) under LIFO increased by depreciation and amortisation (EBITDA LIFO)	547	656	(16.6)
402	532	672	(20.8)	Operating profit/(loss) increased by depreciation and amortisation (EBITDA)	532	672	(20.8)
230	386	489	(21.1)	Profit/(Loss) from operations under LIFO	386	489	(21.1)
227	371	505	(26.5)	Profit/(Loss) from operations	371	505	(26.5)
232	78	43	81.4	CAPEX	78	43	81.4
1 337	1 416	1 356	4.4	Sales of products (thousand tonnes)	1 416	1 356	4.4

In the I quarter of 2014 EBITDA LIFO of petrochemical segment of the ORLEN Group amounted to PLN 547 million and was lower by PLN (-) 109 million (y/y).

Deterioration of model olefins margin as well as PTA and butadiene margins was partially compensated by increase of polyolefins and PVC margins and effect of depreciation of PLN and CZK against EUR. As a result segment's EBITDA LIFO decreased by PLN (-) 30 million (y/y).

Higher sales volume on Czech market and increased sales of fertilizers, PVC and PTA in Poland improved segment's EBITDA LIFO by PLN 50 million (y/y).

Effect of other factors of PLN (-) 129 million (y/y) comprised mainly impact of lower trading margins of fertilizers and PVC and change in the balance on other operating activities of PLN (-) 16 million (y/y).

Impact of inventories valuation in the I quarter of 2014 amounted to PLN (-) 15 million and was lower by PLN (-) 31 million (y/y).

As a result EBITDA of petrochemical segment in the I quarter of 2014 amounted to PLN 532 million as compared to PLN 672 million in analogous period of the previous year.

In the I quarter of 2014 the segment's capital expenditures amounted to PLN 78 million.

The most significant investments realized in this period comprised of: modernization of furnace of Olefin Unit II in PKN ORLEN; design works related to the construction of installation of the Polyethylene III, construction of the educational and research centre, cycle reconstruction of two pirolitic furnaces in Unipetrol Group; construction of loading and storage of packages unit in Anwil as well as projects concerning construction of gas power plant in Włocławek conducted by PKN ORLEN.

Segment commentary – Retail Segment

Table 7

Q4 2013	Q1 2014	Q1 2013	change %	Item, PLN million	3 months 2014	3 months 2013	change %
1	2	3	4=(2-3)/3	5	6	7	8=(6-7)/7
8 961	8 362	8 202	2.0	Segment revenues, including:	8 362	8 202	2.0
8 920	8 320	8 167	1.9	Sales revenues from external customers	8 320	8 167	1.9
41	42	35	20.0	Sales revenues from transactions with other segments	42	35	20.0
(8 724)	(8 229)	(8 165)	0.8	Segment expenses	(8 229)	(8 165)	0.8
0	11	0	-	Other operating income/expenses, net	11	0	-
325	234	123	90.2	Operating profit/(loss) increased by depreciation and amortisation (EBITDA)	234	123	90.2
237	144	37	289.2	Profit/(Loss) from operations	144	37	289.2
253	28	44	(36.4)	CAPEX	28	44	(36.4)
1 872	1 763	1 659	6.3	Sales of products (thousand tonnes)	1 763	1 659	6.3

In the I quarter of 2014 EBITDA of the retail segment of the ORLEN Group amounted to PLN 234 million and was higher by PLN 111 million (y/y).

Higher sales volume (y/y) realised on all operating markets increased segment's EBITDA by PLN 26 million (y/y).

Higher fuel and non – fuel margins of all segment's companies improved segment's EBITDA by PLN 82 million (y/y).

Positive impact of other factors amounted to PLN 3 million (y/y).

At the end of the I quarter of 2014 the ORLEN Group operated 2,685 fuel stations. As compared to the analogous period of 2013 the number of fuel stations decreased by (-) 9 (by (-) 6 on Polish market, (-) 4 on German market with increase by 1 on the Czech market). Number of fuel stations in CODO system decreased by (-) 6 and by (-) 3 in franchising system.

As compared to the end of 2013 the number of fuel stations decreased by (-) 12 on Polish market (respectively, by (-) 6 in CODO and franchising system) mainly as a result of introduction of new environmental regulations. On other markets the number of fuel stations did not change.

At the end of the I quarter of 2014 the number of catering points such as Stop Cafe and Stop Cafe Bistro in Poland amounted to 1,081 and was higher by 249 (y/y). On Lithuanian and Czech markets the number of catering points such as Stop Cafe and Stop Cafe Bistro did not change (y/y) and amounted 23 and 92, respectively.

Segment's capital expenditures in the I quarter of 2014 amounted to PLN 28 million.

Segment commentary – Upstream Segment

Table 8

Q4 2013	Q1 2014	Q1 2013	change %	Item, PLN million	3 months 2014	3 months 2013	change %
1	2	3	4=(2-3)/3	5	6	7	8=(6-7)/7
16	55	0	-	Segment revenues, including:	55	0	-
16	55	0	-	Sales revenues from external customers	55	0	-
0	0	0	-	Sales revenues from transactions with other segments	0	0	-
(28)	(43)	(6)	616.7	Segment expenses	(43)	(6)	616.7
(7)	2	0	-	Other operating income/expenses, net	2	0	-
(15)	31	(6)	-	Operating profit/(loss) increased by depreciation and amortisation (EBITDA)	31	(6)	-
(19)	14	(6)	-	Profit/(Loss) from operations	14	(6)	-
86	127	55	130.9	CAPEX	127	55	130.9
17	41	0	-	Sales of products (thousand tonnes)	41	0	-

Unconventional projects in Poland

At the end of March 2014, 10 drillings were completed, including 7 vertical and 3 horizontal.

In the I quarter of 2014, under the Lublin Shale project horizontal drilling was completed under Wodynie-Łuków concession and preparatory works were performed for the acquisition of 2D seismic data under Wołomin concession. The analyses of data obtained during previous operations were performed simultaneously.

Under the Mid-Poland Unconventionals project and Hrubieszów Shale project processing and interpretation of integrated geological and geophysical data were conducted. Completion of analyses is planned in the II quarter of 2014.

Total capital expenditures concerning unconventional projects in the I quarter of 2014 amounted to PLN 30 million.

Conventional projects in Poland

At the end of March 2014, 3 exploration and prospecting drillings were completed, including 2 prospecting drillings under Sieraków project nad 1 exploration drilling under project conducted on Baltic Sea.

In the I quarter of 2014 analyses of data obtained during previous operations were performed under Sieraków project in order to verify potential of the area and update working schedule.

In the I quarter of 2014 under the Karbon project gathering of 2D seismic data was conducted regarding to Lublin unit as well as continued processing and interpretation of new 2D seismic data under Bełżyce unit was performed. Simultaneously, preparations for exploration drilling under Lublin concession, which start is planned for the II quarter of 2014 were conducted.

Total capital expenditures concerning conventional projects in the I quarter of 2014 amounted to PLN 4 million.

Activities in Canada

In the I quarter of 2014 on the 7 drillings triggering works and intensification of production works were conducted. From 1 drilling a hydrocarbon extraction has started. At the end of I quarter of 2014 extraction works were performed on the 76.5 net drilling¹.

Average daily production of hydrocarbons in the I quarter of 2014 amounted to boepd² 3.7 thousand

In the I quarter of 2014 TriOil's EBITDA amounted to PLN 37 million.

In the I quarter of 2014 8 drillings have started (net share of TriOil 6,3).

Total capital expenditures of TriOil in the I quarter of 2014 amounted to PLN 89 million and related mainly to conducted drillings and development of extraction infrastructure.

¹) net share – adjusted for the contributions of other partners

²) barrels of oil equivalent per day

Segment commentary – Corporate Functions

Table 9

Q4 2013	Q1 2014	Q1 2013	change %	Item, PLN million	3 months 2014	3 months 2013	change %
1	2	3	4=(2-3)/3	5	6	7	8=(6-7)/7
84	81	76	6.6	Segment revenues, including:	81	76	6.6
22	26	19	36.8	Sales revenues from external customers	26	19	36.8
62	55	57	(3.5)	Sales revenues from transactions with other segments	55	57	(3.5)
(301)	(244)	(248)	(1.6)	Segment expenses	(244)	(248)	(1.6)
11	3	4	(25.0)	Other operating income/expenses, net	3	4	(25.0)
(1)	0	0	-	Share in profit from investments accounted for under equity method	0	0	-
(174)	(133)	(139)	4.3	Operating profit/(loss) increased by depreciation and amortisation (EBITDA)	(133)	(139)	4.3
(207)	(160)	(168)	4.8	Profit/(Loss) from operations	(160)	(168)	4.8
75	180	9	1 900.0	CAPEX	180	9	1 900.0

In the I quarter of 2014 EBITDA of corporate functions was higher by PLN 6 million (y/y).

Capital expenditures of corporate functions in the I quarter of 2014 related mainly to expenses for construction works of the gas power plant in Włocławek, fees related to transformation of perpetual usufruct into real estate ownership of part of manufacturing plant in Płock as well as the IT projects.

Interim condensed consolidated financial statements
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Table 10

Q4 2013 *	Q1 2014	Q1 2013 *	change %	Item, PLN million	3 months 2014	3 months 2013 *	change %
1	2	3	4=(2-3)/3	5	6	7	8=(6-7)/7
Statement of profit or loss							
27 622	24 119	27 450	(12.1)	Sales revenues	24 119	27 450	(12.1)
(26 570)	(22 821)	(25 834)	(11.7)	Cost of sales	(22 821)	(25 834)	(11.7)
1 052	1 298	1 616	(19.7)	Gross profit on sales	1 298	1 616	(19.7)
(985)	(915)	(943)	(3.0)	Distribution expenses	(915)	(943)	(3.0)
(391)	(346)	(354)	(2.3)	Administrative expenses	(346)	(354)	(2.3)
222	303	73	315.1	Other operating income	303	73	315.1
(392)	(102)	(68)	50.0	Other operating expenses	(102)	(68)	50.0
6	16	10	60.0	Share in profit from investments accounted for under equity method	16	10	60.0
(488)	254	334	(24.0)	Profit/(loss) from operations	254	334	(24.0)
178	48	117	(59.0)	Finance income	48	117	(59.0)
(187)	(148)	(338)	(56.2)	Finance costs	(148)	(338)	(56.2)
(9)	(100)	(221)	(54.8)	Net finance income and costs	(100)	(221)	(54.8)
(497)	154	113	36.3	Profit/(Loss) before tax	154	113	36.3
19	(28)	32	-	Tax expense	(28)	32	-
(478)	126	145	(13.1)	Net profit/(loss)	126	145	(13.1)
Items of other comprehensive income which will not be reclassified into profit or loss							
3	0	(7)	-		0	(7)	-
(1)	0	(9)	-	Fair value measurement of investment property as at the date of reclassification	0	(9)	-
4	0	0	-	Actuarial gains and losses	0	0	-
0	0	2	-	Deferred tax	0	2	-
(339)	(65)	120	-	which will be reclassified into profit or loss under certain conditions	(65)	120	-
158	(100)	23	-	Hedging instruments	(100)	23	-
(467)	16	101	(84.2)	Foreign exchange differences on subsidiaries from consolidation	16	101	(84.2)
(30)	19	(4)	-	Deferred tax	19	(4)	-
(336)	(65)	113	-	Total items of other comprehensive income	(65)	113	-
(814)	61	258	(76.4)	Total net comprehensive income	61	258	(76.4)
(478)	126	145	(13.1)	Net profit/(loss) attributable to equity owners of the parent	126	145	(13.1)
(421)	64	149	(57.0)		64	149	(57.0)
(57)	62	(4)	-	non-controlling interest	62	(4)	-
(814)	61	258	(76.4)	Total net comprehensive income attributable to equity owners of the parent	61	258	(76.4)
(613)	(55)	277	-		(55)	277	-
(201)	116	(19)	-	non-controlling interest	116	(19)	-
(0.99)	0.15	0.35	(57.1)	Net profit/(loss) and diluted net profit/(loss) per share attributable to equity owners of the parent (in PLN per share)	0.15	0.35	(57.1)

*) Restated data – change in consolidation method for Basell ORLEN Polyolefines Sp. z o.o. and Plocki Park Przemysłowo-Technologiczny S.A. in accordance to IFRS 11.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Table 11

31.03.2014	ITEM, PLN million	31.12.2013 *	change %
1	2	3	4=(1-3)/3
	ASSETS		
25 234	Property, plant and equipment	24 904	1.3
120	Investment property	121	(0.8)
1 059	Intangible assets	823	28.7
94	Perpetual usufruct of land	95	(1.1)
632	Investments accounted for under equity method	615	2.8
40	Financial assets available for sale	40	0.0
154	Deferred tax assets	151	2.0
35	Other non-current assets	158	(77.8)
27 368	Non-current assets	26 907	1.7
16 208	Inventories	13 749	17.9
8 406	Trade and other receivables	7 768	8.2
176	Other financial assets	165	6.7
66	Current tax assets	59	11.9
758	Cash and cash equivalents	2 689	(71.8)
24	Non-current assets classified as held for sale	15	60.0
25 638	Current assets	24 445	4.9
53 006	Total assets	51 352	3.2
	EQUITY AND LIABILITIES		
	EQUITY		
1 058	Share capital	1 058	0.0
1 227	Share premium	1 227	0.0
59	Hedging reserve	148	(60.1)
0	Revaluation reserve	0	-
(231)	Foreign exchange differences on subsidiaries from consolidation	(201)	14.9
23 803	Retained earnings	23 716	0.4
25 916	Total equity attributable to equity owners of the parent	25 948	(0.1)
1 696	Non-controlling interest	1 603	5.8
27 612	Total equity	27 551	0.2
	LIABILITIES		
7 734	Loans, borrowings and debt securities	6 507	18.9
657	Provisions	658	(0.2)
482	Deferred tax liabilities	538	(10.4)
10	Deferred income	10	0.0
219	Other non-current liabilities	133	64.7
9 102	Non-current liabilities	7 846	16.0
12 985	Trade and other liabilities	14 013	(7.3)
2 040	Loans, borrowings and debt securities	850	140.0
46	Current tax liabilities	36	27.8
874	Provisions	821	6.5
279	Deferred income	124	125.0
64	Other financial liabilities	110	(41.8)
4	Liabilities directly associated with assets classified as held for sale	1	300.0
16 292	Current liabilities	15 955	2.1
25 394	Total liabilities	23 801	6.7
53 006	Total equity and liabilities	51 352	3.2

*) Restated data – change in consolidation method for Basell ORLEN Polyolefines Sp. z o.o. and Plocki Park Przemysłowo-Technologiczny S.A. in accordance to IFRS 11.

CONSOLIDATED STATEMENT OF CASH FLOWS

Table 12

Q4 2013 *	Q1 2014	Q1 2013 *	change %	Item, PLN million	3 months 2014	3 months 2013 *	change %
1	2	3	4=(2-3)/3	5	6	7	8=(6-7)/7
Cash flows – operating activities							
(478)	126	145	(13.1)	Net profit/(loss)	126	145	(13.1)
				Adjustments for:			
(6)	(16)	(10)	60.0	Share in profit from investments accounted for under equity method	(16)	(10)	60.0
542	522	523	(0.2)	Depreciation and amortisation	522	523	(0.2)
(27)	(4)	56	-	Foreign exchange (gain)/loss	(4)	56	-
58	52	64	(18.8)	Interest, net	52	64	(18.8)
76	36	(43)	-	Loss/(Profit) on investing activities	36	(43)	-
(19)	28	(32)	-	Tax expense	28	(32)	-
135	63	56	12.5	Change in provisions	63	56	12.5
1 319	(3 965)	(2 011)	97.2	Change in working capital	(3 965)	(2 011)	97.2
1 324	(2 404)	(1 524)	57.7	inventories	(2 404)	(1 524)	57.7
1 136	(780)	(550)	41.8	receivables	(780)	(550)	41.8
(1 141)	(781)	63	-	liabilities	(781)	63	-
(59)	(225)	(78)	188.5	Other adjustments	(225)	(78)	188.5
(44)	(57)	(2)	2 750.0	Income tax (paid)	(57)	(2)	2 750.0
1 497	(3 440)	(1 332)	158.3	Net cash provided by/(used in) operating activities	(3 440)	(1 332)	158.3
Cash flows - investing activities							
(781)	(761)	(524)	45.2	Acquisition of property, plant and equipment, intangible assets and perpetual usufruct of land	(761)	(524)	45.2
29	20	91	(78.0)	Disposal of property, plant and equipment, intangible assets and perpetual usufruct of land	20	91	(78.0)
(534)	(62)	0	-	Acquisition of shares	(62)	0	-
1	3	12	(75.0)	Disposal of securities and deposits	3	12	(75.0)
(1)	0	0	-	Dividends received	0	0	-
(3)	2	274	(99.3)	Proceeds/(Outflows) from borrowings granted	2	274	(99.3)
20	(18)	19	-	Other	(18)	19	-
(1 269)	(816)	(128)	537.5	Net cash (used) in investing activities	(816)	(128)	537.5
Cash flows - financing activities							
184	3 401	2 994	13.6	Proceeds from loans and borrowings received	3 401	2 994	13.6
300	0	0	-	Debt securities issued	0	0	-
(111)	(1 009)	(2 328)	(56.7)	Repayments of loans and borrowings	(1 009)	(2 328)	(56.7)
(304)	0	0	-	Redemption of debt securities	0	0	-
(90)	(60)	(80)	(25.0)	Interest paid	(60)	(80)	(25.0)
(7)	(8)	(7)	14.3	Payments of liabilities under finance lease agreements	(8)	(7)	14.3
(3)	0	(3)	-	Other	0	(3)	-
(31)	2 324	576	303.5	Net cash provided by/(used in) financing activities	2 324	576	303.5
197	(1 932)	(884)	118.6	Net increase/(Decrease) in cash and cash equivalents	(1 932)	(884)	118.6
0	1	0	-	Effect of exchange rate changes on cash and cash equivalents	1	0	-
2 492	2 689	2 029	32.5	Cash and cash equivalents, beginning of the period	2 689	2 029	32.5
2 689	758	1 145	(33.8)	Cash and cash equivalents, end of the period	758	1 145	(33.8)

*) Restated data – change in consolidation method for Basell ORLEN Polyolefines Sp. z o.o. and Plocki Park Przemysłowo-Technologiczny S.A. in accordance to IFRS 11.

Operating data
PRODUCTION VOLUME

Table 13

Production ('000 tonnes)	Q1 2014	Q1 2013	change %	Q1 2014	share %	Q1 2014	share %	Q1 2014	share %
1	2	3	4=(2-3)/3	5	6=5/ total segment	7	8= 7/ total segment	9	10= 9/ total segment
Refining Segment	ORLEN Group	ORLEN Group		PKN ORLEN S.A.		Unipetrol Group		ORLEN Lietuva	
Crude oil throughput	6 190	7 003	(11.6)	3 503	-	1 125	-	1 467	-
Light distillates [gasoline, LPG]	1 197	1 536	(22.1)	568	20.5	221	25.5	419	30.1
Medium distillates [diesel oil, light heating oil, JET A-1 fuel]	2 801	3 107	(9.8)	1 601	57.7	527	60.8	660	47.4
Heavy fractions [heavy heating oil, asphalt, oils]	877	1 121	(21.8)	434	15.6	76	8.8	267	19.1
Other	246	240	2.5	173	6.2	43	4.9	47	3.4
Total products	5 121	6 004	(14.7)	2 776	-	867	-	1 393	-
Petrochemical Segment	ORLEN Group	ORLEN Group		PKN ORLEN S.A.		Unipetrol Group		Anwil Group	
Monomers [ethylene, propylene]	215	213	0.9	215	44.7	51	12.1	-	-
Polymers [polyethylene, polypropylene]	146	133	9.8	-	-	146	34.6	-	-
Aromas [benzene, toluene, paraxylene, ortoxylene]	107	102	4.9	51	10.6	56	13.3	-	-
Fertilizers [CANWIL, ammonium nitrate, ammonium sulphate, other]	313	293	6.8	-	-	-	-	313	58.5
Plastics [PVC, PVC processing]	118	107	10.3	-	-	-	-	121	22.6
PTA	147	152	(3.3)	147	30.6	-	-	-	-
Other	331	336	(1.5)	68	14.1	169	40.0	101	18.9
Total products	1 377	1 336	3.1	481	-	422	-	535	-
Total production	6 498	7 340	(11.5)	3 257	-	1 289	-	535	-

*) Restated data – change in consolidation method for Basell ORLEN Polyolefines Sp. z o.o. and Plocki Park Przemysłowo-Technologiczny S.A. in accordance to IFRS 11.

SALES VOLUME

Table 14

Q4 2013 *	Q1 2014	Q1 2013 *	change %	Sales (‘000 tonnes)	3 months 2014	3 months 2013 *	change %
1	2	3	4=(2-3)/3	5	6	7	8=(6-7)/7
5 862	4 736	5 581	(15.1)	Refining Segment	4 736	5 581	(15.1)
1 317	928	1 335	(30.5)	Light distillates [gasoline, LPG]	928	1 335	(30.5)
2 609	2 175	2 475	(12.1)	Medium distillates [diesel oil, light heating oil, JET A-1 fuel]	2 175	2 475	(12.1)
1 189	884	1 061	(16.7)	Heavy fractions [heavy heating oil, asphalt, oils]	884	1 061	(16.7)
747	749	710	5.5	Other	749	710	5.5
1 337	1 416	1 356	4.4	Petrochemical Segment	1 416	1 356	4.4
196	218	222	(1.8)	Monomers [ethylene, propylene]	218	222	(1.8)
137	141	120	17.5	Polimers [polyethylene, polypropylene]	141	120	17.5
105	107	101	5.9	Aromas [benzene, toluene, paraxylene, ortoxylene]	107	101	5.9
302	313	291	7.6	Fertilizers [CANWIL, ammonium nitrate, ammonium sulphate, other]	313	291	7.6
100	116	114	1.8	Plastics [PVC, PVC granulates]	116	114	1.8
139	145	137	5.8	PTA	145	137	5.8
358	376	371	1.3	Other	376	371	1.3
1 872	1 763	1 659	6.3	Retail Segment	1 763	1 659	6.3
707	655	624	5.0	Light distillates [gasoline, LPG]	655	624	5.0
1 165	1 108	1 035	7.1	Medium distillates [diesel oil, light heating oil]	1 108	1 035	7.1
17	41	0	-	Upstream Segment	41	0	-
9 088	7 956	8 596	(7.4)	ORLEN Group - total	7 956	8 596	(7.4)

*) Restated data – change in consolidation method for Basell ORLEN Polyolefines Sp. z o.o. and Plocki Park Przemysłowo-Technologiczny S.A. in accordance to IFRS 11.