Polski Koncern Naftowy ORLEN
Spółka Akcyjna

ORLEN CAPITAL GROUP

CONSOLIDATED QUARTERLY REPORT

FOR IV QUARTER 2013

POLISH FINANCIAL SUPERVISION AUTHORITY
Consolidated Quarterly Report QSr IV/ 2013
quarter/ (year)

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

for the IV quarter of the reporting year 2013, that is for the period from 01.01.2013 to 31.12.2013 which includes consolidated financial statements prepared in accordance with International Financial Reporting Standards with amounts stated in the Polish functional currency (PLN) and condensed financial statements prepared in accordance with International Financial Reporting Standards with amounts stated in the Polish functional currency (PLN).

on 24 January 2014
(submission date)

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

	POLSKI KONCERN NAFTOWY ORLEN SPÓŁKA AKCYJNA	
	(full name of the issuer)	
PKN ORLEN		**OIL&GAS (pal)**
(abbreviated name of the issuer)		(industrial sector in line with classification of Warsaw Stock Exchange)
09-411		**PŁOCK**
(zip code)		(location)
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(street)		(number)
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SELECTED CONSOLIDATED FINANCIAL DATA	PLN million		EUR million	
	IV QUARTER 2013 (cummulative data)	IV QUARTER 2012 (cummulative data)	IV QUARTER 2013 (cummulative data)	IV QUARTER 2012 (cummulative data)
I. Sales revenues	113 853	120 102	27 037	28 521
II. Profit from operations	333	2 024	79	481
III. Profit before tax	178	2 624	42	623
IV. Net profit attributable to equity owners of the parent	176	2 345	42	557
V. Net profit	90	2 170	21	515
VI. Total comprehensive income attributable to equity owners of the parent	112	1 963	27	466
VII. Total net comprehensive income	(110)	1 696	(26)	403
VIII. Net cash provided by operating activities	5 671	3 089	1 347	734
IX. Net cash (used) in investing activities	(2 479)	(2 875)	(589)	(683)
X. Net cash (used) in financing activities	(2 509)	(3 411)	(596)	(810)
XI. Net increase/(decrease) in cash and cash equivalents	683	(3 197)	162	(759)
XII. Net profit and diluted net profit per share attributable to equity owners of the parent (in PLN/EUR per share)	0.41	5.48	0.10	1.30
	AS AT 31/12/2013	AS AT 31/12/2012	AS AT 31/12/2013	AS AT 31/12/2012
XIII. Non-current assets	26 835	26 811	6 471	6 465
XIV. Current assets	24 809	25 820	5 982	6 226
XV. Total assets	51 644	52 631	12 453	12 691
XVI. Non-current liabilities	7 943	9 197	1 915	2 218
XVII. Current liabilities	16 150	15 127	3 894	3 648
XVIII. Total equity	27 551	28 307	6 643	6 826
XIX. Equity attributable to equity owners of the parent	25 948	26 479	6 257	6 385
XX. Share capital	1 058	1 058	255	255
XXI. Number of shares	427 709 061	427 709 061	427 709 061	427 709 061
XXII. Book value and diluted book value per share attributable to equity owners of the parent (in PLN/EUR per share)	60.67	61.91	14.63	14.93

SELECTED SEPARATE FINANCIAL DATA	PLN million		EUR million	
	IV QUARTER 2013 (cummulative data)	IV QUARTER 2012 (cummulative data)	IV QUARTER 2013 (cummulative data)	IV QUARTER 2012 (cummulative data)
I. Sales revenues	84 040	88 349	19 957	20 981
II. Profit from operations	457	1 810	109	430
III. Profit before tax	632	2 664	150	633
IV. Net profit	618	2 128	147	505
V. Total net comprehensive income	857	2 073	204	492
VI. Net cash provided by operating activities	4 370	2 065	1 038	490
VII.Net cash (used) in investing activities	(1 578)	(2 459)	(375)	(584)
VIII.Net cash (used) in financing activities	(1 691)	(2 928)	(402)	(695)
IX. Net increase/(decrease) in cash and cash equivalents	1 101	(3 322)	261	(789)
X. Net profit and diluted net profit per share (in PLN/EUR per share)	1.44	4.97	0.34	1.18
	AS AT 31/12/2013	AS AT 31/12/2012	AS AT 31/12/2013	AS AT 31/12/2012
XI. Non-current assets	23 355	22 474	5 632	5 419
XII. Current assets	18 708	18 933	4 511	4 565
XIII. Total assets	42 063	41 407	10 143	9 984
XIV. Non-current liabilites	6 923	7 702	1 669	1 857
XV. Current liabilites	12 005	10 785	2 895	2 601
XVI. Total equity	23 135	22 920	5 578	5 527
XVII. Share capital	1 058	1 058	255	255
XVIII. Number of shares	427 709 061	427 709 061	427 709 061	427 709 061
XIX. Book value and diluted book value per share (in PLN/EUR per share)	54.09	53.59	13.04	12.92

The above data for the IV quarter of 2013 and 2012 was translated into EUR by the following exchange rates:
– items of assets, equity and liabilities – by the average exchange rate published by the National Bank of Poland as at 31 December 2013 – 4.1472 EUR/PLN;
– items of statement of profit or loss and other comprehensive income and statement of cash flows - by the arithmetic average of average exchange rates published by the National Bank of Poland as of every last day of the month during the reporting period from: 1 January to 31 December 2013 – 4.2110 EUR/PLN.

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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE 12 AND 3 MONTHS PERIOD ENDED 31 DECEMBER 2013

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

CONSOLIDATED QUARTERLY REPORT FOR THE IV QUARTER OF 2013 (in 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 financial position

	NOTE	AS AT 31/12/2013 (unaudited)	AS AT 31/12/2012
ASSETS			
Non-current assets			
Property, plant and equipment		25 294	24 744
Investment property		120	117
Intangible assets		961	1 447
Perpetual usufruct of land		99	98
Investments accounted for under equity method		12	12
Financial assets available for sale		40	41
Deferred tax assets		151	297
Other non-current assets		158	55
		26 835	**26 811**
Current assets			
Inventories		13 858	15 011
Trade and other receivables		7 817	8 075
Other financial assets	3.2	165	368
Current tax assets		61	90
Cash and cash equivalents		2 893	2 211
Non-current assets classified as held for sale		15	65
		24 809	**25 820**
Total assets		**51 644**	**52 631**
EQUITY AND LIABILITIES			
EQUITY			
Share capital		1 058	1 058
Share premium		1 227	1 227
Hedging reserve		148	(73)
Revaluation reserve		-	6
Foreign exchange differences on subsidiaries from consolidation		(201)	81
Retained earnings		23 716	24 180
Total equity attributable to equity owners of the parent		**25 948**	**26 479**
Non-controlling interest		**1 603**	**1 828**
Total equity		**27 551**	**28 307**
LIABILITIES			
Non-current liabilities			
Loans,borrowings and debt securities	3.3	6 603	7 678
Provisions	3.4	658	660
Deferred tax liabilities		538	672
Deferred income		10	16
Other non-current liabilities		134	171
		7 943	**9 197**
Current liabilities			
Trade and other liabilities		14 143	12 656
Loans,borrowings and debt securities	3.3	911	1 295
Current tax liabilities		37	83
Provisions	3.4	823	803
Deferred income		124	168
Other financial liabilities		111	122
Liabilities directly associated with assets classified as held for sale		1	-
		16 150	**15 127**
Total liabilities		**24 093**	**24 324**
Total equity and liabilities		**51 644**	**52 631**

The accompanying notes disclosed on pages 10 - 20 are an integral part of the foregoing interim condensed consolidated financial statements.

CONSOLIDATED QUARTERLY REPORT FOR THE IV QUARTER OF 2013 (in PLN million)

Consolidated statement of profit or loss and other comprehensive income

	NOTE	FOR 12 MONTHS ENDED 31/12/2013 (unaudited)	FOR 3 MONTHS ENDED 31/12/2013 (unaudited)	FOR 12 MONTHS ENDED 31/12/2012	FOR 3 MONTHS ENDED 31/12/2012 (unaudited)
Statement of profit or loss					
Sales revenues	3.5	113 853	27 678	120 102	31 245
Cost of sales	3.6	(107 980)	(26 606)	(112 094)	(29 758)
Gross profit on sales		**5 873**	**1 072**	**8 008**	**1 487**
Distribution expenses		(3 935)	(997)	(3 872)	(1 026)
Administrative expenses		(1 465)	(396)	(1 524)	(443)
Other operating income	3.8	575	224	726	221
Other operating expenses	3.8	(715)	(392)	(1 314)	(977)
Profit/(Loss) from operations		**333**	**(489)**	**2 024**	**(738)**
Finance income	3.9	473	181	1 505	209
Finance costs	3.9	(628)	(188)	(904)	(143)
Net finance income and costs		**(155)**	**(7)**	**601**	**66**
Share in profit from investments accounted for under equity method		-	-	(1)	(1)
Profit/(Loss) before tax		**178**	**(496)**	**2 624**	**(673)**
Tax expense	3.10	(88)	17	(454)	222
Net profit/(loss)		**90**	**(479)**	**2 170**	**(451)**
Items of other comprehensive income					
which will not be reclassified into profit or loss		**(7)**	**3**	**2**	**-**
Fair value measurement of investment property as at the date of reclassification		*(13)*	*(1)*	*3*	*-*
Actuarial gains and losses		*4*	*4*	*-*	*-*
Deferred tax		*2*	*-*	*(1)*	*-*
which will be reclassified into profit or loss under certain conditions		**(193)**	**(339)**	**(476)**	**(78)**
Hedging instruments		*260*	*158*	*(55)*	*(20)*
Foreign exchange differences on subsidiaries from consolidation		*(404)*	*(467)*	*(432)*	*(62)*
Deferred tax		*(49)*	*(30)*	*11*	*4*
		(200)	**(336)**	**(474)**	**(78)**
Total net comprehensive income		**(110)**	**(815)**	**1 696**	**(529)**
Net profit/(loss) attributable to		**90**	**(479)**	**2 170**	**(451)**
equity owners of the parent		*176*	*(422)*	*2 345*	*(276)*
non-controlling interest		*(86)*	*(57)*	*(175)*	*(175)*
Total net comprehensive income attributable to		**(110)**	**(815)**	**1 696**	**(529)**
equity owners of the parent		*112*	*(614)*	*1 963*	*(347)*
non-controlling interest		*(222)*	*(201)*	*(267)*	*(182)*
Net profit/(loss) and diluted net profit/(loss) per share attributable to equity owners of the parent (in PLN per share)		0.41	(0.99)	5.48	(0.65)

The accompanying notes disclosed on pages 10 - 20 are an integral part of the foregoing interim condensed consolidated financial statements.

CONSOLIDATED QUARTERLY REPORT FOR THE IV QUARTER OF 2013 (in PLN million)

Consolidated statement of cash flows

	FOR 12 MONTHS ENDED 31/12/2013 (unaudited)	FOR 3 MONTHS ENDED 31/12/2013 (unaudited)	FOR 12 MONTHS ENDED 31/12/2012	FOR 3 MONTHS ENDED 31/12/2012 (unaudited)
Cash flows - operating activities				
Net profit/(loss)	**90**	**(479)**	**2 170**	**(451)**
Adjustments for:				
Share in profit from investments accounted for under equity method	-	-	1	1
Depreciation and amortisation	2 170	556	2 260	577
Foreign exchange (gain)/loss	69	(29)	(516)	(26)
Interest, net	279	60	342	80
Dividends	(2)	-	(2)	-
Loss on investing activities	93	73	829	751
Tax expense	88	(17)	454	(222)
Change in provisions	392	135	421	185
Change in working capital	2 822	1 307	(1 139)	(288)
inventories	*973*	1 329	*1 019*	*1 608*
receivables	*435*	1 151	*(136)*	*1 405*
liabilities	*1 414*	(1 173)	*(2 022)*	*(3 301)*
Other adjustments	(215)	(59)	(632)	(130)
Income tax (paid)	(115)	(44)	(1 099)	(98)
Net cash provided by operating activities	**5 671**	**1 503**	**3 089**	**379**
Cash flows - investing activities				
Acquisition of property, plant and equipment, intangible assets and perpetual usufruct of land	(2 400)	(787)	(2 446)	(982)
Disposal of property, plant and equipment, intangible assets and perpetual usufruct of land	164	31	45	17
Acquisition of shares	(536)	(535)	(170)	(82)
Acquisition of securities and deposits	-	-	(28)	(8)
Disposal of securities and deposits	19	1	22	-
Interest received	-	-	7	7
Dividends received	2	-	2	-
Proceeds/(Outflows) from loans granted	272	(3)	(268)	(220)
Other	-	22	(39)	(40)
Net cash (used) in investing activities	**(2 479)**	**(1 271)**	**(2 875)**	**(1 308)**
Cash flows - financing activities				
Proceeds from loans and borrowings received	3 589	184	4 557	878
Debt securities issued	700	300	1 000	-
Repayments of loans and borrowings	(5 497)	(142)	(7 799)	(1 494)
Redemption of debt securities	(304)	(304)	(750)	-
Interest paid	(317)	(93)	(373)	(107)
Dividends paid	(642)	-	(15)	(6)
Payments of liabilities under finance lease agreements	(28)	(7)	(29)	(7)
Other	(10)	(4)	(2)	-
Net cash (used) in financing activities	**(2 509)**	**(66)**	**(3 411)**	**(736)**
Net increase/(decrease) in cash and cash equivalents	**683**	**166**	**(3 197)**	**(1 665)**
Effect of exchange rate changes	(1)	-	(1)	3
Cash and cash equivalents, beginning of the period	2 211	2 727	5 409	3 873
Cash and cash equivalents, end of the period	**2 893**	**2 893**	**2 211**	**2 211**

The accompanying notes disclosed on pages 10 - 20 are an integral part of the foregoing interim condensed consolidated financial statements.

CONSOLIDATED QUARTERLY REPORT FOR THE IV QUARTER OF 2013 (in PLN million)

Statement of changes in consolidated equity

	Equity attributable to equity owners of the parent							
	Share capital and share premium	Hedging reserve	Revaluation reserve	Foreign exchange differences on subsidiaries from consolidation	Retained earnings	Total	Non-controlling interest	Total equity
1 January 2013	2 285	(73)	6	81	24 180	26 479	1 828	28 307
Net profit/(loss)	-	-	-	-	176	176	(86)	90
Items of other comprehensive income	-	221	(6)	(282)	3	(64)	(136)	(200)
Total net comprehensive income	**-**	**221**	**(6)**	**(282)**	**179**	**112**	**(222)**	**(110)**
Change in the structure of non-controlling interest	-	-	-	-	(1)	(1)	(2)	(3)
Dividends	-	-	-	-	(642)	(642)	(1)	(643)
31 December 2013	**2 285**	**148**	**-**	**(201)**	**23 716**	**25 948**	**1 603**	**27 551**
(unaudited)								
1 January 2012	2 285	(24)	5	415	21 852	24 533	2 265	26 798
Net profit/(loss)	-	-	-	-	2 345	2 345	(175)	2 170
Items of other comprehensive income	-	(49)	1	(334)	-	(382)	(92)	(474)
Total net comprehensive income	**-**	**(49)**	**1**	**(334)**	**2 345**	**1 963**	**(267)**	**1 696**
Change in the structure of non-controlling interest	-	-	-	-	(17)	(17)	(155)	(172)
Dividends	-	-	-	-	-	-	(15)	(15)
31 December 2012	**2 285**	**(73)**	**6**	**81**	**24 180**	**26 479**	**1 828**	**28 307**

The accompanying notes disclosed on pages 10 - 20 are an integral part of the foregoing interim condensed consolidated financial statements.

EXPLANATORY NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Information on principles adopted for the preparation of 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 (Official Journal no. 33, item 259 with further amendments) ("Regulation") and present the Polski Koncern Naftowy ORLEN S.A. Capital Group's ("Group", "Capital Group", "ORLEN Group", "ORLEN Capital Group") financial position as at 31 December 2013 and 31 December 2012, financial results and cash flows for the period of 12 and 3 months ended 31 December 2013 and 31 December 2012.

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

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

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

1.2. Statement of the Management Board

1.2.1. In respect of the reliability of interim condensed consolidated financial statements

Under the Regulation, the Management Board of PKN ORLEN hereby declares that to the best of their knowledge the foregoing interim condensed consolidated financial statements and comparative data were prepared in compliance with the accounting principles applicable to the Group and present true and fair view on financial position and financial result of the Group.

1.2.2. Applied accounting principles and IFRS amendments

These foregoing interim condensed consolidated financial statements were prepared according to principles described in note 3 in the Consolidated Financial Statements for the year 2012.

In these foregoing interim condensed consolidated financial statements, the significant assumptions made by the Management Board regarding adoption of accounting principles and main uncertainties were the same as those presented in note 4 in the Consolidated Financial Statements for the year 2012.

Based on Directive 2003/87/WE and the Decision of the Commitee 2013/448/UE of the number of CO_2 emission rights granted free of charge revised with cross-sectoral correction factor, the Group set the preliminary allocation of emission rights granted free of charge based on emission indices obligatory for the settlement period starting in 2013. As at 31 December 2013, the Group recognized trade receivables on CO_2 emission rights for the year 2013 granted free of charge of 8,138,522 tonnes in the value of PLN 165 million.
After the emission rights allocation, the Group will reclassify the above rights to intangible assets.

By 31 December 2013 the Group received free of charge energy rights, so called yellow and red certificates for the I and II quarter of 2013 of MWh 386,114 and MWh 635,268, respectively, based on the Decision of the President of the Energy Regulatory Office.
Due to the ongoing works on the amendments to the Energy Law and the parallel process of obtaining the consent of the European Commission to extend support for the cogeneration, on the Polish Power Exchange there is no trading of yellow and red certificates making it impossible to determine the value of these rights. As a result, in the 12 and 3 months period ended 31 December 2013 the Group did not recognize intangible assets from acquired free of charge rights in the statement of financial position and did not recognize the grant in other operating income.

Starting from the I quarter of 2013 the ORLEN Group separated the Upstream operating segment, which activities have been presented within the Corporate Functions so far. Comparative data for 12 and 3 months period ended 31 December 2012 was restated.

Starting from the III quarter of 2013 in consolidated financial statement foreign exchange gains and losses are presented net in financial income or costs. For the 12 and 3 months period of 2012 the Group compensated negative exchange differences with positive ones in the amount of PLN (77) million and PLN (85) million, respectively. In Management opinion this change provides better presentation of the results.

As at 31 December 2013 the ORLEN Group applied amendments to the IAS19 – Employee benefits, what caused the recognition of actuarial gains and losses from post-employment benefits in other comprehensive income, of PLN 4 million, without any changes to the presentation of comparative data, as the adjustment was not significant. The Group applied also the new IFRS13 standard – Fair Value Measurement related to determining of fair values.

The Group intends to adopt amendments to IFRSs that are published but not effective as at the date of preparation of these interim condensed consolidated financial statements in accordance with their effective date. The possible impact of new amendments to IFRSs on the Group's future consolidated financial statements was presented in the Consolidated Financial Statements for the year 2012 in note 3.2

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

1.3.1. Functional currency and presentation currency

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

1.3.2. Methods applied to translation of financial data

Financial statements of foreign entities, for consolidation purposes, are translated into PLN using the following methods:

- particular assets and liabilities – at spot exchange rate as at the end of the reporting period,
- respective items of statement of profit or loss and other comprehensive income and statement of cash flows are translated at the average rate (arithmetic average of average exchange rates published by the National Bank of Poland ("NBP")) in the reporting period.

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

CURRENCIES	Average exchange rate for the reporting period				Exchange rate as at the end of the reporting period	
	FOR 12 MONTHS ENDED 31/12/2013	FOR 3 MONTHS ENDED 31/12/2013	FOR 12 MONTHS ENDED 31/12/2012	FOR 3 MONTHS ENDED 31/12/2012	AS AT 31/12/2013	AS AT 31/12/2012
EUR/PLN	4.1973	4.1861	4.1859	4.1132	4.1472	4.0882
USD/PLN	3.1611	3.0752	3.2577	3.1720	3.0120	3.0996
CZK/PLN	0.1616	0.1570	0.1665	0.1635	0.1513	0.1630

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

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

2. Segment reporting

The Capital Group's activities are allocated to:

- the refining segment, which includes refinery products processing and wholesale, oil production and sale as well as supporting production,
- the retail segment, which includes sales at petrol stations,
- the petrochemical segment, which includes the production and wholesale of petrochemicals and production and sale of chemicals,
- upstream segment, which includes exploration and extraction of hydrocarbons,

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

The allocation of the ORLEN Capital Group companies to operating segments and corporate functions is presented in the Other information to consolidated quarterly report in note B2.

CONSOLIDATED QUARTERLY REPORT FOR THE IV QUARTER OF 2013 (in PLN million)

Revenues, expenses and financial result by operating segments

for 12 months ended 31 December 2013

	Refining Segment (unaudited)	Retail Segment (unaudited)	Petrochemical Segment (unaudited)	Upstream Segment (unaudited)	Corporate Functions (unaudited)	Adjustments (unaudited)	Total (unaudited)
Sales revenues from external customers	61 466	36 462	15 837	17	71	-	113 853
Sales revenues from transactions with other segments	26 983	162	3 565	-	246	(30 956)	-
Sales revenues	88 449	36 624	19 402	17	317	(30 956)	113 853
Operating expenses	(89 437)	(35 695)	(18 072)	(48)	(1 084)	30 956	(113 380)
Other operating income	80	90	112	83	210	-	575
Other operating expenses	(272)	(102)	(128)	(90)	(123)	-	(715)
Segment profit/(loss) from operations	**(1 180)**	**917**	**1 314**	**(38)**	**(680)**	**-**	**333**
Net finance income and costs							(155)
Profit before tax							**178**
Tax expense							(88)
Net profit							**90**

for 3 months ended 31 December 2013

	Refining Segment (unaudited)	Retail Segment (unaudited)	Petrochemical Segment (unaudited)	Upstream Segment (unaudited)	Corporate Functions (unaudited)	Adjustments (unaudited)	Total (unaudited)
Sales revenues from external customers	14 813	8 920	3 906	16	23	-	27 678
Sales revenues from transactions with other segments	6 718	41	909	-	63	(7 731)	-
Sales revenues	21 531	8 961	4 815	16	86	(7 731)	27 678
Operating expenses	(22 076)	(8 725)	(4 597)	(27)	(305)	7 731	(27 999)
Other operating income	25	23	52	83	41	-	224
Other operating expenses	(207)	(24)	(41)	(90)	(30)	-	(392)
Segment profit/(loss) from operations	**(727)**	**235**	**229**	**(18)**	**(208)**	**-**	**(489)**
Net finance income and costs							(7)
(Loss) before tax							**(496)**
Tax expense							17
Net (loss)							**(479)**

for 12 months ended 31 December 2012

	Refining Segment	Retail Segment	Petrochemical Segment	Upstream Segment restated data	Corporate Functions restated data	Adjustments restated data	Total
Sales revenues from external customers	65 875	38 142	15 969	1	115	-	120 102
Sales revenues from transactions with other segments	28 002	122	3 627	-	223	(31 974)	-
Sales revenues	93 877	38 264	19 596	1	338	(31 974)	120 102
Operating expenses	(92 344)	(37 588)	(18 435)	(27)	(1 070)	31 974	(117 490)
Other operating income	332	156	137	-	101	-	726
Other operating expenses	(938)	(185)	(93)	-	(98)	-	(1 314)
Segment profit/(loss) from operations	**927**	**647**	**1 205**	**(26)**	**(729)**	**-**	**2 024**
Net finance income and costs							601
Share in profit from investments accounted for under equity method	(1)	-	-	-	-	-	(1)
Profit before tax							**2 624**
Tax expense							(454)
Net profit							**2 170**

CONSOLIDATED QUARTERLY REPORT FOR THE IV QUARTER OF 2013 (in PLN million)

for 3 months ended 31 December 2012

	Refining Segment (unaudited)	Retail Segment (unaudited)	Petrochemical Segment (unaudited)	Upstream Segment (unaudited) restated data	Corporate Functions (unaudited) restated data	Adjustments (unaudited) restated data	Total (unaudited)
Sales revenues from external customers	17 738	9 324	4 153	-	30	-	31 245
Sales revenues from transactions with other segments	7 081	26	923	-	60	(8 090)	-
Sales revenues	24 819	9 350	5 076	-	90	(8 090)	31 245
Operating expenses	(25 002)	(9 179)	(4 806)	(9)	(321)	8 090	(31 227)
Other operating income	112	24	41	-	44	-	221
Other operating expenses	(804)	(97)	(44)	-	(32)	-	(977)
Segment profit/(loss) from operations	**(875)**	**98**	**267**	**(9)**	**(219)**	**-**	**(738)**
Net finance income and costs							66
Share in profit from investments accounted for under equity method	(1)	-	-	-	-	-	(1)
(Loss) before tax							**(673)**
Tax expense							222
Net (loss)							**(451)**

Assets by operating segments

	AS AT 31/12/2013 (unaudited)	AS AT 31/12/2012 restated data
Refining Segment	28 229	30 200
Retail Segment	5 990	5 956
Petrochemical Segment	12 024	12 779
Upstream Segment	1 375	338
Segment assets	**47 618**	**49 273**
Corporate Functions	4 286	3 598
Adjustments	(260)	(240)
	51 644	**52 631**

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

for 12 months ended 31 December 2012

	published data for the 12 months of 2012		restatements			restated data		
	Corporate Functions	Adjustments	Corporate Functions	Adjustments	Total	Upstream Segment	Corporate Functions	Adjustments
Sales revenues from external customers	116	-	(1)	-	(1)	1	115	-
Sales revenues from transactions with other segments	223	(31 975)	-	(1)	(1)	-	223	(31 974)
Sales revenues	339	(31 975)	(1)	(1)	(2)	1	338	(31 974)
Operating expenses	(1 098)	31 975	28	1	29	(27)	(1 070)	31 974
Other operating income	101	-	-	-	-	-	101	-
Other operating expenses	(97)	-	(1)	-	(1)	-	(98)	-
Segment profit/(loss) from operations	**(755)**	**-**	**(26)**	**-**	**(26)**	**(26)**	**(729)**	**-**

CONSOLIDATED QUARTERLY REPORT FOR THE IV QUARTER OF 2013 (in PLN million)

for 3 months ended 31 December 2012

	published data for the 3 months of 2012		restatements			restated data		
	Corporate Functions (unaudited)	Adjustments (unaudited)	Corporate Functions	Adjustments	Total	Upstream Segment (unaudited)	Corporate Functions (unaudited)	Adjustments (unaudited)
Sales revenues from external customers	30	-	-	-	-	-	30	-
Sales revenues from transactions with other segments	60	(8 089)	-	1	1	-	60	(8 090)
Sales revenues	90	(8 089)	-	1	1	-	90	(8 090)
Operating expenses	(329)	8 089	8	(1)	7	(9)	(321)	8 090
Other operating income	44	-	-	-	-	-	44	-
Other operating expenses	(32)	-	-	-	-	-	(32)	-
Segment profit/(loss) from operations	**(227)**	**-**	**(8)**	**-**	**(8)**	**(9)**	**(219)**	**-**

Assets by operating segments as at 31 December 2012

	published data as at 31/12/2012	restatements	restated data as at 31/12/2012
Refining Segment	30 200	-	30 200
Retail Segment	5 956	-	5 956
Petrochemical Segment	12 779	-	12 779
Upstream Segment	-	337	337
Segment assets	**48 935**	**337**	**49 272**
Corporate Functions	3 935	(337)	3 598
Adjustments	(239)	-	(239)
	52 631	**-**	**52 631**

3. Other notes

3.1. Aquisition of subsidiary

On 15 September 2013 ORLEN Upstream Sp. z o.o. (“ORLEN Upstream”), has entered into an arrangement agreement (the "Arrangement Agreement") with TriOil Resources Ltd. ("TriOil"), seated in Calgary, Canada. Under the Arrangement Agreement, ORLEN Upstream International B.V., the subsidiary of ORLEN Upstream acquired shares of TriOil, representing 100% of registered capital of TriOil as well as 100% of the total votes at Shareholders Meeting of TriOil. TriOil is engaged in the exploration, extraction of crude oil and natural gas.
On 12 November 2013 TriOil shareholders approved by a qualified majority of votes a resolution accepting an Arrangement Agreement. On 13 November 2013 the proper court (Court of Queen’s Bench) issued a final decision approving correctness of the transaction proces. The decision was reported to the register of companies, which issued a certificate confirming rights of ORLEN Upstream International B.V. to all of shares of TriOil.

As a result, on 14 November 2013 (Polish time), the ORLEN Capital Group purchased, as a result of execution of the Arrangement Agreement, 100% of the shares. Until being taken over by ORLEN Capital Group, TriOil had traded on the Canadian stock exchange TSX Venture Exchange in Toronto.
The conclusion of the agreement is consistent with the ORLEN Capital Group strategy, which plans the development of the Upstream segment.
As a result of a settlement of the transaction, the ORLEN Group valued and recognized, in the consolidated statement of profit or loss and other comprehensive income, gain on bargain purchase (a result of excess of fair value of net assets purchased by ORLEN Capital Group over the paid price), of PLN 83 million. The recognition of the amount above, was preceded by another valuation of completeness and accuracy of identified assets and liabilities, purchased as part of the transaction and a verification of procedures established for determination of the fair value of the takeover price and identified assets and liabilities.

CONSOLIDATED QUARTERLY REPORT FOR THE IV QUARTER OF 2013 (in PLN million)

The fair value of identifiable assets and liabilities of TriOil as at the aquisition day:

	Book value as at the aquisition day	Adjustments to fair value	Fair value
Exploration and evaluation of mineral resource assets	132	33	165
Assets related to development and extraction of mineral resources	602	59	661
Component of deferred income tax	40	-	40
Trade and other receivables	41	-	41
Trade liabilities	88	-	88
Other financial liabilities	162	-	162
Provision for decommissioning costs of drillings and supporting infrastructure	39	-	39
Identifiable net assets at fair value	**526**	**92**	**618**
Fair value of transferred payment due to acquisition	**(535)**	**-**	**(535)**
Cash paid/outflows on aquisition of shares	(535)	-	(535)
Gain on bargain purchase	**-**	**-**	**83**

3.2. Other financial assets

	AS AT 31/12/2013 (unaudited)	AS AT 31/12/2012
Cash flow hedge instruments	144	46
currency forwards	*66*	*45*
commodity swaps	*78*	*1*
Derivatives not designated as hedge accounting	8	23
currency forwards	*5*	*10*
commodity swaps	*3*	*13*
Embedded derivatives	3	1
currency swaps	*3*	*1*
Deposits	4	22
Loans granted	6	276
	165	**368**

3.3. Loans, borrowings and debt securities

	Non-current		Current		Total	
	AS AT 31/12/2013 (unaudited)	AS AT 31/12/2012	AS AT 31/12/2013 (unaudited)	AS AT 31/12/2012	AS AT 31/12/2013 (unaudited)	AS AT 31/12/2012
Loans	4 884	6 654	911	940	5 795	7 594
Borrowings	1	1	-	-	1	1
Debt securities	1 718	1 023	-	355	1 718	1 378
	6 603	**7 678**	**911**	**1 295**	**7 514**	**8 973**

In the period covered by the foregoing interim condensed consolidated financial statements as well as after the reporting date there were no cases of violations of loans or borrowings repayment of principal and interest nor breaches of covenants.

3.4. Provisions

	Non-current		Current		Total	
	AS AT 31/12/2013 (unaudited)	AS AT 31/12/2012	AS AT 31/12/2013 (unaudited)	AS AT 31/12/2012	AS AT 31/12/2013 (unaudited)	AS AT 31/12/2012
Environmental	346	328	36	46	382	374
Jubilee bonuses and post-employment benefits	263	279	42	35	305	314
Business risk	13	21	53	59	66	80
Shield programs	-	-	43	42	43	42
CO2 emissions	-	-	321	378	321	378
Other	36	32	328	243	364	275
	658	**660**	**823**	**803**	**1 481**	**1 463**

CONSOLIDATED QUARTERLY REPORT FOR THE IV QUARTER OF 2013 (in PLN million)

3.5. Sales revenues

	FOR 12 MONTHS ENDED 31/12/2013 (unaudited)	FOR 3 MONTHS ENDED 31/12/2013 (unaudited)	FOR 12 MONTHS ENDED 31/12/2012	FOR 3 MONTHS ENDED 31/12/2012 (unaudited)
Revenues from sales of finished goods and services, net	89 581	21 795	93 726	24 180
Revenues from sales of merchandise and raw materials, net	24 272	5 883	26 376	7 065
	113 853	**27 678**	**120 102**	**31 245**

3.6. Operating expenses

Cost of sales

	FOR 12 MONTHS ENDED 31/12/2013 (unaudited)	FOR 3 MONTHS ENDED 31/12/2013 (unaudited)	FOR 12 MONTHS ENDED 31/12/2012	FOR 3 MONTHS ENDED 31/12/2012 (unaudited)
Cost of finished goods and services sold	(84 942)	(20 998)	(87 026)	(22 784)
Cost of merchandise and raw materials sold	(23 038)	(5 608)	(25 068)	(6 974)
	(107 980)	**(26 606)**	**(112 094)**	**(29 758)**

Cost by kind

	FOR 12 MONTHS ENDED 31/12/2013 (unaudited)	FOR 3 MONTHS ENDED 31/12/2013 (unaudited)	FOR 12 MONTHS ENDED 31/12/2012	FOR 3 MONTHS ENDED 31/12/2012 (unaudited)
Materials and energy	(81 075)	(20 059)	(83 686)	(21 658)
Cost of merchandise and raw materials sold	(23 038)	(5 608)	(25 068)	(6 974)
External services	(4 215)	(1 045)	(4 276)	(1 120)
Employee benefits	(2 126)	(530)	(2 154)	(577)
Depreciation and amortisation	(2 170)	(556)	(2 260)	(577)
Taxes and charges	(615)	(153)	(496)	(127)
Other	(1 154)	(535)	(1 753)	(1 115)
	(114 393)	**(28 486)**	**(119 693)**	**(32 148)**
Change in inventories	42	12	571	(295)
Cost of products and services for own use	256	83	318	239
Operating expenses	**(114 095)**	**(28 391)**	**(118 804)**	**(32 204)**
Distribution expenses	3 935	997	3 872	1 026
Administrative expenses	1 465	396	1 524	443
Other operating expenses	715	392	1 314	977
Cost of sales	**(107 980)**	**(26 606)**	**(112 094)**	**(29 758)**

3.7. Inventories written down to net realizable value

	FOR 12 MONTHS ENDED 31/12/2013 (unaudited)	FOR 3 MONTHS ENDED 31/12/2013 (unaudited)	FOR 12 MONTHS ENDED 31/12/2012	FOR 3 MONTHS ENDED 31/12/2012 (unaudited)
Increase	(269)	(68)	(425)	(103)
Decrease	254	49	461	71

Impairment allowances of assets

	FOR 12 MONTHS ENDED 31/12/2013 (unaudited)	FOR 3 MONTHS ENDED 31/12/2013 (unaudited)	FOR 12 MONTHS ENDED 31/12/2012	FOR 3 MONTHS ENDED 31/12/2012 (unaudited)
Property, plant and equipment				
Recognition	(187)	(125)	(789)	(728)
Reversal	51	13	58	10
Intangible assets				
Recognition	(51)	(44)	(75)	(45)
Reversal	2	1	28	25
Receivables				
Recognition	(71)	(27)	(108)	(35)
Reversal	40	11	69	21

CONSOLIDATED QUARTERLY REPORT FOR THE IV QUARTER OF 2013 (in PLN million)

Recognition and reversal of impairment allowances in the 12 and 3 months period ended 31 December 2013 and 31 December 2012 related mainly to:
– obsolescence of property, plant and equipment and intangible assets,
– occurrence or extinction of indicators in respect of overdue receivables, occurrence of uncollectible receivables and receivables in court.

3.8. Other operating income and expenses

Other operating income

	FOR 12 MONTHS ENDED 31/12/2013 (unaudited)	FOR 3 MONTHS ENDED 31/12/2013 (unaudited)	FOR 12 MONTHS ENDED 31/12/2012	FOR 3 MONTHS ENDED 31/12/2012 (unaudited)
Profit on sale of non-current non-financial assets	42	13	33	6
Gain on bargain purchase	83	83	-	-
Reversal of provisions	38	14	101	18
Reversal of receivables impairment allowances	30	9	61	20
Reversal of impairment allowances of property, plant and equipment and intangible assets	53	14	86	35
Penalties and compensations earned	177	55	82	31
Grants	2	1	10	-
Other	150	35	353	111
	575	**224**	**726**	**221**

The line „gain on bargain purchase" relates to the settlement of TriOil shares acquisition - additional information is presented in note 3.1.
The line „penalties and compensations earned" in the 12 and 3 months period ended 31 December 2013 comprise mainly compensation due to flood in Spolana in 2013. Additionally, this line in the 12 months period ended 31 December 2013 includes mostly compensation of PLN 52 million for loss of PKN ORLEN's profits due to breakdown in Anwil in 2010 which resulted in lower ethylene collection and compensation for damage on catalytic cracking installation in Orlen Lietuva of PLN 10 million.
The line "other" in the 12 months period ended 31 December 2013 includes mainly revenues resulting from the decision of tax authorities on the refund of excise tax paid by PKN ORLEN and the adjustment of fuel charge liability regarding RME bioester of PLN 65 million, respectively, received in the II quarter of 2013.
Additionally, the line „other" in the 12 months period ended 31 December 2012 includes the effect of energy rights recognition in relation to fulfillment by PKN ORLEN of requirements related to high-efficiency cogeneration electricity production of PLN 130 million, the result of recognition of surpluses of CO_2 emission rights received free of charge in relation to actual emission as well as recalculation of provision for CO_2 emission costs of PLN 138 million.

Other operating expenses

	FOR 12 MONTHS ENDED 31/12/2013 (unaudited)	FOR 3 MONTHS ENDED 31/12/2013 (unaudited)	FOR 12 MONTHS ENDED 31/12/2012	FOR 3 MONTHS ENDED 31/12/2012 (unaudited)
Loss on sale of non-current non-financial assets	(38)	(12)	(66)	(33)
Recognition of provisions	(226)	(150)	(127)	(93)
Recognition of receivables impairment allowances	(57)	(24)	(93)	(32)
Recognition of impairment allowances of property, plant and equipment and intangible assets	(238)	(169)	(864)	(773)
Costs of losses, breakdowns and compensations	(78)	(18)	(32)	(6)
Other	(78)	(19)	(132)	(40)
	(715)	**(392)**	**(1 314)**	**(977)**

In line "Recognition of provisions" in the 12 and 3 months period ended 31 December 2013 includes mainly recognition of provision for tax risks in Rafineria Trzebinia S.A. concerning the excise tax for the period May-August 2004 and provisions for costs of restructuring programs carried out in the Group's companies.
Recognition of impairment allowances of property, plant and equipment and intangible assets in the 12 and 3 months period ended 31 December 2013 relates mainly to the assets of Upstream segment concerning Kambr project on the Baltic Sea due to the negative results of data analysis from the drilling and so called energy certificates resulted from changes in energy law and lack of opportunities to use them in the future.

CONSOLIDATED QUARTERLY REPORT FOR THE IV QUARTER OF 2013 (in PLN million)

3.9. Finance income and costs

Finance income

	FOR 12 MONTHS ENDED 31/12/2013 (unaudited)	FOR 3 MONTHS ENDED 31/12/2013 (unaudited)	FOR 12 MONTHS ENDED 31/12/2012	FOR 3 MONTHS ENDED 31/12/2012 (unaudited)
Interest	116	28	153	25
Foreign exchange gain surplus	120	103	852	135
Settlement and valuation of financial instruments	219	45	482	46
Reversal of receivables impairment allowances	10	2	8	1
Other	8	3	10	2
	473	**181**	**1 505**	**209**

Finance costs

	FOR 12 MONTHS ENDED 31/12/2013 (unaudited)	FOR 3 MONTHS ENDED 31/12/2013 (unaudited)	FOR 12 MONTHS ENDED 31/12/2012	FOR 3 MONTHS ENDED 31/12/2012 (unaudited)
Interest	(347)	(133)	(356)	(87)
Settlement and valuation of financial instruments	(233)	(43)	(485)	(39)
Recognition of receivables impairment allowances	(14)	(3)	(15)	(3)
Other	(34)	(9)	(48)	(14)
	(628)	**(188)**	**(904)**	**(143)**

Borrowing cost capitalized in the 12 and 3 months period ended 31 December 2013 and 31 December 2012 amounted to PLN (22) million and PLN (7) million, respectively, as well as PLN (21) million and PLN (6) million.
The line “interest” in the 12 and 3 months period ended 31 December 2013 includes the amount of potential interest costs related to recognition of provision for tax proceedings from previous years in Rafineria Trzebinia S.A.

3.10. Tax expense

	FOR 12 MONTHS ENDED 31/12/2013 (unaudited)	FOR 3 MONTHS ENDED 31/12/2013 (unaudited)	FOR 12 MONTHS ENDED 31/12/2012	FOR 3 MONTHS ENDED 31/12/2012 (unaudited)
Current income tax	(98)	(58)	(452)	(22)
Deferred income tax	10	75	(2)	244
	(88)	**17**	**(454)**	**222**

The amount of deferred tax in the 12 and 3 months period ended 31 December 2013 comprised mainly of revaluation of non-cash assets tax value of Orlen Lietuva due to changes in exchange rates LTL/USD and effect of update of deferred tax asset on tax losses in Unipetrol Group and Anwil Group as well as the effect of different tax rates increasing fiscal charges in the Group’s companies.
In the 12 months period ended 31 December 2013 the tax burden of PLN 95 million was recognized in connection with the favorable for PKN ORLEN court sentence of the Supreme Administrative Court for the recognition of compensation paid in 2009 to Agrofert Holding s.a. as a tax deductible expense.

3.11. Methods applied in determining fair values of financial instruments recognized in the consolidated statement of financial position at fair value (fair value hierarchy)

The Group measures derivative instruments at fair value using valuation models for financial instruments based on generally available exchange rates, interest rates, forward and volatility curves for currencies and commodities quoted on active markets. As compared to the previous reporting period the Group has not changed valuation methods concerning derivative instruments.
Fair value of derivatives is based on discounted future flows related to contracted transactions as a difference between term price and transaction price. Forward rates of exchange are not modeled as a separate risk factor, but they are a result of spot rate and forward interest rate for foreign currency in relation to PLN.
Derivative instruments are presented as assets, when their valuation is positive and as liabilities, when their valuation is negative. Gains and losses resulting from changes in fair value of derivative instruments, for which hedge accounting is not applicable, are recognized in a reporting year profit or loss.
Fair value of shares quoted on active markets is determined based on market quotations (so called Level 1). In other cases, fair value is determined based on other input data which are directly or indirectly possible to observe (so called Level 2).

CONSOLIDATED QUARTERLY REPORT FOR THE IV QUARTER OF 2013 (in PLN million)

Fair value hierarchy

	AS AT 31/12/2013 (unaudited)		AS AT 31/12/2012	
	LEVEL 1	LEVEL 2	LEVEL 1	LEVEL 2
Financial assets				
Quoted shares	1	-	1	-
Embedded derivatives and hedging instruments	-	277	-	98
	1	**277**	**1**	**98**
Financial liabilities				
Embedded derivatives and hedging instruments	-	140	-	195
	-	**140**	**-**	**195**

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

3.12. Finance lease payments

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

	AS AT 31/12/2013 (unaudited)	AS AT 31/12/2012
Future minimum lease payments	122	119
Present value of minimum lease payments	103	102

3.13. Future liabilities resulting from signed investment contracts

As at 31 December 2013 and 31 December 2012 the value of future liabilities resulting from investment contracts signed until that day amounted to PLN 1,989 million and PLN 1,961 million, respectively.

3.14. Issue, redemption and repayment of debt securities

PKN ORLEN's Supervisory Board, at the meeting held on 28 March 2013, gave consent for issue of bonds within the public bond issue programme (Programme) by the Company.
On 28 May 2013 and 3 June 2013 PKN ORLEN announced the offering of bonds, respectively Series A and B within the public bond issue programme and announced the final terms and conditions of the offering for both series of the bonds. Within each series up to 2,000,000 unsecured, bearer, dematerialized bonds through registration in the deposit operated by the Central Securities Depository of Poland ("KDPW") were offered. Unit nominal value of the bond is PLN 100. The bonds interest rate is variable and is be based on the sum of WIBOR 6M rate and margin set at the level of 150 basis points. The interests will be paid in the half-year periods. Day of final redemption of the bonds is set on 28 May 2017 for the Series A and on the 3 June 2017 for the Series B.
Fitch Rating Agency has assigned a national rating ("rating") of BBB+ (pol) for Series A and Series B bonds. Acknowledging a high rating for the issue of retail bonds, Fitch analysts pointed the possibility of upgrading PKN ORLEN's international rating from BB+ to BBB- in the following months.
Series A bonds were allocated on 4 June 2013. The Bonds were acquired at issue price amounted from PLN 100.00 to PLN 100.03 depending on the day of subscription. The value of issue, defined as the number of Bonds which were offered multiplied by the issue price, amounted to PLN 200 million.
Series B bonds were allocated on 17 June 2013. The Bonds were acquired at issue price from PLN 100.00 to PLN 100.10 depending on the day of subscription. The value of issue, defined as the number of Bonds which were offered multiplied by the issue price, amounted to PLN 200 million.
On 26 June 2013 the Management Board of the Warsaw Stock Exchange (WSE) had adopted a resolution to admit 2,000,000 Series A bonds and 2,000,000 Series B bonds to trading on the Catalyst regulated market. Bond debut took place on 28 June 2013.
On 30 August 2013, Fitch Ratings Agency increasing credit assessment for PKN ORLEN upgraded the national credit rating for bonds of Series A and Series B from 'BBB + (pol)' to 'A-(pol)'.
On 6 November 2013, PKN ORLEN announced the launched offering of Series C bonds within a public bond issue program and announced the final terms and conditions of the offering. Within Series C up to 2,000,000 unsecured, bearer, dematerialized bonds through registration in the deposit operated by the Central Securities Depository of Poland were offered. Unit nominal value of the bond is PLN 100.The bonds interest rate is variable and is based on the sum of WIBOR 6M rate and margin set at the level of 140 basis points. Interest will be paid in the half-year periods. Day of final redemption of the Series C bonds is set on 6 November 2017.
Fitch Ratings Agency has assigned a national rating ('rating') of 'A-(pol)' for Series C bond.

Series C bonds were allocated on 14 November 2013. The bonds were acquired at issue price amounted from PLN 100.00 to PLN 100.01 depending on the day of subscription. The value of issue, defined as the number of bonds which were offered multiplied by the issue price, amounted to PLN 200 million.
On 14 November 2013, PKN ORLEN announced the launched offering of Series D bonds within a public bond issue program and announced the final terms and conditions of the offering. Within Series D up to 1,000,000 unsecured, bearer, dematerialized bonds through registration in the deposit operated by the Central Securities Depository of Poland were offered. Unit nominal value of the bond is PLN 100. The bonds interest rate is variable and is based on the sum of WIBOR 6M rate and margin set at the level of 130 basis points. Interest will be paid in the half-year periods. Day of final redemption of the Series D bonds is set on 14 November 2017.
Fitch Ratings Agency has assigned a national rating (‘rating’) of ‘A-(pol)' for Series D bonds.
Series D bonds were allocated on 19 November 2013. The bonds were acquired at issue price amounted from PLN 100.00 to PLN 100.04 depending on the day of subscription. The value of issue, defined as the number of bonds which were offered multiplied by the issue price, amounted to PLN 100 million.
On 4 December 2013 the Management Board of the Warsaw Stock Exchange (WSE) had adopted a resolution to admit 2,000,000 Series C bonds and 1,000,000 Series D bonds to trading on the Catalyst regulated market. Bond debut took place on 9 December 2013.

Moreover, as a part of liquidity optimisation in ORLEN Group, issue and redemption of short term bonds in favor of Group companies were performed.

3.15. Distribution of the Parent Company’s profit for 2012

On 27 June 2013 the Ordinary General Shareholders’ Meeting of PKN ORLEN decided to distribute the net profit for the year 2012 of PLN 2,127,797,966.06 as follows: PLN 641,563,591.50 as dividend payment (PLN 1.50 per 1 share) and PLN 1,486,234,374.56 as reserve capital.
The Ordinary General Shareholders’ Meeting of PKN ORLEN determined the date of 26 July 2013 as a dividend date and the date of 13 August 2013 as a dividend payment date.

3.16. Contingent liabilities

Spolana a.s. currently produces chlorine using the mercury electrolysis. In case of production ceases, the company is required to present a reclamation program after it stops to use its fixed assets. On 9 September 2013, as a result of administrative proceedings, Spolana a.s. received a consent of Mid-Czech Regional Body to extend the integrated pollution prevention and control license from the end of 2014 until 30 June 2017. Additionally, the company will be obliged to prepare the technological changes to the current production unit until 31 March 2017.

3.17. Guarantees

Excise tax guarantees and excise tax on goods and merchandise under the excise tax suspension procedure as at 31 December 2013 and 31 December 2012 amounted to PLN 1,701 million and PLN 1,730 million, respectively.

3.18. Significant events after the end of the reporting period which were not reflected in the interim condensed consolidated financial statements

No significant events occurred after the end of the reporting period which were not reflected in the interim condensed consolidated financial statements.

OTHER INFORMATION TO
CONSOLIDATED QUARTERLY REPORT

FOR IV QUARTER 2013

B. OTHER INFORMATION TO CONSOLIDATED QUARTERLY REPORT

1. Principal activity of the Capital Group

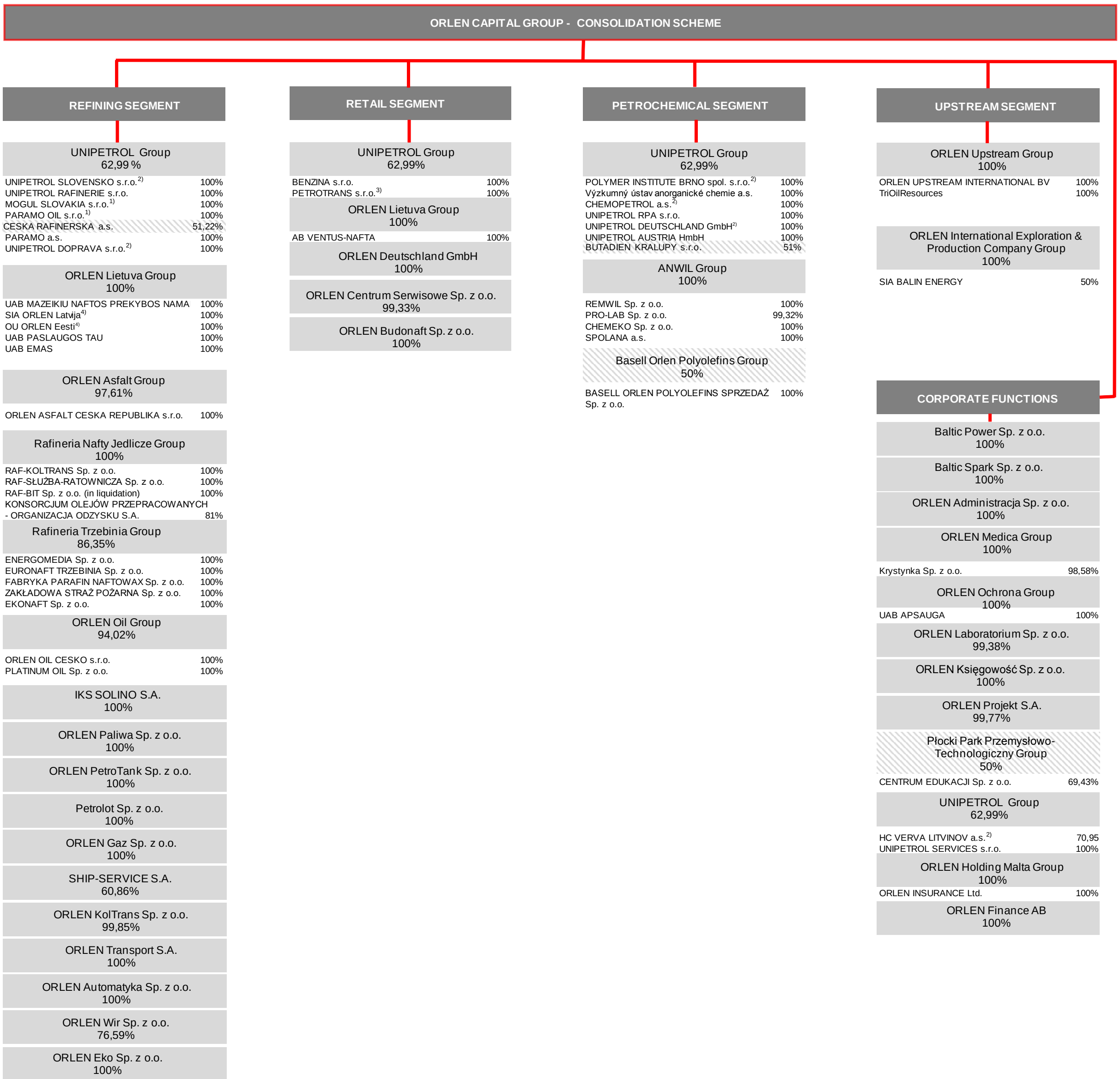
The Parent Company of the Polski Koncern Naftowy ORLEN S.A. Capital Group is Polski Koncern Naftowy ORLEN S.A. ("PKN ORLEN", "Company", "the Parent Company") seated in Plock, 7 Chemików Street.

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

2. Organization of the Capital Group

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

The list of entities related with the ORLEN Capital Group



* 1) PARAMO Group; 2) UNIPETROL RPA Group; 3) Benzina Group; 4) UAB Mazeikiu Naftos Prekybos Namai Group

fully consolidated entities

entities consolidated under proportionate method

In May 2013 a buyout took place of minority shareholders of 22.04% in Chemeko Sp. z.o.o. by Anwil S.A. for approximately PLN 1 million. In August 100% of shares in ORLEN Lietuva Group related company – UAB Medikvita were sold for approximately PLN 0.5 million.
On 13 September 2013 ORLEN Upstream International B.V. seated in Amsterdam was set up. 100% of shares is owned by ORLEN Upstream Sp. z o.o.
On 13 November 2013 the ORLEN Capital Group purchased 100% shares of TriOil for the amount of PLN 535 million. Additional information about this transaction is presented in note 3.1.

On 7 November 2013 Unipetrol signed with Shell Overseas Investments BV (Shell) a share purchase agreement, under which it acquires in the I quarter 2014 from Shell 152,701 shares of Ceska Rafinerska representing 16.335% of the share capital of Ceska Rafinerska for the price of USD 27.2 million.
As a resulf of transaction, Unipetrol share in the share capital of Česká Rafinérská will increase to 67.555%. The Group is in the process of estimating the impact of the transaction on the consolidated financial statements.

3. Financial situation

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

Results from operations and financial activities

Negative effect of macroeconomic factors changes in the IV quarter of 2013 regarding mainly the lowest since 2002 combined level of refining margins and Ural/Brent differential, amounted to PLN (-) 610 million (y/y).

The positive volume effect of PLN 153 million (y/y) mainly resulted from higher sales on the Polish market in all operating segments and the improvement of the sales structure of the ORLEN Lietuva Group related to the lower heavy fractions sales volume.

The positive effect of other factors in the IV quarter of 2013 amounted to PLN 706 million (y/y) and related mainly to changes on the balance of other operating activities of PLN 588 million (y/y) as well as optimisation of operating expenses, particularly general and labor costs.
The net effect of the lower impairment allowances of property, plant and equipment amounted to PLN 583 million (y/y). In the IV quarter of 2013 impairment allowances of property, plant and equipment amounted to PLN (-) 155 million and related mainly to termination of the exploration drilling within the Latvian economic zone of the Baltic Sea and the impairment allowances of so-called energy certificates, received in previous years, a as result of changes in law which does not provide the possibility of their use in the future.
Net impairment allowances of property, plant and equipment in the comparative period of 2012 of PLN (-) 738 million related mainly to the refining segment of the Unipetrol Group.
Higher of PLN (-) 61 million (y/y) costs of recognition of net provisions related mainly to recognition of provision in the IV quarter of 2013 for tax risks from previous years in Rafineria Trzebinia S.A..

Consequently, operating result for the IV quarter of 2013 amounted to PLN (-) 489 million and was higher by PLN 249 million(y/y). In 2013 the operating result amounted to PLN 333 million.

Net financial costs in the IV quarter of 2013 amounted to PLN (-) 7 million and comprised primarily of net interest expense of PLN (-) 105 million and net foreign exchange gains on revaluation of items in foreign currencies of PLN 103 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 73 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 62 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 IV quarter of 2013 amounted to PLN (-) 479 million. Net profit of the ORLEN Group for 2013 amounted to PLN 90 million.

Results of the core entities of the ORLEN Group in the IV quarter of 2013

- **PKN ORLEN** – result from operations plus depreciation and amortisation decreased by PLN (-) 50 million (y/y) and amounted to PLN 122 million.
  - EBITDA of refining segment, lower by PLN (-) 162 million (y/y) was mainly due to deterioration of macroeconomic environment and negative impact of the inventories valuation of PLN (-) 109 million (y/y) accompanied by higher (y/y) sales volume,
  - EBITDA of retail segment, higher by PLN 139 million (y/y) mainly results from higher sales volume, improved fuel margins and lack of negative effect in the balance of the other operating activities from IV quarter of 2012 related to update of the environmental provision,
  - EBITDA of petrochemical segment, lower by PLN (-) 52 million (y/y) mainly due to negative effect of macroeconomic factors accompanied by higher sales volume of the segment as well as positive effect of inventories valuation of PLN 3 million (y/y),
  - EBITDA of upstream segment, lower by PLN (-) 7 million (y/y),
  - EBITDA of corporate functions, higher by PLN 32 million (y/y) mainly as a result of optimisation of operating expenses.
- **ORLEN Lietuva Group** – the result from operations plus depreciation and amortisation was lower by PLN (-) 296 million (y/y) and amounted to PLN (-) 169 million.
  - EBITDA of refining segment, lower by PLN (-) 286 million (y/y) mainly due to negative impact of macroeconomic environment partially compensated by changes in the production and sales structure as well as the positive effect of inventories valuation of PLN 13 million (y/y). Less profitable, export sales by sea was reduced as well as production and sales of heavy heating oil,
  - EBITDA of retail segment, remained at comparable level (y/y),
  - EBITDA of corporate functions, lower by PLN (-) 10 million (y/y).
- **Unipetrol Group** – the result from operations plus depreciation and amortisation was higher by PLN 621 million (y/y) and amounted to PLN 35 million.
  - EBITDA of refining segment, higher by PLN 646 million was mainly an effect of positive change on the balance on other activities related to the lack of impairment allowances of the segment's property, plant and equipment from the IV quarter of 2012 and the positive impact of inventories valuation of PLN 31 million (y/y) accompanied by negative impact of macroeconomic factors,
  - EBITDA of retail segment, higher by PLN 17 million (y/y) mainly results from higher sales volume, improved fuel margins and positive balance on other operating activities,
  - EBITDA of petrochemical segment, lower by PLN (-) 42 million (y/y) mainly results from lower sales volume due to lower availability of the products caused by unplanned production installations shutdowns at the turn of the III and IV quarter of 2013 and the less favourable, compared to the end of 2012, market conditions with the positive impact of inventories valuation of PLN 20 million (y/y),
  - EBITDA of corporate functions remained at comparable level (y/y).

Net indebtedness and cash flows

As at 31 December 2013 net indebtedness of the ORLEN Group amounted to PLN 4,621 million and was lower by PLN (-) 2,141 million as compared to the level at the end of 2012. Net financial leverage at the end of the IV quarter of 2013 amounted to 17%.
The decrease in net indebtedness in 2013 was mainly due to net repayment of loans and changes in cash balances of PLN (-) 2,025 million, accompanied by increase of foreign exchange gains from the revaluation of foreign currency loans and indebtedness valuation of PLN (-) 116 million.
The decrease in net indebtedness in the IV quarter of 2013 amounted to PLN (-) 202 million and comprised mainly the effect of foreign exchange gains from the revaluation of foreign currency loans and indebtedness valuation of PLN (-) 233 million as well as changes in cash balances and net proceeds of loans of PLN 31 million.

Net cash from operating activities in the IV quarter of 2013 amounted to PLN 1,503 million and comprised mainly positive effect of change in the working capital balance, by PLN 1,307 million.

Net cash used in investing activities in the IV quarter of 2013 amounted to PLN (-) 1,271 million and comprised mainly of net expenditure for the acquisition of property, plant and equipment and intangible assets of PLN (-) 756 million and shares of upstream company TriOil Resources Ltd of PLN (-) 535 million.

Net cash used in financing activities in the IV quarter of 2013 amounted to PLN (-) 66 million and comprised mainly of interest paid of PLN (-) 93 million and net proceeds of loans and borrowings as well as net redemption of debt securities of PLN 38 million.

As a result cash balance increased in IV quarter of 2013 by PLN 166 million and as at 31 December 2013 amounted to PLN 2,893 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 2013 until the date of preparation of the foregoing report

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

On 5 March 2013 PKN ORLEN announced that the deposit agreement dated 10 April 2001 (with further amendments) constituting the PKN ORLEN's American depositary receipts ("ADRs") concluded with The Bank of New York Mellon was terminated on 4 March 2013.
According to the terms of the Deposit Agreement holders of ADRs may exchange ADRs for the PKN ORLEN's shares within one year following the termination of the Deposit Agreement, i.e. until 4 March 2014. Thereafter, the Depositary Bank may sell any remaining shares related to outstanding ADRs. Holders of ADRs may exchange ADRs for a proportional share of cash from such sale or for the PKN ORLEN's shares, if the Depositary Bank does not perform the sale.

On 28 March 2013 the agreement between PKN ORLEN and Ashby Sp. z o.o. that has been concluded on 28 March 2012, regarding gathering and keeping of mandatory reserves of crude oil expired. Therefore, and in accordance with applicable regulations regarding the maintenance of mandatory reserves in Poland, PKN ORLEN acquired crude oil owned by Ashby Sp. z o.o. The value of the transaction was PLN 1,195 million translated using exchange rate as at 27 March 2013 (representing USD 366 million). The price of raw material was determined based on market quotations. The transfer of funds by PKN ORLEN as well as the transfer of ownership of the raw material to PKN ORLEN has been made on 28 March 2013. On the day of signing the agreement the acquisition price of crude oil has been hedged with a forward contact. The settlement of the hedging transaction increased the value of the acquired raw material by PLN 124 million translated using exchange rate as at 27 March 2013 (representing USD 38 million). As a result PKN ORLEN recognized in the first quarter of 2013 the purchase of crude oil of PLN 1,318 million translated using exchange rate as at 27 March 2013 (representing USD 404 million)

On 27 June 2013 PKN ORLEN concluded with Neon Poland Sp. z o.o. ("Neon") the agreement for the sale of crude oil and the agreement for order of creation and keeping of crude oil mandatory reserves.
On the basis of the sales agreement PKN ORLEN sold crude oil valued approximately PLN 1,045 million translated using exchange rate as at 27 June 2013 (representing approximately USD 314 million). The crude oil price was established according to market quotations.
On the basis of the agreement for creation and keeping of inventories Neon will be providing service of keeping of crude oil mandatory reserves to PKN ORLEN account, whereas PKN ORLEN will guarantee storage of inventories in current location. The Agreement for creation and keeping of inventories was concluded for the period to 29 January 2015, however the Company takes into account the possibility of its renewal for the next period.
Above agreements were concluded after receiving by PKN ORLEN the approval of Material Reserves Agency for the transaction.
Moreover, PKN ORLEN signed with Neon an agreement, under which the Company will grant Neon a short-term loan of approximately PLN 240 million, interest at market conditions. The loan will be repaid at the time of input VAT return on above transaction by Tax Office to Neon.

Neon is a special purpose vehicle, established at the request of RBS Polish Financial Advisory Services Sp. z o.o., which is a subsidiary of Royal Bank of Scotland plc. which includes turnover of crude oil in its statutory activities.

On 27 June 2013 the Ordinary General Meeting of PKN ORLEN appointed the Company's Supervisory Board for a new term of office. Ms Angelina Anna Sarota was elected to the position of Chairman of the PKN ORLEN Supervisory Board. The following Company's Supervisory Board Members were also elected: Mr Cezary Banasiński, Mr Grzegorz Borowiec, Mr Artur Gabor, Mr Michał Gołębiowski, Mr Cezary Możeński and Mr Leszek Jerzy Pawłowicz. The elected Members of the PKN ORLEN Supervisory Board, except for their duties in Issuer's company are not involved in any other competitive activity, they are not a partner of any competing partnerships, civil law partnerships, they are not a member of any board of a competing capital company, and they are not on the List of Insolvent Debtors kept on record on the basis of act of 20 August 1997 on National Court Register Act (Official Journal of 2007 No. 168, item 1186 with further amendements).
At the Supervisory Board meeting on 18 July 2013 Vice-President of the Supervisory Board in the person of Leszek Pawlowicz and Secretary of the Board in the person of Mr. Michal Gołębiowski were chosen, and the following Committees of the Supervisory Board were established:

The Audit Committee:
Artur Gabor - Chairman
Grzegorz Borowiec
Michał Gołębiowski
Leszek Pawłowicz

Committee for Strategy and Development:
Cezary Banasiński - Chairman
Artur Gabor
Cezary Możeński
Leszek Pawłowicz
Angelina Sarota

Appointmens and Remuneration Committee:
Angelina Sarota - Chairman
Cezary Banasiński
Grzegorz Borowiec
Michał Gołębiowski

Corporate Governance Committee:
Cezary Możeński - Chairman
Michał Gołębiowski
Angelina Sarota

On 30 August 2013 Fitch Ratings has upgraded PKN ORLEN's foreign long-term rating from „BB+/positive outlook” to „BBB-/stable outlook”.
Agency justifies the change of rating for the Comapny by the better PKN ORLEN's financial profile thanks to measures taken to reduce leverage, including the disposal of Polkomtel S.A. stake, modest capex in 2011-2013 in comparison to a capex-intensive period in 2007-2010. These operations support PKN ORLEN's creditworthiness in the still difficult conditions for the refining sector in Europe. Agency indicates that the Company's strategy announced in November 2012 supports PKN ORLEN's credit profile. One of the strategic targets, positively evaluated by the Agency, is maintaining credit ratios at the safe level. Additionally, Agency has a positive view on additional capex specified in the strategy, which may be deferred if cash flows are weaker than expected.
Agency believes that the Company has much greater financial flexibility to reduce its capex if cash flows are weaker than in 2007-2010, when the Company had significant investment liabilities. The Agency positively views PKN ORLEN's ability to manage its working capital changes in line with changes in its financial position. This could provide additional flexibility for the Company if it closes to maximum covenant level defined in the main bank loan agreements, for instance due to weakening of the industry conditions.
Moreover, the Agency has upgraded PKN ORLEN's national long-term rating from „BBB+(pol)/positive outlook” to „A-(pol)/stable outlook”.
A full list of ratings assigned by the Agency is following:
- Long-term foreign currency IDR upgraded to 'BBB-' from 'BB+'; Stable Outlook
- Long-term local currency IDR upgraded to 'BBB-' from 'BB+'; Stable Outlook
- Short-term foreign currency IDR upgraded to 'F3' from 'B'
- Short-term local currency IDR upgraded to 'F3' from 'B'
- Foreign currency senior unsecured rating upgraded to 'BBB-' from 'BB+'
- Local currency senior unsecured rating upgraded to 'BBB-' from 'BB+'
- National Long-term rating upgraded to 'A-(pol)' from 'BBB+(pol)'; Stable Outlook

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- National senior unsecured rating (referred also to series A and B retail bonds, issued within the public bond issue programme) upgraded to 'A-(pol)' from 'BBB+(pol)'.

On 6 November 2013 Moody`s Investors Service upgraded PKN ORLEN's rating to Baa3 from Ba1. The rating outlook is stable.
Moreover the Agency upgraded PKN ORLEN's baseline credit assessment to ba1 from ba2.
In the Moody's opinion the change of rating reflects improvement in operating performance and Company's financial metrics in the past couple of years, despite difficult conditions for the refining sector in Europe for the majority of this time. ORLEN Group is maintaining low (below 30%) level of financial leverage and achieved resilient operating cash flows. The Agency notes that, since the beginning of 2012, ORLEN Group has been generating positive free cash flows despite of significant working capital fluctuations during this period what allowed to decrease of net debt.
In its statement, Moody's indicates that the strategy announced by PKN ORLEN is an ambitious plan of improving Company's core business while expanding into the energy and upstream sectors, however the Agency recognises the flexibility of these plans.
In line with the strategy announced by the Company, PKN ORLEN paid dividend in 2013. The Company plans a gradual increase in the dividend payout up to 5% of dividend yield, based on the annual average market capitalization of the Company for the previous year, taking into account the achievement of strategic targets of safe financial standings and forecasts regarding macroeconomic situation.
Stable Baa3 outlook reflects Moody's expectations that ORLEN Group will be able to maintain current credit profile, including positive cash flows and Net debt/EBITDA (profit from operation plus depreciation and amortization) ratio below 3.5 as well as financial leverage below 30%.

PKN ORLEN informed in regulatory announcements at 31 December 2013, that on 1 January 2014 the liquidation proceedings for ORLEN OIL Česko s.r.o., headquartered in Brno, the Czech Republic, will be opened. ORLEN OIL Česko was established in 2005 to conduct distribution of ORLEN OIL products, on the Czech, Slovak and Hungarian markets. PKN ORLEN owns 51.7% of the registered capital of ORLEN OIL, which is a 100% shareholder of Orlen OIL Česko s.r.o.

4. Related party transactions

Information on significant related party transactions

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

In the 12 and 3 months period ended 31 December 2013 and 31 December 2012 there were no significant related party transactions concluded within the Group on other than market terms.

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

In the 12 and 3 months period ended 31 December 2013 and 31 December 2012 the Group companies did not grant any advances, borrowings, loans, guarantees and sureties to managing and supervising persons and their relatives nor concluded other agreements obliging to render services to PKN ORLEN and its related parties.
As at 31 December 2013 and 31 December 2012 there are no loans granted by the Group companies to managing and supervising persons and their relatives.

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

As at 31 December 2013 and 31 December 2012 and in the 12 and 3 months period ended 31 December 2013 and 31 December 2012 key executive personnel of the Parent Company and the Group companies did not entered into any transaction with related parties which would have a significant impact on the financial statement.

4.4. Capital Group companies' transactions and balance of settlements with related parties

	Jointly-controlled entities			
	FOR 12 MONTHS ENDED 31/12/2013 (unaudited)	FOR 3 MONTHS ENDED 31/12/2013 (unaudited)	FOR 12 MONTHS ENDED 31/12/2012	FOR 3 MONTHS ENDED 31/12/2012 (unaudited)
Sales revenues	1 966	460	1 905	536
Purchases	(539)	(124)	(606)	(162)

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	Associates			
	FOR 12 MONTHS ENDED 31/12/2013 (unaudited)	FOR 3 MONTHS ENDED 31/12/2013 (unaudited)	FOR 12 MONTHS ENDED 31/12/2012	FOR 3 MONTHS ENDED 31/12/2012 (unaudited)
Sales revenues	66	18	69	15
Purchases	(49)	(18)	(44)	(12)

	Total			
	FOR 12 MONTHS ENDED 31/12/2013 (unaudited)	FOR 3 MONTHS ENDED 31/12/2013 (unaudited)	FOR 12 MONTHS ENDED 31/12/2012	FOR 3 MONTHS ENDED 31/12/2012 (unaudited)
Sales revenues	2 032	478	1 974	551
Purchases	(588)	(142)	(650)	(174)

	Jointly-controlled entities		Associates		Total	
	AS AT 31/12/2013 (unaudited)	AS AT 31/12/2012	AS AT 31/12/2013 (unaudited)	AS AT 31/12/2012	AS AT 31/12/2013 (unaudited)	AS AT 31/12/2012
Trade and other receivables	358	404	19	11	377	415
Trade and other liabilities	231	252	11	8	242	260

The above transactions with related parties include mainly sale and purchase of refining and petrochemical products as well as sale and purchase of repair, transportation and other services. Sale and purchase transactions with related parties were concluded on market terms. Balances of settlements with related parties include trade receivables and trade and financial.

5. Information concerning significant proceedings in front of court, body appropriate for arbitration proceedings or in front of public administration bodies

As at 31 December 2013 ORLEN Capital Group entities were parties in the following significant proceedings in front of court, body appropriate for arbitration proceedings or in front of public administration bodies:

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

5.1.1. Proceedings with the total value exceeding 10% of the Issuer's equity

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

The claim regarded the payment of a compensation for losses related among others to alleged unfair competition of PKN ORLEN included in Agrofert Holding a.s. claim and alleged illegal violation of reputation of Agrofert Holding a.s. in relation to purchase by PKN ORLEN of UNIPETROL a.s. shares.
On 21 October 2010 the Court of Arbitration in Prague overruled the entire claim of Agrofert Holding a.s. against PKN ORLEN regarding the payment of PLN 2,945 million translated using exchange rate as at 31 December 2013 (representing CZK 19,464 million) with interest and obliged Agrofert Holding a.s. to cover the cost of proceedings born by PKN ORLEN.
The Court of Arbitration ruling dated 21 October 2010 ended the last of four arbitration proceedings initiated by Agrofert Holding a.s.
On 3 October 2011 PKN ORLEN received from the court in Prague (Czech Republic) claim which overruled the sentence of arbitration court of the above mentioned case. On 16 January 2012 PKN ORLEN submitted a response to Agrofert Holding a.s.' claim. In its response PKN ORLEN took a position to the allegations of Agrofert Holding a.s., appealed to dismiss Agrofert Holding a.s.' claim and adjudge it with proceeding costs refund. On 10 January 2013 there was the hearing in front of the court in Prague. During the hearing the rules of the further proceeding have been arranged. On 23-24 April and 11 July 2013 next hearings were held, during which the court analyzed the evidence.
After hearing on 16 January 2014, the court set the next hearing for 24 January 2014 and announced that the oral judgment will be delivered. In the opinion of PKN ORLEN the decision of the Court of Arbitration dated 21 October 2010 is correct and there are no grounds for its annulment.

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

5.1.2.1. Tax proceedings

There are ongoing tax proceedings against Rafineria Trzebinia S.A. concerning excise tax settlements for the period May-September 2004.

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

May – August 2004

On 25 September 2009 the Head of the Customs Office in Cracow (first instance authority) issued decisions for the period May - August 2004 increasing the tax liability by approximately PLN 80 million. On 14 October 2009 Rafineria Trzebinia S.A. appealed to the Director of the Customs Chamber in Cracow regarding the above mentioned decision. On 22 January 2010 the Director of the Customs Chamber in Cracow dismissed entirely the first instance authority's decisions and decided to revoke them to reexamination.
On 23 March 2011 the Head of the Customs Office suspended proceedings. Rafineria Trzebnia appealed against decisions of the Director of the Customs Chamber to the VAC. On 20 April 2011 the VAC overruled the complaint of Rafineria Trzebinia S.A. On 29 June 2011 the company filed an annulment claim to the Supreme Administrative Court (SAC) of the VAC's sentence. On 20 March 2013 SAC overruled the annulment claim. On 3 July 2013 the Head of the Customs Office in Cracow issued decisions on the basis of which the proceedings to determine the amount of excise tax liabilities for the period May - August 2004 have been started. Rafineria Trzebinia S.A. is waiting for decisions determining the amount of excise tax liability for months from May to August 2004.
The Group recognized the provision in the IV quarter of 2013 for the estimated results of the above decisions.

September 2004

On 24 November 2010 Head of the Customs Office in Cracow issued a decision determining the amount of excise tax liability for September 2004 of PLN 38 million. On 15 December 2010 Rafineria Trzebinia S.A. raised a complaint to the Director of the Customs Chamber in Cracow regarding the above mentioned decision.
On 9 May 2011 the Director of the Customs Chamber in Cracow issued a decision keeping the first instance authority's decisions in force. On 19 May 2011 Rafineria Trzebinia S.A. appealed against the above mentioned decision to the VAC in Cracow and filed a supplement to the appeal on 13 June 2011.
On 25 January 2012 the VAC in Cracow overruled the appeal of Rafineria Trzebinia S.A. and issued a sentence sustaining the decision of the Head of the Customs Office in Cracow regarding the excise tax liability of PLN 38 million for September 2004. On 28 March 2012 the company filed an annulment claim to SAC of the above sentence of VAC. On 7 October 2013 SAC overruled the claim of Rafineria Trzebinia S.A. The excise tax liability for September 2004 was covered by provision created in previous years. Rafineria Trzebinia S.A settled entire of this liability. The case of excise tax liability for September 2004 was closed.

5.1.2.2. Anti-trust proceedings

Anti-trust proceeding was held due to suspition that in the years 1996–2007 PKN ORLEN, Petrol Station Kogut Sp.j. and MAGPOL B. Kułakowski i Wspólnicy Sp.j. were using practice limiting competition on the domestic market of wholesale of petrol and diesel oil by setting retail selling prices of petrol and diesel oil. On 16 July 2010 the President of the Office of Competition and Consumer Protection ("OCCP") issued a decision, in which PKN ORLEN and Petrol Station Kogut Sp.j. were found guilty of participating till 16 July 2007 in anti-competition actions. The President of OCCP has imposed a fine on PKN ORLEN of PLN 53 million. On 2 August 2010 PKN ORLEN appealed from the decision to the Court of Competition and Consumer Protection. In the decision dated 25 September 2012 the Court included partially the Company's appeal from the decision imposing a fine and decreased the amount of the fine to PLN 26 million. The Company appealed from the sentence, demanding to revoke the decision in the matter of taking part in anti-competition actions, possibly by further reducing the fine. An appeal against the judgment of the Competition and Consumer Protection Court was also submitted by the President of the OCCP. In the decision dated 16 July 2013 the Warsaw Court of Appeal included the Company's appeal from the decision imposing a fine and reduced the amount of the fine to PLN 1 million. The decision is legally binding. The fine of PLN 1 million was paid by PKN ORLEN. The parties have the right to submit an annulment to the Supreme Court.

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

As at the date of preparation of these foregoing interim condensed consolidated financial statements PKN ORLEN participates in two court proceedings concerning the settlement of system fee with ENERGA – OPERATOR S.A.

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

The subject of the court proceedings concerns settlement of the contentious system fee for the period from 5 July 2001 to 30 June 2002 of PLN 46 million with interest. In its judgment on 25 June 2008 the Regional Court in Warsaw dismissed entirely the claim of Energa Operator S.A. against PKN ORLEN. In its judgment dated 4 August 2011 the Court of Appeals in Warsaw dismissed the above mentioned judgment and remanded the case back to the court of first instance.
During the retrial, court hearings were held on 30 April 2012 and 19 November 2012. In addition, opinion has been prepared by an expert witness for the damages calculation. On 2 July and on 21 November 2013 the hearing in front of the Regional Court in Warsaw were held where evidence were analyzed. The court set the date of next hearing on 31 March 2014.

- **Court proceedings in which PKN ORLEN acts as an outsider intervener**

In 2004 the court summoned PKN ORLEN as a co-defendant in a court case PSE – Operator S.A. (legal successor of PGE Polska Grupa Energetyczna S.A., former Polskie Sieci Elektroenergetyczne) against ENERGA – OPERATOR S.A.
In March 2008 the Reginal Court in Warsaw pronounced its verdict according to which ENERGA – OPERATOR S.A. is to pay PSE the amount of PLN 63 million with interest and proceedings costs. ENERGA - OPERATOR S.A. appealed against the above verdict. In its sentence dated 19 March 2009 the Court of Appeals declined the appeal of ENERGA - OPERATOR S.A. against the verdict of the first instance Court that sentenced the specified amount. The defendant submitted an annulment claim against this sentence. Having examined the appeal, the Supreme Court in its judgment dated 26 March 2010 repealed the sentence and revoked it to reexamination by the Court of Appeals in Warsaw.
On 21 September 2011 the Court of Appeals in Warsaw pronounced its verdict, according to which claims of PSE – Operator S.A. were overruled, the plantiff was adjudged to refund proceedings costs to the defendant and return PLN 122 million to ENERGA - OPERATOR S.A.
From the overruling verdict of 21 September 2011 pronounced by the Court of Appeals, the companies PSE Operator S.A. and ENERGA - OPERATOR S.A. filed an annulment claim to the Supreme Court.
On 11 January 2013 the Supreme Court issued a sentence, in which it revoked the annulment claim of ENERGA – OPERATOR S.A., partially agreed to the annulment claim of PSE Operator S.A., revoked the previous sentence and passed the case back to the Court of Appeals for reexamination, which should include the statement of the cassation costs. The Court of Appeals in Warsaw suspended proceedings for the joint request of the parties. On 2 August 2013 PSE Operator S.A and Energa – Operator S.A entered into an out of court settlement on the claims covered by the court proceeding. The parties submitted the request to start the proceeding, informing that the parties reached the agreement and presented a draft of the court settlement, which only has a formal character and should be used to finish the court proceeding. The date for the case examination by the Court of Appeal was set on 4 February 2014.
The agreement between ENERGA – OPERATOR S.A. and PSE Operator S.A. does not result in liabilities directly for PKN ORLEN, as it acts only as an outside intervener.

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

UNIPETROL a.s. is a party in a proceeding initiated in 2009 by former non-controlling shareholders of PARAMO a.s. and concerns the change in compensation received on squeeze out performed by UNIPETROL a.s. in 2009. The claim concerns the difference between officially approved price of PARAMO a.s. shares as at the date to buyout of CZK 977 per share, and the requested by shareholders price ranging from CZK 1,800 to CZK 3,200 per share. The total amount of the claim is approximately up to PLN 46 million at average exchange rate as at 31 December 2013 (representing approximately CZK 304 million). UNIPETROL a.s. considers the above described claims of former shareholders of PARAMO a.s. as ungrounded.
The Court confirmed by its sentence issued on 26 January 2012 that PARAMO a.s. Shareholders Meeting's resolution regarding the share buyout is fully valid and effective. Two plaintiffs filed an annulment claim from the sentence to the Supreme Court in the Czech Republic. The claim will be considered only if the Supreme Court recognizes an important legal merit issue in the case. The court has not issued any decision so far in regards to the annulment. The date of its examination is unknown.

5.1.2.5. 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 Regional 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. motion for bankruptcy of I.P.-95 s.r.o. in November 2009. Total amount of the compensation is approximately PLN 271 million, translated using the exchange rate from 31 December 2013 (representing CZK 1,789 million). UNIPETROL RPA s.r.o. is one of the eight defendants against which the claim was brought.
According to the UNIPETROL RPA s.r.o the claim is unjustified and groundless. The case is pending in the Regional Court in Ostrava. The parties are waiting for the date of the first hearing.

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

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

On 15 July 2009 PKN ORLEN submitted in the Court of Arbitration by the International Chamber of Commerce ("ICC") the request for arbitration proceedings against Yukos International UK B.V., seated in the Netherlands, in connection with purchase transaction of AB ORLEN Lietuva (previously AB Mazeikiu Nafta) shares. Claims of PKN ORLEN concerned inconsistency of Yukos International's statements with the actual state of AB ORLEN Lietuva at the closing date of the purchase of AB ORLEN Lietuva shares by PKN ORLEN.
On 14 September 2009 Yukos International submitted a response to PKN ORLEN's request for arbitration proceedings. In its response Yukos International appealed to dismiss all PKN ORLEN's claims and adjudge it with proceeding costs refund.
On the first seating of the Arbitration Court in London, PKN ORLEN and Yukos International agreed i.a. proceedings schedule and extent of competence of the Arbitration Court. On 3 May 2010, according to the schedule PKN ORLEN issued a law suit in which it demands from Yukos International a reimbursement of PLN 753 million at exchange rate as at 31 December 2013 (representing USD 250 million) with interest and costs of proceedings. The amount was deposited in the escrow account as a part of the payment for AB ORLEN Lietuva shares in order to secure the potential claims of PKN ORLEN towards Yukos International. On 31 December 2010 Yukos International submitted a response to the law suit, in which PKN ORLEN's claim was considered as unjustified and appealed for dismissal of all claims and for refund of proceeding costs.
On 29 April 2013 PKN ORLEN received the decision of the Court of Arbitration by the International Chamber of Commerce ("ICC") dismissing the claims of PKN ORLEN and obliged PKN ORLEN to cover the costs incurred by Yukos International.
On 28 May 2013 PKN ORLEN appealed to High Court of Justice, Queen's Bench Division, Commercial Court in London to dismiss above-mentioned decision from 15 April 2013. On 18 July 2013 PKN ORLEN received the High Court of Justice, Queen's Bench Division, Commercial Court decision that overruled PKN ORLEN's claim. The case was closed.

5.2.2. Compensations due to damages suffered by Rafineria Trzebinia S.A.

Rafineria Trzebinia S.A. acts as an auxiliary prosecutor in the proceedings held by District Court in Cracow concerning abuses associated with the realization of investment in installation for the estherification of biodiesel oil, on which Rafineria Trzebinia S.A. claims to incur a loss of approximately PLN 79 million. The indictment in this case was raised in December 2010. The Company issued a motion to the court requesting to oblige the defendant to repair the incurred damages. On 12 February 2013 the Court discharged the proceedings. The Company complained about the decision. On 21 May 2013 the Court of Appeals in Cracow dismissed the District Court in Cracow decision of discharging the proceedings. As the result, the claim is being heard in first instance court. The Regional Court in Cracow stated its inappropriateness and decided to pass the proceeding for examination to the District Court in Chrzanów. Setting the date of hearing is anticipated.

5.2.3. Proceeding of Orlen Lietuva for compensation in respect of accident at Terminal in Butingè

AB Orlen Lietuva is a plaintiff in the court proceeding against RESORT MARITIME SA, The London Steamship Owners' Mutual Insurance Association Limited, Sigma Tankers Inc., Cardiff Maritime Inc., Heidenreich Marine, Heidenreich Maritime Inc. and Heidmar Inc. regarding compensation payment for damage caused by the hit of tanker ship into terminal buoy in Butinge Terminal on 29 December 2005. The total compensation claim amounts to approximately PLN 72 million at exchange rate as at 31 December 2013 (representing approximately LTL 60 million). The proceeding is held in the first instance in front of district court in Klajpeda.

5.2.4. Tax proceedings

UNIPETROL RPA s.r.o., acting as a legal successor of CHEMOPETROL a.s., is a party in a tax proceeding related to validity of investment tax relief for 2005. UNIPETROL RPA s.r.o. claims the return of income tax paid in 2006 for the year 2005 by CHEMOPETROL a.s.. The claim concerns unused investment relief attributable to CHEMOPETROL a.s.. The total value of claim amounts to approximately PLN 49 mln translated using exchange rate as at 31 December 2013 (representing approximately CZK 325 million). In the four quarter, the Court in Usti by the Elbe river (Czech Republic) issued a sentence in which it dismissed the decisions of the tax authorities regarding tax liability due to income tax of UNIPETROL RPA s.r.o. of approximately CZK 325 million. The court ruled that the decisions of the tax authorities were illegal and remanded the case back to the tax authorities for further proceedings. UNIPETROL RPA s.r.o. submit an annulment claim against the sentence of the Court in Usti by the Elbe river seeking to dismiss of the tax authorities decision and to state that they are invalid and non-existent, as such statement would improve the Company's position against the tax authorities in this particular case.

CONSOLIDATED QUARTERLY REPORT FOR THE IV QUARTER OF 2013 (in PLN million)

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

On 20 December 2012 PKN ORLEN sent an arbitration call to Basell Europe Holding B.V. regarding *ad hoc* proceeding relating to Joint Venture Agreement signed in 2002 between PKN ORLEN and Basell Europe Holding B.V. PKN ORLEN seeks compensation in its own favour or, depending on the court's decision, in favor of Basell Orlen Polyolefins Sp. z o.o. The compensation regards the price of goods manufactured by Basell Orlen Polyolefins sp. z o.o. which are acquired by Basell Sales & Marketing Company B.V. (entity related to Basell Europe Holdings B.V. in the meaning of abovementioned Joint Venture Agreement) with the purpose of re-sell within own network. The arbitration proceeding will take place in London Court of ad hoc Arbitration Tribunal, acting based on Regulations of United Nation Commission on International Trade Law (UNCITRAL).
On 10 June 2013 the Court of Arbitration issued the Procedural Order in which he confirmed the constitution of the Court of Arbitration, and also established the first, incomplete schedule of arbitration proceedings according to which first hearing was set for 2-6 June 2014. On 22 August 2013 PKN ORLEN filed a lawsuit against Basell Europe Holding B.V. for Basell Orlen Polyolefins Sp. z o.o. demending among others the amount of PLN 112 million at exchange rate as at 31 December 2013 (representing EUR 27 million) plus interest or - alternatively – against Basell Europe Holding B.V. for PKN ORLEN the amount of PLN 54 million. On 1 November 2013 Bassell Europe Holdings B.V. submitted a response to the claim, appealing to dismiss all PKN ORLEN's claims. In the first quarter of 2014 PKN ORLEN is going to reveal its opinion.

5.2.6. Proceedings against Aon UK Limited

AB Orlen Lietuva acted as a plaintiff in the proceeding against Aon UK Limited, in which requests a compensation for damages incurred due to improper performance of brokerage services as a consequence of which Orlen Lietuva did not receive full compensation for the loss resulting from the refinery fire in 2006. Value of AB Orlen Lietuva compensation claim amounts to approximately from PLN 108 million to PLN 377 million at exchange rate as at 31 December 2013 (representing approximately from USD 36 million to USD 125 million) depending on the adopted methods of calculation, which will be examined in court proceedings. Proceeding is held in the first instance in front of court in Great Britain.
The submission of witnesses' declarations and experts' opinions is planned for the first quarter of 2014.

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

6. Other information

6.1. Shareholders holding directly or indirectly via related parties at least 5% of total votes at the Parent's General Shareholders' Meeting as at the date of filing the report

Shareholder	Percentage share in total voting rights at Shareholder's Meeting as at the submission date of		Number of shares as at submission date of	
	the foregoing quarterly report	previous quarterly report	the foregoing quarterly report	previous quarterly report
State Treasury	27,52%	27,52%	117 710 196	117 710 196
ING OFE*	9,35%	9,35%	40 000 000	40 000 000
Aviva OFE*	7,01%	7,01%	30 000 000	30 000 000
Other	56,12%	56,12%	239 998 865	239 998 865
	100,00%	**100,00%**	**427 709 061**	**427 709 061**

* According to the information from the Ordinary Shareholders Meeting of PKN ORLEN on 27 June 2013

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.

CONSOLIDATED QUARTERLY REPORT FOR THE IV QUARTER OF 2013 (in PLN million)

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

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

* According to the received confirmations as at 15 October 2013
** According to the received confirmations as at 20 January 2014

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

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

As at 31 December 2013 and 31 December 2012 PKN ORLEN and its subsidiaries did not grant any loan sureties or guarantees to another entity or its subsidiary, where the value of sureties and guarantees constituted at least 10% of the Parent Company's equity.

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

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

QUARTERLY FINANCIAL INFORMATION
PKN ORLEN

FOR IV QUARTER 2013

QUARTERLY FINANCIAL INFORMATION OF PKN ORLEN (in PLN million)

C. QUARTERLY FINANCIAL INFORMATION OF PKN ORLEN

Separate statement of financial position

	AS AT 31/12/2013 (unaudited)	AS AT 31/12/2012
ASSETS		
Non-current assets		
Property, plant and equipment	12 097	12 088
Intangible assets	439	603
Perpetual usufruct of land	98	91
Shares in related parties	9 646	9 003
Financial assets available for sale	40	41
Other non-current assets	1 035	648
	23 355	**22 474**
Current assets		
Inventories	9 383	10 375
Trade and other receivables	6 248	6 396
Other financial assets	974	1 082
Current tax assets	31	56
Cash	2 072	972
Non-current assets classified as held for sale	-	52
	18 708	**18 933**
Total assets	**42 063**	**41 407**
EQUITY AND LIABILITIES		
EQUITY		
Share capital	1 058	1 058
Share premium	1 227	1 227
Hedging reserve	168	(69)
Retained earnings	20 682	20 704
Total equity	**23 135**	**22 920**
LIABILITIES		
Non-current liabilities		
Loans and debt securities	6 096	6 969
Provisions	324	360
Deferred tax liabilities	404	240
Other non-current liabilities	99	133
	6 923	**7 702**
Current liabilities		
Trade and other liabilities	9 836	8 586
Loans,borrowings and debt securities	1 314	1 303
Provisions	348	401
Deferred income	94	137
Other financial liabilities	413	358
	12 005	**10 785**
Total liabilities	**18 928**	**18 487**
Total equity and liabilities	**42 063**	**41 407**

(in PLN million)

Separate statement of profit or loss and other comprehensive income

	FOR 12 MONTHS ENDED 31/12/2013 (unaudited)	FOR 3 MONTHS ENDED 31/12/2013 (unaudited)	FOR 12 MONTHS ENDED 31/12/2012	FOR 3 MONTHS ENDED 31/12/2012 (unaudited)
Statement of profit or loss				
Sales revenues	84 040	20 140	88 349	23 571
Cost of sales	(80 813)	(19 517)	(83 754)	(22 840)
Gross profit on sales	**3 227**	**623**	**4 595**	**731**
Distribution expenses	(2 090)	(543)	(2 066)	(532)
Administrative expenses	(737)	(194)	(755)	(223)
Other operating income	324	59	373	92
Other operating expenses	(267)	(86)	(337)	(161)
Profit/(Loss) from operations	**457**	**(141)**	**1 810**	**(93)**
Finance income	589	240	1 640	211
Finance costs	(414)	(172)	(786)	(505)
Net finance income and costs	**175**	**68**	**854**	**(294)**
Profit/(Loss) before tax	**632**	**(73)**	**2 664**	**(387)**
Tax expense	(14)	2	(536)	(3)
Net profit/(loss)	**618**	**(71)**	**2 128**	**(390)**
Items of other comprehensive income				
which will not be reclassified into profit or loss	**2**	**2**	**-**	**-**
Actuarial gains and losses	*2*	*2*	-	-
Deferred tax	-	-	-	-
which will be reclassified into profit or loss under certain conditions	**237**	**155**	**(55)**	**(10)**
Hedging instruments	*293*	*192*	*(68)*	*(12)*
Deferred tax	*(56)*	*(37)*	*13*	*2*
	239	**157**	**(55)**	**(10)**
Total net comprehensive income	**857**	**86**	**2 073**	**(400)**
Net profit/(loss) and diluted net profit/(loss) per share (in PLN per share)	1.44	(0.17)	4.97	(0.92)

(in PLN million)

Separate statement of cash flows

	FOR 12 MONTHS ENDED 31/12/2013 (unaudited)	FOR 3 MONTHS ENDED 31/12/2013 (unaudited)	FOR 12 MONTHS ENDED 31/12/2012	FOR 3 MONTHS ENDED 31/12/2012 (unaudited)
Cash flows - operating activities				
Net profit/(loss)	**618**	**(71)**	**2 128**	**(390)**
Adjustments for:				
Depreciation and amortisation	1 022	264	1 056	265
Foreign exchange (gain)/loss	9	(86)	(821)	(111)
Interest, net	255	59	302	74
Dividends	(220)	-	(173)	(6)
Loss on investing activities	99	149	452	486
Tax expense	14	(2)	536	3
Change in provisions	102	11	226	85
Change in working capital	2 462	966	(319)	492
inventories	*1 019*	*1 159*	*1 184*	*1 574*
receivables	*411*	*859*	*920*	*1 588*
liabilities	*1 032*	*(1 052)*	*(2 423)*	*(2 670)*
Other adjustments	(110)	(24)	(381)	(74)
Income tax received/(paid)	119	-	(941)	(57)
Net cash provided by operating activities	**4 370**	**1 266**	**2 065**	**767**
Cash flows - investing activities				
Acquisition of property, plant and equipment, intangible assets and perpetual usufruct of land	(1 136)	(311)	(1 399)	(710)
Disposal of property, plant and equipment, intangible assets and perpetual usufruct of land	173	15	20	7
Acquisition of shares	(2)	(1)	(170)	(82)
Interest received	34	12	36	14
Dividends received	220	23	172	22
Outflows from additional repayable payments to subsidiaries' equity	(770)	(663)	(196)	(122)
Proceeds from additional repayable payments to subsidiaries' equity	9	9	8	-
Outflows from non-current loans granted	(303)	(303)	-	-
Proceeds/(Outflows) from current loans granted	345	(455)	(918)	(849)
Outflows from cash pool facility	(133)	(14)	(10)	(34)
Other	(15)	(4)	(2)	(1)
Net cash (used) in investing activities	**(1 578)**	**(1 692)**	**(2 459)**	**(1 755)**
Cash flows - financing activities				
Proceeds from loans and borrowings received	3 319	553	3 907	818
Debt securities issued	11 766	3 184	10 141	2 680
Repayments of loans and borrowings	(4 966)	(107)	(6 994)	(1 475)
Redemption of debt securities	(10 963)	(2 843)	(9 574)	(2 648)
Interest paid	(300)	(60)	(330)	(67)
Dividends paid	(642)	-	-	-
Payments of liabilities under finance lease agreements	(14)	(4)	(10)	(3)
Proceeds/(Outflows) from cash pool facility	114	(28)	(68)	45
Other	(5)	(2)	-	-
Net cash provided by/(used in) financing activities	**(1 691)**	**693**	**(2 928)**	**(650)**
Net increase/(decrease) in cash and cash equivalents	**1 101**	**267**	**(3 322)**	**(1 638)**
Effect of exchange rate changes	(1)	(1)	3	3
Cash and cash equivalents, beginning of the period	972	1 806	4 291	2 607
Cash, end of the period	**2 072**	**2 072**	**972**	**972**

(in PLN million)

Statement of changes in separate equity

	Share capital and share premium	Hedging reserve	Retained earnings	Total equity
1 January 2013	2 285	(69)	20 704	22 920
Net profit	-	-	618	618
Items of other comprehensive income	-	237	2	239
Total net comprehensive income	**-**	**237**	**620**	**857**
Dividends	-	-	(642)	(642)
31 December 2013	**2 285**	**168**	**20 682**	**23 135**
(unaudited)				
1 January 2012	2 285	(14)	18 576	20 847
Net profit	-	-	2 128	2 128
Items of other comprehensive income	-	(55)	-	(55)
Total net comprehensive income	**-**	**(55)**	**2 128**	**2 073**
31 December 2012	**2 285**	**(69)**	**20 704**	**22 920**

The foregoing quarterly report was authorized by the Management Board of the Parent Company on 21 January 2014.

……………………….
Dariusz Krawiec
President of the Board

………………………….
Sławomir Jędrzejczyk
Vice-President of the Board

……………………..
Piotr Chełmiński
Member of the Board

…………………………….
Krystian Pater
Member of the Board

……………………….
Marek Podstawa
Member of the Board

Signature of the person responsible
for keeping accounting books

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