

**ORLEN GROUP****RESULTS OF THE ORLEN GROUP FOR THE III QUARTER OF 2013***(Translation of a document originally issued in Polish)***Summary of the results**

Table 1

Q2 2013	Q3 2013	Q3 2012	change %	Key financial data, PLNm	9 months 2013	9 months 2012	change %
1	2	3	4=(2-3)/3	5	6	7	8=(6-7)/7
28 311	30 392	31 654	-4.0	Sales revenues	86 175	88 856	-3.0
837	796	1 552	-48.7	Profit(Loss) from operations under LIFO plus depreciation and amortisation (EBITDA LIFO)	2 565	4 110	-37.6
398	1 158	2 010	-42.4	Profit(Loss) from operations plus depreciation and amortisation (EBITDA)	2 435	4 447	-45.2
302	255	990	-74.2	Profit(Loss) from operations under LIFO, including:	951	2 426	-60.8
189	201	434	-53.7	PKN ORLEN S.A.	686	1 583	-56.7
15	-56	86	-	Unipetrol Group	-67	101	-
-86	-111	238	-	ORLEN Lietuva Group	-166	151	-
184	221	232	-4.7	Other	498	591	-15.7
-137	617	1 448	-57.4	Profit(Loss) from operations, including:	821	2 763	-70.3
-72	431	680	-36.6	PKN ORLEN S.A.	598	1 903	-68.6
-92	27	161	-83.2	Unipetrol Group	-74	86	-
-138	-56	373	-	ORLEN Lietuva Group	-181	177	-
165	215	234	-8.1	Other	478	597	-19.9
-137	617	1 448	-57.4	Profit(Loss) from operations, including:	821	2 763	-70.3
-562	143	1 136	-87.4	Refining	-453	1 802	-
323	250	213	17.4	Petrochemical	1 085	938	15.7
282	361	271	33.2	Retail	681	550	23.8
-4	-10	-7	-42.9	Upstream ¹	-20	-18	-11.1
-176	-127	-165	23.0	Corporate Functions ^{1,2}	-472	-509	7.3
535	541	562	-3.7	Depreciation and Amortisation, including:	1 614	1 684	-4.2
238	237	257	-7.8	Refining	716	765	-6.4
181	183	187	-2.1	Petrochemical	545	564	-3.4
87	89	89	0.0	Retail	263	268	-1.9
0	0	0	-	Upstream ¹	1	1	0.0
29	32	29	10.3	Corporate Functions ^{1,2}	89	86	3.5
-229	652	1 417	-54.0	Profit(Loss)	568	2 621	-78.3
-207	655	1 366	-52.0	Profit(Loss) attributable to equity owners of the Parent	597	2 621	-77.2
54 495	53 620	57 649	-7.0	Total assets	53 620	57 649	-7.0
27 761	28 365	28 926	-1.9	Equity	28 365	28 926	-1.9
5 171	4 823	5 873	-17.9	Net debt	4 823	5 873	-17.9
4 319	1 192	2 654	-55.1	Net cash - operating activities	4 168	2 710	53.8
-638	-437	-675	-35.3	Net cash - investing activities	-1 207	-1 566	-22.9
532	653	555	17.7	Investment expenditures (CAPEX)	1 491	1 374	8.5
2.1	0.2	3.9	-3.7 p.p.	Return on capital employed (ROACE) (%) ³	0.2	3.9	-3.7 p.p.
3.4	1.7	1.6	0.1 p.p.	Return on capital employed under LIFO (ROACE LIFO) (%) ⁴	1.7	1.6	0.1 p.p.
24.4	17.8	25.0	-7.2 p.p.	Net financial leverage (%) ⁵	20.4	24.2	-3.8 p.p.
1.41	1.65	1.94	-14.9	Net debt/Profit from operations under LIFO plus depreciation and amortisation for the last four quarters (EBITDA LIFO) ⁶	1.65	1.94	-14.9
1.65	2.12	1.46	45.2	Net debt/Profit from operations plus depreciation and amortisation for the last four quarters (EBITDA) ⁷	2.12	1.46	45.2
-0.48	1.53	3.19	-52.0	Net Profit(Loss) attributable to equity owners of the Parent per share (EPS)	1.40	6.13	-77.2
Q2 2013	Q3 2013	Q3 2012	change %	Financial data adjusted by the effect of inventory valuation based on the LIFO, PLNm	9 months 2013	9 months 2012	change %
-439	362	458	-21.0	Effect of inventory valuation ⁸ under LIFO on profit from operations, including:	-130	337	-
-261	230	246	-6.5	PKN ORLEN S.A.	-88	320	-
-107	83	75	10.7	Unipetrol Group	-7	-15	53.3
-52	55	135	-59.3	ORLEN Lietuva Group	-15	26	-
-19	-6	2	-	Other	-20	6	-

1) From the I quarter of 2013 Upstream Segment was separated, which operations in previous periods were presented within Corporate Functions. Consequently, comparative data was restated for the III quarter of 2012 and 9 months of 2012.

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

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

4) 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.

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

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

Profit from operations plus depreciation and amortisation of the ORLEN Capital Group ("ORLEN Group") based on LIFO method of inventory valuation ("EBITDA LIFO") for the III quarter of 2013 amounted to PLN 796 million compared to PLN 1,552 million in the analogous quarter of 2012.

Negative effect of macroeconomic factors changes regarding mainly refining margins and the lowest since 2002 level of Ural/Brent differential, amounted to PLN (-) 780 million (y/y).

As a result of changes in the sales structure, the volume effect was positive despite the lower by (-) 1% (y/y) total sales of the ORLEN Group which amounted to PLN 41 million (y/y).

It related mainly to the petrochemical segment, where the impact of increasing volume of polymers, PVC and PTA on the Polish market exceeded the negative effects of the lower fertilizers sales in Anwil and decreased volume in the Czech Republic.

The effect of other factors of PLN (-) 17 million (y/y) included mainly:

- improvement of the fuel and non-fuel margins in the retail segment in the amount of PLN 136 million (y/y),
- lack of positive effects on other operations in the III quarter of 2012 of PLN (-) 185 million (y/y), mainly related to the recognition of the so-called "yellow" certificates received as a result of the President of ERO decision confirming that the requirements for the production of high-efficiency cogeneration of electricity were met and release of provisions for risks regarding antitrust proceedings in PKN ORLEN SA and the Unipetrol Group.

The positive impact of crude oil prices on inventory valuation in the III quarter of 2013 amounted to PLN 362 million in comparison with PLN 458 million in the III quarter of 2012.

As a result, operating result plus depreciation and amortisation ("EBITDA") of the ORLEN Group for the III quarter of 2013 amounted to PLN 1,158 million.

Net financial income in the III quarter of 2013 amounted to PLN 204 million and comprised primarily of net foreign exchange gains on revaluation of loans and other items in foreign currencies of PLN 331 million, net cost from the valuation of financial instruments of PLN (-) 84 million and net interest expense of PLN (-) 35 million.

In accordance with the IAS 39 (Financial Instruments: Recognition and Measurement) foreign exchange gains from loans in USD as part of a hedging relationship established with an investment in the ORLEN Lietuva of PLN 202 million and in accordance with IAS 21 (The Effects of Changes in Foreign Exchange Rates) foreign exchange gains resulting from the translation of foreign currency loans balances of foreign entities of PLN 44 million were recognized in equity in the position of exchange differences on subsidiaries from consolidation.

After consideration of tax charges, net profit of the ORLEN Group for the III quarter of 2013 amounted to PLN 652 million.

Results from operations of the core entities of the ORLEN Group in the III quarter of 2013

- **PKN ORLEN S.A.** – result from operations plus depreciation and amortisation decreased by PLN (-) 254 million (y/y) and amounted to PLN 687 million.
 - EBITDA of refining segment, lower by PLN (-) 479 PLN (y/y) was mainly due to deterioration of macroeconomic environment and lack of positive effect from other operating activities from the III quarter of 2012 described above accompanied by the higher (y/y) sales volume and negative impact of the inventories valuation of PLN (-) 25 million (y/y),
 - EBITDA of retail segment, higher by PLN 84 million (y/y) mainly due to improved fuel and non-fuel margins as well as higher sales volume with lack of positive effects in other operating activities in the III quarter of 2012 including the release of provisions for business risks,
 - EBITDA of petrochemical segment, higher by PLN 103 million (y/y) mainly results from positive effect of higher sales volume of the segment as well as positive effect of inventories valuation of PLN 9 million (y/y),
 - EBITDA of upstream segment, lower by PLN (-) 3 million (y/y),
 - EBITDA of corporate functions, higher by PLN 41 million (y/y) mainly as a result of the positive balance of other operating activities due to received compensation for loss of profits due to lower collection of ethylene as a result of breakdown in Anwil in June 2010.

- **ORLEN Lietuva Group** – the result from operations plus depreciation and amortisation was lower by PLN (-) 423 million (y/y) and amounted to PLN 39 million.
 - EBITDA of refining segment, lower by PLN (-) 425 million (y/y) mainly due to negative impact of macroeconomic and market environment in export of gasoline as well as the negative effect of inventories valuation of PLN (-) 80 million (y/y),
 - EBITDA of retail segment, remained at comparable level (y/y),
 - EBITDA of corporate functions, higher by PLN 2 million (y/y).
- **Unipetrol Group** – the result from operations plus depreciation and amortisation was lower by PLN (-) 160 million (y/y) and amounted to PLN 119 million.
 - EBITDA of refining segment, lower by PLN (-) 116 million (y/y) due to negative impact of macroeconomic environment and lower sales volume as a result of production installations shutdowns in Kralupy and Litvinov refinery accompanied by positive impact of inventories valuation of PLN 44 million (y/y),
 - EBITDA of retail segment, lower by PLN (-) 18 million (y/y) mainly due to lack of positive effects on other operations in the III quarter of 2012 related to the release of provisions for business risks of PLN 22 million, accompanied by higher sales volume as well as fuel and non-fuel margins,
 - EBITDA of petrochemical segment, lower by PLN (-) 19 million (y/y) mainly results from lower sales volume due to market expectations of lower prices, production installations shutdowns in Litvinov and Spolana plant after the flood in June and the negative impact of inventory valuation of PLN (-) 36 million (y/y),
 - EBITDA of corporate functions, lower by PLN (-) 7 million (y/y).

Net indebtedness and cash flows

As at 30 September 2013 net indebtedness of the ORLEN Group amounted to PLN 4,823 million and was lower by PLN (-) 1,939 million as compared to the level at the end of 2012.

Net financial leverage at the end of the III quarter of 2013 amounted to 17.8%.

The decrease in net indebtedness in the 9 month period of 2013 was mainly due to net repayment of loans and changes in cash balances of PLN (-) 2,056 million, accompanied by increase of foreign exchange losses from the revaluation of foreign currency loans and indebtedness valuation of PLN 117 million.

The decrease in net indebtedness in the III quarter of 2013 amounted to PLN (-) 349 million and comprised mainly the effect of foreign exchange gains from the revaluation of foreign exchange loans of PLN (-) 333 million as well as net repayment of loans, indebtedness valuation and changes in cash balances of PLN (-) 16 million.

Net cash from operating activities in the III quarter of 2013 amounted to PLN 1,192 million and comprised mainly of net profit increased by tax burdens, interests and depreciation and amortization of the total amount of PLN 1,388 million decreased by PLN (-) 232 million due to increase of net working capital.

Net cash used in investing activities in the III quarter of 2013 of PLN (-) 437 million comprised mainly of net expenditure for the acquisition of tangible and intangible non-current assets of PLN (-) 608 million and inflows from the repayment of loans of PLN 242 million.

Net cash used in financing activities in the III quarter of 2013 amounted to PLN (-) 2,598 million and comprised mainly net repayment of loans and borrowings of PLN (-) 1,866 million and the dividend paid for the year 2012 of PLN (-) 642 million.

Considering revaluation of cash from foreign exchange differences the cash balance decreased in the III quarter of 2013 by PLN (-) 1,845 million and as at 30 September 2013 amounted to PLN 2,727 million.

The change in presentation of segment data

From the I quarter of 2013 Upstream Segment was separated, which operations in previous periods were presented within Corporate Functions. Consequently, comparative data was restated for the 9 months and III quarter of 2012.

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 %
	Q1 2013	Q2 2013	Q3 2013	Q3 2012	
1	2	3	4	5	6=(4-5)/5
Brent crude oil (USD/bbl)	113	102	110	110	0.0
Brent / URAL differential (USD/bbl)	1.7	0.7	0.2	0.7	-71.4
Model refining margin (USD/bbl)	4.1	5.3	3.3	8.4	-60.7
Model petrochemical margin (EUR/t)	737	729	719	625	15.0
Quotation of margins (crack margins)					
Refining products (USD/t) ¹					
Gasoline	186	187	176	227	-22.5
Diesel oil	124	117	117	153	-23.5
Light heating oil	106	94	94	114	-17.5
Jet A-1 fuel	183	152	155	193	-19.7
Heavy heating oil	-242	-198	-243	-211	-15.2
Petrochemical products (EUR/t) ¹					
Polyethylene ²	183	189	202	182	11.0
Polypropylene ²	307	297	297	294	1.0
Ethylene	643	594	577	513	12.5
Propylene	467	453	456	391	16.6
Toluene	320	292	195	261	-25.3
Benzene	433	430	334	349	-4.3
Butadiene	737	713	203	882	-77.0
Paraxylene	602	527	473	441	7.3

1) 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.

2) 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 %
	Q1 2013	Q2 2013	Q3 2013	Q3 2012		Q1 2013	Q2 2013	Q3 2013	Q3 2012	
1	2	3	4	5	6=(4-5)/5	7	8	9	10	11=(9-10)/10
PLN/USD	3.15	3.22	3.21	3.31	-3.0	3.26	3.32	3.12	3.18	-1.9
PLN/EUR	4.16	4.20	4.25	4.14	2.7	4.18	4.33	4.22	4.11	2.7
PLN/CZK	0.16	0.16	0.16	0.17	-5.9	0.16	0.17	0.16	0.16	0.0
LTL/USD	2.62	2.64	2.61	2.76	-5.4	2.70	2.65	2.56	2.68	-4.5
LTL/EUR	3.45	3.45	3.45	3.45	0.0	3.45	3.45	3.45	3.45	0.0
CZK/USD	19.4	19.8	19.5	20.1	-3.0	20.1	19.8	19.1	19.3	-1.0
CZK/EUR	25.6	25.8	25.9	25.1	3.2	25.7	26.0	25.7	24.9	3.2

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

Fuel consumption ¹

Table 4

Countries, (‘000 tonnes)	Q1 2013	Q2 2013	Q3 2013	Q3 2012	change %
1	2	3	4	5	6=(4-5)/5
Poland	3 271	3 692	3 970	4 067	-2.4%
Gasoline	807	936	979	1 003	-2.4%
Diesel Oil	2 464	2 756	2 991	3 064	-2.4%
Lithuania	250	351	395	387	2.1%
Gasoline	44	56	55	61	-9.8%
Diesel Oil	206	295	340	326	4.3%
Czech Republic	1 250	1 438	1 536	1 539	-0.2%
Gasoline	351	403	418	440	-5.0%
Diesel Oil	899	1 035	1 118	1 099	1.7%
Germany	11 844	13 408	13 770	13 306	3.5%
Gasoline	4 189	4 743	4 764	4 693	1.5%
Diesel Oil	7 655	8 665	9 006	8 613	4.6%

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

Q1 2013	Q2 2013	Q3 2013	Q3 2012	change %	Item, PLNm	9 months 2013	9 months 2012	change %
1	2	3	4	5=(3-4)/4	6	7	8	9=(7-8)/8
21 537	21 687	23 694	24 620	-3.8	Segment revenues, including:	66 918	69 059	-3.1
15 044	15 166	16 443	17 785	-7.5	Sales revenues from external customers	46 653	48 137	-3.1
6 493	6 521	7 251	6 835	6.1	Sales revenues from transactions with other segments	20 265	20 922	-3.1
-21 565	-22 253	-23 544	-23 600	-0.2	Segment expenses	-67 362	-67 342	0.0
-6	4	-7	116	-	Other operating income/expenses, net	-9	85	-
276	88	52	996	-94.8	Profit/(Loss) from operations under LIFO plus depreciation and amortisation (EBITDA LIFO)	416	2 235	-81.4
207	-324	380	1 393	-72.7	Profit/(Loss) from operations plus depreciation and amortisation (EBITDA)	263	2 567	-89.8
35	-150	-185	739	-	Profit/(Loss) from operations under LIFO	-300	1 470	-
-34	-562	143	1 136	-87.4	Profit/(Loss) from operations	-453	1 802	-
153	198	229	129	77.5	CAPEX	581	602	-3.5
5 581	5 544	6 211	6 290	-1.3	Sales of products (thousand tonnes)	17 336	16 496	5.1

EBITDA LIFO of the refining segment of the ORLEN Group in the III quarter of 2013 amounted to PLN 52 million and was lower by PLN (-) 944 million (y/y).

The negative impact of macroeconomic factors including lower refining margins and the lowest since 2002 level of Ural/Brent differential impacted the decrease of EBITDA of about PLN (-) 815 million (y/y).

The negative impact of lower sales volume of PLN (-) 17 million (y/y) was primarily due to unfavorable market conditions observed on the Czech market and in the markets operated by the ORLEN Lietuva Group. Additional impact on the sales level had the start in mid of September 2013 of periodic shutdown of the refinery in Kralupy which takes place every four years. The decrease in sales on the above mentioned markets was partially compensated by a significant improvement in sales volume on the Polish market.

Impact of other factors of PLN (-) 112 million (y/y) included mainly the lack of positive effects on other operations in the III quarter of 2012 of PLN (-) 123 million (y/y) associated with the recognition of the so-called "yellow" certificates based on the decision of the President of ERO confirming that the requirements of high efficiency cogeneration of electric energy production by the Power Plant in Plock are met.

Impact of crude oil prices on the valuation of inventories in the III quarter of 2013 amounted to PLN 328 million and decreased by PLN (-) 69 million (y/y).

As a result, EBITDA of the refinery segment of ORLEN Group for the III quarter of 2013 amounted to PLN 380 million as compared to PLN 1,393 million in analogous period of the previous year.

The segment's capital expenditures ("CAPEX") in the III quarter 2013 amounted to PLN 229 million and comprised mainly: 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 reformat tanks on the Composition Department in PKN ORLEN S.A.; 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 – Retail Segment

Table 6

Q1 2013	Q2 2013	Q3 2013	Q3 2012	change %	Item, PLNm	6 months 2013	6 months 2012	change %
1	2	3	4	5=(3-4)/4	6	7	8	9=(7-8)/8
8 202	9 314	10 146	10 163	-0.2	Segment revenues, including:	27 663	28 914	-4.3
8 167	9 273	10 101	10 129	-0.3	Sales revenues from external customers	27 542	28 817	-4.4
35	41	45	34	32.4	Sales revenues from transactions with other segments	121	97	24.7
-8 164	-9 033	-9 774	-9 937	-1.6	Segment expenses	-26 971	-28 409	-5.1
-1	1	-11	45	-	Other operating income/expenses, net	-11	45	-
123	369	450	360	25.0	Profit/(Loss) from operations plus depreciation and amortisation (EBITDA)	944	818	15.4
37	282	361	271	33.2	Profit/(Loss) from operations	681	550	23.8
44	60	110	147	-25.2	CAPEX	214	273	-21.6
1 659	1 933	2 052	1 995	2.9	Sales of products (thousand tonnes)	5 644	5 600	0.8

In the III quarter of 2013 EBITDA of the retail segment of the ORLEN Group amounted to PLN 450 million and was higher by PLN 90 million (y/y).

High retail sales volume (y/y) on all markets operated by the ORLEN Group improved segment's EBITDA by PLN 14 million (y/y).

Improving fuel margins on the Polish, German and Czech markets with comparable level on the Lithuanian market contributed to the increased segment's EBITDA by PLN 119 million (y/y).

Improved results on the sale of non-fuel products and services amounted to PLN 17 million (y/y).

The effect of other operating factors amounted to PLN (-) 60 million (y/y) mainly due to lack of positive effects on other operating activities in the III quarter of 2012 including the release of provisions for risks concerning antitrust proceedings in PKN ORLEN S.A. and the Unipetrol Group.

At the end of the III quarter of 2013 the ORLEN Group operated 2,695 fuel stations. As compared to the end of the III quarter of 2012 the number of fuel stations did not change.

At the end of the III quarter of 2013 the number of catering points such as Stop Cafe and Stop Cafe Bistro amounted to 964 and was higher by 225 (y/y).

Segment's capital expenditures („CAPEX”) in the III quarter of 2013 amounted to PLN 110 million.

Segment commentary – Petrochemical Segment

Table 7

Q1 2013	Q2 2013	Q3 2013	Q3 2012	change %	Item, PLNm	9 months 2013	9 months 2012	change %
1	2	3	4	5=(3-4)/4	6	7	8	9=(7-8)/8
5 116	4 704	4 767	4 481	6.4	Segment revenues, including:	14 587	14 520	0.5
4 241	3 857	3 833	3 709	3.3	Sales revenues from external customers	11 931	11 816	1.0
875	847	934	772	21.0	Sales revenues from transactions with other segments	2 656	2 704	-1.8
-4 612	-4 389	-4 475	-4 285	4.4	Segment expenses	-13 476	-13 629	-1.1
8	8	-42	17	-	Other operating income/expenses, net	-26	47	-
678	531	399	339	17.7	Profit/(Loss) from operations under LIFO plus depreciation and amortisation (EBITDA LIFO)	1 607	1 497	7.3
694	504	433	400	8.3	Profit/(Loss) from operations plus depreciation and amortisation (EBITDA)	1 630	1 502	8.5
496	350	216	152	42.1	Profit/(Loss) from operations under LIFO	1 062	933	13.8
512	323	250	213	17.4	Profit/(Loss) from operations	1 085	938	15.7
45	98	148	229	-35.4	CAPEX	290	389	-25.4
1 344	1 228	1 263	1 342	-5.9	Sales of products (thousand tonnes)	3 835	3 904	-1.8

In the III quarter of 2013 EBITDA LIFO of petrochemical segment of the ORLEN Group amounted to PLN 399 million and was higher by PLN 60 million (y/y).

Positive impact of macroeconomic environment increased segment's EBITDA by PLN 35 million (y/y).

The positive sales volume effect in the III quarter of 2013 of PLN 44 million (y/y) was achieved despite lower total sales of the segment as a result of changes in the sales structure.

The effect of increasing sales volume of polymers, PVC and PTA on the Polish market, including no recurring maintenance shutdown of petrochemical plant from the III quarter of 2012, exceeded negative effects of lower fertilizer and petrochemical sales volume in the Unipetrol Group. Lower sales of chemical fertilizers (y/y) is primarily a result of emergency shutdown of ammonia installation in Anwil S.A. in August 2013, the permanent cessation at the end of 2012 of the fertilizers production in the Unipetrol Group and Spolana production shutdown after the flood in June in the Czech Republic. Lower sales volume of petrochemicals in the Unipetrol Group is the result of adverse market conditions associated with the expectation of lower prices and production shutdowns in Litvinov.

Negative impact of other factors of PLN (-) 19 million (y/y) concerned mainly negative impact of change in the balance on other operating activities of PLN (-) 59 million (y/y) including cost of removal of damages caused by flood in Spolana, member of Anwil Group, of PLN (-) 32 million, partially compensated by improved trade efficiency.

Lower by PLN (-) 27 million (y/y) positive impact of valuation of inventories in the III quarter of 2013 amounted to PLN 34 million.

As a result EBITDA of petrochemical segment for the III quarter of 2013 amounted to PLN 433 million as compared to PLN 400 million in analogous period of the previous year.

In the III quarter of 2013 the segment's capital expenditures ("CAPEX") amounted to PLN 148 million.

The most significant investments realized in this period comprised of: modernization of furnace of Olefin Unit II in PKN ORLEN S.A.; reconstruction of two pirolytic furnace and construction of packaging line on the recovery of carbon black installation (Chezacarb) in Unipetrol Group; construction of loading and storage of packages unit in Anwil S.A. as well as and projects concerning construction of gas power plant in Włocławek conducted by PKN ORLEN S.A.

Segment commentary – Upstream Segment

Table 8

Q1 2013	Q2 2013	Q3 2013	Q3 2012	change %	Item, PLNm	9 months 2013	9 months 2012	change %
1	2	3	4	5=(3-4)/4	6	7	8	9=(7-8)/8
0	1	0	0	-	Segment revenues, including:	1	1	0.0
0	1	0	0	-	Sales revenues from external customers	1	1	0.0
0	0	0	0	-	Sales revenues from transactions with other segments	0	0	-
-6	-5	-10	-7	42.9	Segment expenses	-21	-19	10.5
0	0	0	0	-	Other operating income/expenses, net	0	0	-
-5	-4	-10	-7	-42.9	Profit/(Loss) from operations plus depreciation and amortisation (EBITDA)	-19	-17	-11.8
-6	-4	-10	-7	-42.9	Profit/(Loss) from operations	-20	-18	-11.1
55	105	58	27	114.8	CAPEX	218	50	336.0

Unconventional projects

Under unconventional projects at the end of September 2013 8 drillings were completed, including 6 vertical and 2 horizontal.

At the beginning of III quarter 2013, under the Lublin Shale project works on vertical drilling which started in II quarter of 2013, were completed. Additionally in September 2013 another vertical drilling was completed.

The analyses of data obtained during previous operations were performed simultaneously.

In July 2013 production tests after fracturing process were completed and currently data analyses are carried out.

Under Mid-Poland Unconventionals project the acquisition process of new 2D seismic data was conducted. Currently, processing and interpretation of data is being performed. The completion of works is planned in I quarter of 2014.

Under Hrubieszów Shale project acquisition process of 2D seismic data was carried out. Currently works on processing and interpretation of data, which completion is planned in I quarter of 2014, is being performed.

Total capital expenditures ("CAPEX") concerning unconventional projects amounted to, cumulatively for 9 months of 2013, PLN 153 million.

Conventional projects

Under conventional projects at the end of September 2013 3 exploration and prospecting drillings were completed, including 2 prospecting drillings under Sieraków Project and 1 exploration drilling under project conducted on Baltic Sea.

In the III quarter of 2013 analysis of data gathered from the Sierakow-3 drilling well were carried out, in the II quarter of 2013 to verify project potential.

In the III quarter of 2013 analysis of data gathered from exploration drilling within the Latvian economic zone of the Baltic Sea, which was realized in the II quarter of 2013 as well as currently obtained exploration data were analyzed.

Under the Karbon Project in the Lublin Region in the III quarter of 2013 acquisition of the new 2D seismic data was conducted as well as continued preparations for drilling of exploration well under Lublin concession.

Total capital expenditures ("CAPEX") concerning conventional projects amounted to, on a cumulative basis for 9 months of 2013, PLN 60 million.

Segment commentary – Corporate Functions

Table 9

Q1 2013	Q2 2013	Q3 2013	Q3 2012	change %	Item, PLNm	9 months 2013	9 months 2012	change %
1	2	3	4	5=(3-4)/4	6	7	8	9=(7-8)/8
76	80	76	87	-12.6	Segment revenues, including:	231	248	-6.9
19	14	15	31	-51.6	Sales revenues from external customers	48	85	-43.5
57	66	61	56	8.9	Sales revenues from transactions with other segments	183	163	12.3
-248	-278	-253	-247	2.4	Segment expenses	-779	-748	4.1
4	22	50	-5	-	Other operating income/expenses, net	76	-9	-
-140	-147	-95	-136	30.1	Profit/(Loss) from operations plus depreciation and amortisation (EBITDA)	-383	-423	9.5
-168	-176	-127	-165	23.0	Profit/(Loss) from operations	-472	-509	7.3
9	71	108	24	350.0	CAPEX	188	61	208.2

EBITDA of corporate functions in the III quarter of 2013 was higher by PLN 41 million (y/y) mainly as a result of positive result from other operating activities related to compensation granted by PKN ORLEN S.A. for the insurance of gross profit loss. Loss has been incurred in connection with the failure in Anwil in 2010, which resulted in reduction of ethylene reception from PKN ORLEN S.A.

Capital expenditures ("CAPEX") of corporate functions in the III quarter of 2013 of PLN 108 million mainly related to tasks concerning construction works of the gas power plant in Włocławek of PLN 85 million and the remaining part mainly related to IT projects.

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

Table 10

Q 2013	Q2 2013	Q3 2013	Q3 2012	change %	Item, PLNm	9 monts 2013	9 monts 2012	change %
1	2	3	4	5=(3-4)/4	6	7	8	9=(7-8)/8
Statement of profit or loss								
27 472	28 311	30 392	31 654	-4.0	Sales revenues	86 175	88 856	-3.0
-25 821	-27 137	-28 416	-29 034	-2.1	Cost of sales	-81 374	-82 336	-1.2
1 651	1 174	1 976	2 620	-24.6	Gross profit on sales	4 801	6 520	-26.4
-956	-970	-1 012	-1 006	0.6	Distribution expenses	-2 938	-2 845	3.3
-358	-375	-337	-341	-1.2	Administrative expenses	-1 069	-1 081	-1.1
72	175	104	256	-59.4	Other operating income	350	506	-30.8
-68	-141	-114	-81	40.7	Other operating expenses	-323	-337	-4.2
341	-137	617	1 448	-57.4	Profit/(loss) from operations	821	2 763	-70.3
126	117	378	609	-37.9	Financial income	292	1 296	-77.5
-351	-244	-174	-391	-55.5	Financial costs	-440	-762	-42.3
-225	-127	204	218	-6.4	Net finance income and costs	-148	534	-
0	0	0	1	-	Share in profit from investments accounted for under equity method	0	0	-
116	-264	821	1 667	-50.7	Profit/(Loss) before tax	673	3 297	-79.6
29	35	-169	-250	-32.4	Income tax expense	-105	-676	-84.5
145	-229	652	1 417	-54.0	Net profit/(loss)	568	2 621	-78.3
Items of other comprehensive income								
-7	-3	0	0	-	which will not be reclassified into profit or loss	-9	3	-
-9	-3	0	0	-	Fair value measurement of investment property as at the date of reclassification	-11	3	-
2	0	0	0	-	Deferred tax	2	-1	-
120	73	-47	60	-	which will be reclassified into profit or loss under certain conditions	145	-399	-
23	-110	189	313	-39.6	Hedging instruments	102	-35	-
101	162	-200	-194	3.1	Foreign exchange differences on subsidiaries from consolidation	63	-370	-
-4	21	-36	-60	-40.0	Deferred tax	-19	7	-
114	70	-47	60	-	Total items of other comprehensive income	136	-396	-
259	-159	604	1 477	-59.1	Total net comprehensive income	704	2 225	-68.4
145	-229	652	1 417	-54.0	Net profit/(loss) attributable to equity owners of the parent	568	2 621	-78.3
149	-207	655	1 366	-52.0		597	2 621	-77.2
-4	-22	-3	51	-	non-controlling interest	-29	0	-
259	-159	604	1 477	-59.1	Total net comprehensive income attributable to equity owners of the parent	704	2 225	-68.4
277	-186	634	1 458	-56.5		725	2 309	-68.6
-18	27	-30	19	-	non-controlling interest	-21	-84	-75.0
0,35	-0,48	1,53	3,19	-52.0	Net profit/(loss) and diluted net profit/(loss) per share attributable to equity owners of the parent (in PLN per share)	1,40	6,13	-77.2

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Table 11

31.03.2013	30.06.2013	30.09.2013	change %	Item, PLNm	31.12.2012	change %
1	2	3	4=(3-2)/2	5	6	7=(3-6)/6
ASSETS						
24 719	24 931	24 582	-1.4	Property, plant and equipment	24 744	-0.7
122	124	123	-0.8	Investment property	117	5.1
1 372	1 126	1 115	-1.0	Intangible assets	1 447	-22.9
97	97	96	-1.0	Perpetual usufruct of land	98	-2.0
12	12	12	0.0	Investments accounted for under equity method	12	0.0
41	40	40	0.0	Financial assets available for sale	41	-2.4
284	314	265	-15.6	Deferred tax assets	297	-10.8
26	41	64	56.1	Other non-current assets	55	16.4
26 673	26 685	26 297	-1.5	Non-current assets	26 811	-1.9
16 657	13 943	15 378	10.3	Inventories	15 011	2.4
8 845	8 924	9 066	1.6	Trade and other receivables	8 075	12.3
83	288	78	-72.9	Other financial assets	368	-78.8
125	63	57	-9.5	Current tax assets	90	-36.7
1 311	4 572	2 727	-40.4	Cash and cash equivalents	2 211	23.3
20	20	17	-15.0	Non-current assets classified as held for sale	65	-73.8
27 041	27 810	27 323	-1.8	Current assets	25 820	5.8
53 714	54 495	53 620	-1.6	Total assets	52 631	1.9
EQUITY AND LIABILITIES						
EQUITY						
1 058	1 058	1 058	0.0	Share capital	1 058	0.0
1 227	1 227	1 227	0.0	Share premium	1 227	0.0
-52	-141	9	-	Hedging reserve	-73	-
3	1	1	0.0	Revaluation reserve	6	-83.3
192	303	132	-56.4	Foreign exchange differences on subsidiaries from consolidation	81	63.0
24 328	23 480	24 134	2.8	Retained earnings	24 180	-0.2
26 756	25 928	26 561	2.4	Total equity attributable to equity owners of the parent	26 479	0.3
1 808	1 833	1 804	-1.6	Non-controlling interest	1 828	-1.3
28 564	27 761	28 365	2.2	Total equity	28 307	0.2
LIABILITIES						
6 666	6 985	5 901	-15.5	Loans, borrowings and debt securities	7 678	-23.1
657	669	667	-0.3	Provisions	660	1.1
676	585	721	23.2	Deferred tax liabilities	672	7.3
15	15	15	0.0	Deferred income	16	-6.3
155	178	160	-10.1	Other non-current liabilities	171	-6.4
8 169	8 432	7 464	-11.5	Non-current liabilities	9 197	-18.8
12 601	14 561	15 280	4.9	Trade and other liabilities	12 656	20.7
3 208	2 759	1 649	-40.2	Loans, borrowings and debt securities	1 295	27.3
54	21	20	-4.8	Current tax liabilities	83	-75.9
765	578	606	4.8	Provisions	803	-24.5
256	225	182	-19.1	Deferred income	168	8.3
97	157	54	-65.6	Other financial liabilities	122	-55.7
0	1	0	-	Liabilities directly associated with assets classified as held for sale	0	-
16 981	18 302	17 791	-2.8	Current liabilities	15 127	17.6
25 150	26 734	25 255	-5.5	Total liabilities	24 324	3.8
53 714	54 495	53 620	-1.6	Total equity and liabilities	52 631	1.9

CONSOLIDATED STATEMENT OF CASH FLOWS

Table 12

Q1 2013	Q2 2013	Q3 2013	Q3 2012	change %	Item, PLNm	9 months 2013	9 months 2012 ¹⁾	change %
1	2	3	4	5=(3-4)/4	6	7	8	9=(7-8)/8
Cash flows – operating activities								
145	-229	652	1 417	-54.0	Net profit/(loss)	568	2 621	-78.3
					Adjustments for:			
0	0	0	-1	-	Share in profit from investments accounted for under equity method	0	0	-
538	535	541	562	-3.7	Depreciation and amortisation	1 614	1 684	-4.2
61	80	-43	-126	-65.9	Foreign exchange(gain)/loss	98	-490	-
66	80	74	79	-6.3	Interest, net	219	262	-16.4
0	-2	0	0	-	Dividends	-2	-2	0.0
-42	-44	106	133	-20.3	Loss/(Profit) on investing activities	20	78	-74.4
56	159	41	37	10.8	Change in provisions	257	235	9.4
-29	-35	169	250	-32.4	Tax expense	105	676	-84.5
-4	-18	-48	-107	-55.1	Income tax (paid)	-71	-1 001	-92.9
-49	-39	-68	-238	-71.4	Other adjustments	-155	-502	-69.1
-2 085	3 832	-232	648	-	Change in working capital	1 515	-851	-
-1 566	2 757	-1 547	-643	140.6	inventories	-356	-590	-39.7
-584	38	-170	-1 165	-85.4	receivables	-716	-1 540	-53.5
65	1 037	1 485	2 456	-39.5	liabilities	2 587	1 279	102.3
-1 343	4 319	1 192	2 654	-55.1	Net cash provided by/(used in) operating activities	4 168	2 710	53.8
Cash flows - investing activities								
-527	-463	-623	-474	31.4	Acquisition of property, plant and equipment and intangible assets	-1 613	-1 464	10.2
91	28	15	11	36.4	Disposal of property, plant and equipment and intangible assets	133	28	375.0
0	-1	0	-77	-	Acquisition of shares	-2	-88	-97.7
0	0	0	0	-	Disposal of shares	0	0	-
12	5	1	2	-50.0	Acquisition of securities and deposits	0	-20	-
0	2	0	0	-	Disposal of securities and deposits	18	22	-18.2
274	-240	242	1	24 100.0	Dividends received	2	2	0.0
17	31	-72	-135	-46.7	Outflows/(Proceeds) from loans granted	275	-48	-
					Other	-20	2	-
-133	-638	-437	-675	-35.3	Net cash (used) in investing activities	-1 207	-1 566	-22.9
Cash flows - financing activities								
2 994	44	367	593	-38.1	Proceeds from loans and borrowings received	3 405	3 679	-7.4
0	400	0	0	-	Debt securities issued	400	1 000	-60.0
-2 328	-794	-2 233	-2 236	-0.1	Repayments of loans and borrowings	-5 355	-6 304	-15.1
0	0	0	0	-	Redemption of debt securities	0	-750	-
-81	-63	-80	-93	-14.0	Interest paid	-224	-266	-15.8
-7	-7	-7	-7	0.0	Payments of liabilities under finance lease agreements	-21	-22	-4.5
0	0	-642	-10	6 320.0	Dividends paid	-642	-10	6 320.0
-2	-2	-3	1	-	Other	-7	-3	133.3
576	-422	-2 598	-1 752	48.3	Net cash provided by/(used in) financing activities	-2 444	-2 676	-8.7
-900	3 259	-1 843	227	-	Net increase/(decrease) in cash and cash equivalents	517	-1 532	-
0	2	-2	-1	100.0	Effect of exchange rate changes	-1	-4	-75.0
2 211	1 311	4 572	3 647	25.4	Cash and cash equivalents, beginning of the period	2 211	5 409	-59.1
1 311	4 572	2 727	3 873	-29.6	Cash and cash equivalents, end of the period	2 727	3 873	-29.6

Operating data
PRODUCTION VOLUME

Table 13

Production (‘000 tonnes)	Q3 2013	Q3 2012	change %	Q3 2013	share %	Q3 2013	share %	Q3 2013	share %
1	2	3	4=(2-3)/3	5	6=5/ total segment	7	8= 7/ total segment	9	10= 9/ total segment
Refining Segment	ORLEN Group	ORLEN Group		PKN ORLEN S.A.		Unipetrol Group		ORLEN Lietuva	
Crude oil throughput	7 461	7 431	0.4	4 095	-	902	-	2 353	-
Light distillates [gasoline, LPG]	1 659	1 824	-9.0	748	21.3	226	23.1	704	29.7
Medium distillates [diesel oil, light heating oil, JET A-1 fuel]	3 499	3 430	2.0	1 945	55.3	437	44.8	1 109	46.8
Heavy fractions [heavy heating oil, asphalt, oils]	1 363	1 356	0.5	381	10.8	123	12.6	489	20.6
Other	312	264	18.2	443	12.6	190	19.5	67	2.8
Total products	6 833	6 874	-0.6	3 517	-	976	-	2 369	-

Production (‘000 tonnes)	Q3 2013	Q3 2012	change %	Q3 2013	share %	Q3 2013	share %	Q3 2013	share %	change %	share %
1	2	3	4=(2-3)/3	5	6=5/ total segment	7	8= 7/ total segment	9	10= 9/ total segment	11	12=10/ total segment
Petrochemical Segment	ORLEN Group	ORLEN Group		PKN ORLEN S.A.		Unipetrol Group		BOP		Anwil Group	
Monomers [ethylene, propylene]	111	89	24.7	215	44.7	138	20.8	-	-	-	-
Polymers [polyethylene, polypropylene]	201	188	6.9	-	-	113	17.0	88	100.0	-	-
Aromas [benzene, toluene, paraxylene, ortoxylene]	85	87	-2.3	50	10.4	36	5.4	-	-	-	-
Fertilizers [CANWIL, ammonium nitrate, ammonium sulphate, other]	170	343	-50.4	-	-	-	-	-	-	170	47.5
Plastics [PVC, PVC processing]	105	76	38.2	-	-	-	-	-	-	108	30.2
PTA	150	92	63.0	150	31.2	-	-	-	-	-	-
Other	495	535	-7.5	66	13.7	376	56.8	-	-	80	22.3
Total products	1 317	1 410	-6.6	481	-	663	-	88	-	358	-
Total production	8 150	8 284	-1.6	3 998	-	1 639	-	88	-	358	-

SALES VOLUME

Table 14

Q1 2013	Q2 2013	Q3 2013	Q3 2012	change %	Sales (‘000 tonnes)	9 months 2013	9 months 2012	change %
1	2	3	4	5=(3-4)/4	6	7	8	9=(7-8)/8
5 581	5 544	6 211	6 290	-1.3	Refining Segment	17 336	16 496	5.1
1 336	1 245	1 333	1 480	-9.9	Light distillates [gasoline, LPG]	3 914	3 735	4.8
2 475	2 409	2 747	2 704	1.6	Medium distillates [diesel oil, light heating oil, JET A-1 fuel]	7 631	7 306	4.4
1 061	1 213	1 352	1 318	2.6	Heavy fractions [heavy heating oil, asphalt, oils]	3 626	3 264	11.1
709	677	779	788	-1.1	Other	2 165	2 191	-1.2
1 659	1 933	2 052	1 995	2.9	Retail Segment	5 644	5 600	0.8
624	734	768	764	0.5	Light distillates [gasoline, LPG]	2 126	2 178	-2.4
1 035	1 199	1 284	1 231	4.3	Medium distillates [diesel oil, light heating oil]	3 518	3 422	2.8
7 240	7 477	8 263	8 285	-0.3	Refining + Retail Segment	22 980	22 096	4.0
1 344	1 228	1 263	1 342	-5.9	Petrochemical Segment	3 835	3 904	-1.8
129	114	122	100	22.0	Monomers [ethylene, propylene]	365	351	4.0
201	230	209	213	-1.9	Polimers [polyethylene, polypropylene]	640	625	2.4
100	88	87	86	1.2	Aromas [benzene, toluene, paraxylene, ortoxylene]	275	266	3.4
291	197	244	420	-41.9	Fertilizers [CANWIL, ammonium nitrate, ammonium sulphate, other]	732	1 012	-27.7
114	109	100	88	13.6	Plastics [PVC, PVC granulates]	323	270	19.6
137	134	146	115	27.0	PTA	417	374	11.5
372	356	355	320	10.9	Other	1 083	1 006	7.7
8 584	8 705	9 526	9 627	-1.0	ORLEN Group - total	26 815	26 000	3.1