



**Polski Koncern Naftowy ORLEN
Spółka Akcyjna**

**Opinion and Report
of the Independent Auditor
Financial Year ended
31 December 2013**

**The opinion contains 2 pages
The supplementary report contains 9 pages
Opinion of the independent auditor
and supplementary report on the audit
of the separate financial statements
for the financial year ended
31 December 2013**

This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

OPINION OF THE INDEPENDENT AUDITOR

To the General Meeting of Polski Koncern Naftowy ORLEN Spółka Akcyjna

Opinion on the Separate Financial Statements

We have audited the accompanying separate financial statements of Polski Koncern Naftowy ORLEN Spółka Akcyjna, with its registered office in Płock, ul. Chemików 7 ("the Company"), which comprise the separate statement of financial position as at 31 December 2013, the separate statement of profit or loss and other comprehensive income, the separate statement of cash flows for the year then ended, the separate statement of changes in equity and additional information to the separate financial statements, comprising a summary of significant accounting policies and other explanatory information and notes.

Management's and Supervisory Board's Responsibility for the Financial Statements

Management of the Company is responsible for the accuracy of the accounting records and the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union and with other applicable regulations and preparation of the report on the Company's activities. Management of the Company is also responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

According to the Accounting Act dated 29 September 1994 (Official Journal from 2013, item 330 with amendments) ("the Accounting Act"), Management of the Company and members of the Supervisory Board are required to ensure that the financial statements and the report on the Company's activities are in compliance with the requirements set forth in the Accounting Act.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements and whether the financial statements are derived from properly maintained accounting records based on our audit. We conducted our audit in accordance with section 7 of the Accounting Act, National Standards on Auditing issued by the National Council of Certified Auditors and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements and the accounting records from which they are derived are free of material misstatements.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management of the Company, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the accompanying separate financial statements of Polski Koncern Naftowy ORLEN Spółka Akcyjna have been prepared and present fairly, in all material respects, the financial position of the Company as at 31 December 2013 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, are in compliance with the respective regulations and the provisions of the Company's articles of association that apply to the Company's separate financial statements and have been prepared from accounting records, that, in all material respects, have been properly maintained.

Specific Comments on Other Legal and Regulatory Requirements

Management Board Report on the Operations

As required under the Accounting Act, we report that the report that the Management Board Report on the Operations includes, in all material respects, the information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009 No. 33, item 259 with amendments) and the information is consistent with the financial statements.

On behalf of KPMG Audyt Sp. z o.o.

Registration No. 458

ul. Chłodna 51

00-867 Warsaw



Monika Bartoszewicz

Key Certified Auditor

Registration No. 10268

Director

25 March 2014

**Polski Koncern Naftowy ORLEN
Spółka Akcyjna**

**Supplementary report
on the audit of the separate
financial statements
Financial Year ended
31 December 2013**

The supplementary report contains 9 pages

**The supplementary report on the audit
of the separate financial statements
for the financial year ended
31 December 2013**



Polski Koncern Naftowy ORLEN Spółka Akcyjna
*The supplementary report on the audit of the separate financial statements
for the financial year ended 31 December 2013*

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1. General

1.1. General information about the Company

1.1.1. Company name

Polski Koncern Naftowy ORLEN Spółka Akcyjna

1.1.2. Registered office

ul. Chemików 7
09-411 Płock

1.1.3. Registration in the National Court Register

Registration court: District Court for the Capital City Warsaw in Warsaw,
XIV Commercial Department of the National Court Register
Date: 19 July 2001
Registration number: KRS 0000028860
Share capital as at
the end of reporting period: PLN 534 636 326.25

1.1.4. Management of the Company

The Management Board is responsible for management of the Company.

As at 31 December 2013, the Management Board of the Company comprised of the following members:

- Dariusz Krawiec – President of the Management Board, Chief Executive Officer,
- Sławomir Jędrzejczyk – Vice-President of the Management Board, Chief Financial Officer,
- Piotr Chełmiński – Member of the Management Board, Petrochemistry,
- Krystian Pater – Member of the Management Board, Refinery,
- Marek Podstawa – Member of the Management Board, Sales.

1.2. Key Certified Auditor and Audit Firm information

1.2.1. Key Certified Auditor information

Name and surname: Monika Bartoszewicz
Registration number: 10268

1.2.2. Audit Firm information

Name: KPMG Audyt Sp. z o.o.
Address of registered office: ul. Chłodna 51, 00-867 Warsaw
Registration number: KRS 0000104753
Registration court: District Court for the Capital City of Warsaw in Warsaw,
XII Commercial Department of the National Court Register
Share capital: PLN 125 000.00
NIP number: 526-10-24-841

KPMG Audyt Sp. z o.o. is entered into the register of audit firms, maintained by the National Council of Certified Auditors, under number 458.

1.3. Information on prior period separate financial statements

The separate financial statements for the financial year ended 31 December 2012 were audited by KPMG Audyt Sp. z o.o. and received an unqualified opinion.

The separate financial statements were approved at the General Meeting on 27 June 2013 where it was resolved to distribute the net profit for the prior financial year of PLN 2 127 797 966.06 as follows:

- PLN 641 563 591.50 to be paid as a dividend,
- PLN 1 486 234 374.56 to reserve capital.

The separate financial statements were submitted to the Registry Court on 20 August 2013.

1.4. Audit scope and responsibilities

This report was prepared for the General Meeting of Polski Koncern Naftowy ORLEN Spółka Akcyjna with its registered office in Płock, ul. Chemików 7 and relates to the separate financial statements comprising: the separate statement of financial position as at 31 December 2013, the separate statement of profit or loss and other comprehensive income, the separate statement of cash flows for the year then ended, the separate statement of changes in equity and additional information to the separate financial statements, comprising a summary of significant accounting policies and other explanatory information and notes.

The audited Company prepares its separate financial statements in accordance with International Financial Reporting Standards as adopted by the European Union on the basis of the decision of Extraordinary General Meeting of Polski Koncern Naftowy ORLEN Spółka Akcyjna dated 30 December 2004.

The separate financial statements were audited in accordance with the contract dated 23 April 2013, concluded on the basis of the resolution of the Supervisory Board dated 30 August 2012 on the appointment of the auditor.

We conducted the audit in accordance with section 7 of the Accounting Act dated 29 September 1994 (Official Journal from 2013, item 330 with amendments) ("the Accounting Act"), National Standards on Auditing issued by the National Council of Certified Auditors and International Standards on Auditing.

We audited the separate financial statements at the Company's head office during the period from 2 December 2013 to 13 December 2013 and from 20 January 2014 to 25 March 2014. The audit was preceded by quarterly reviews.

Management of the Company is responsible for the accuracy of the accounting records and the preparation and fair presentation of the separate financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations and preparation of the report on the Company's activities.

Our responsibility is to express an opinion and to prepare a supplementary report on the audit of the separate financial statements and whether the financial statements are derived from properly maintained accounting records based on our audit.

Management of the Company submitted a statement dated as at the same date as this report as to the true and fair presentation of the accompanying separate financial statements, which confirmed that there were no undisclosed matters which could significantly influence the information presented in the separate financial statements.

All required statements, explanations and information were provided to us by Management of the Company and all our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

The scope of the work planned and performed has not been limited in any way. The method and scope of our audit is detailed in working papers prepared by us and retained in the offices of the Audit Firm.

The Key Certified Auditor and the Audit Firm fulfill the independence requirements as described in Art. 56 points 3 and 4 of the Act on Certified Auditors and Their Self-Government, Audit Firms authorized to Audit Financial Statements and Public Oversight dated 7 May 2009 (Official Journal from 2009 No. 77, item 649 with amendments).

2. Financial analysis of the Company

2.1. Summary analysis of the separate financial statements

2.1.1. Separate statement of financial position

ASSETS	31.12.2013	% of total	31.12.2012	% of total
	PLN million	assets	PLN million	assets
Non-current assets				
Property, plant and equipment	12 097	28.8	12 088	29.2
Intangible assets	439	1.0	603	1.5
Perpetual usufruct of land	98	0.2	91	0.2
Shares in related parties	9 646	22.9	9 003	21.7
Financial assets available for sale	40	0.1	41	0.1
Other non-current assets	1 035	2.5	648	1.6
Total non-current assets	23 355	55.5	22 474	54.3
Current assets				
Inventories	9 383	22.3	10 375	25.1
Trade and other receivables	6 248	14.9	6 396	15.4
Other financial assets	974	2.3	1 082	2.6
Current tax assets	31	0.1	56	0.1
Cash	2 072	4.9	972	2.4
Non-current assets classified as held for sale	-	-	52	0.1
Total current assets	18 708	44.5	18 933	45.7
TOTAL ASSETS	42 063	100.0	41 407	100.0
EQUITY AND LIABILITIES				
	31.12.2013	% of total	31.12.2012	% of total
	PLN million	assets	PLN million	assets
Equity				
Share capital	1 058	2.5	1 058	2.6
Share premium	1 227	2.9	1 227	3.0
Hedging reserve	168	0.4	(69)	(0.2)
Retained earnings	20 682	49.2	20 704	50.0
Total equity	23 135	55.0	22 920	55.4
Liabilities				
Loans and debt securities	6 096	14.5	6 969	16.8
Provisions	324	0.8	360	0.9
Deferred tax liabilities	404	1.0	240	0.6
Other non-current liabilities	99	0.2	133	0.3
Total non-current liabilities	6 923	16.5	7 702	18.6
Trade and other liabilities	9 836	23.4	8 586	20.7
Loans, borrowings and debt securities	1 314	3.1	1 303	3.1
Provisions	348	0.8	401	1.0
Deferred income	94	0.2	137	0.3
Other financial liabilities	413	1.0	358	0.9
Total current liabilities	12 005	28.5	10 785	26.0
Total liabilities	18 928	45.0	18 487	44.6
TOTAL EQUITY AND LIABILITIES	42 063	100.0	41 407	100.0

2.1.2. Separate statement of profit or loss and other comprehensive income

	1.01.2013 - 31.12.2013		1.01.2012 - 31.12.2012	
	PLN million	% of total sales revenues	PLN million	% of total sales revenues
Statement of profit or loss				
Sales revenues	84 040	100.0	88 349	100.0
Cost of sales	(80 813)	(96.2)	(83 754)	(94.8)
Gross profit on sales	3 227	3.8	4 595	5.2
Distribution expenses	(2 090)	(2.5)	(2 066)	(2.3)
Administrative expenses	(737)	(0.9)	(755)	(0.9)
Other operating income	324	0.4	373	0.4
Other operating expenses	(267)	(0.3)	(337)	(0.4)
Profit from operations	457	0.5	1 810	2.0
Finance income	589	0.7	1 640	1.9
Finance costs	(414)	(0.5)	(786)	(0.9)
Net finance income and costs	175	0.2	854	1.0
Profit before tax	632	0.7	2 664	3.0
Tax expense	(14)	-	(536)	(0.6)
Net profit	618	0.7	2 128	2.4
Items of other comprehensive income				
which will not be reclassified into profit or loss	2	-	-	-
Actuarial gains and losses	2	-	-	-
which will be reclassified into profit or loss under certain conditions	237	0.3	(55)	(0.1)
Hedging instruments	293	0.4	(68)	(0.1)
Deferred tax	(56)	(0.1)	13	-
	239	0.3	(55)	(0.1)
Total net comprehensive income	857	1.0	2 073	2.3
Net profit and diluted net profit per share (in PLN per share)	1.44		4.97	

2.2. Selected financial ratios

	2013	2012	2011
1. Return on sales			
net profit x 100%	0.7%	2.4%	1.8%
sales revenues			
2. Return on equity			
net profit x 100%	2.7%	10.2%	7.1%
equity - net profit			
3. Debtors' days			
<u>average trade receivables (gross) x 365 days</u>	25 days	26 days	28 days
sales revenues			
4. Debt ratio			
liabilities x 100%	45.0%	44.6%	54.6%
equity and liabilities			
5. Current ratio			
<u>current assets</u>	1.6	1.8	1.5
current liabilities			

- Sales Revenues include revenue from sales of finished products and services, merchandise and raw materials.
- Average trade receivables represent the average of trade receivables at the beginning and at the end of the period, with no deduction made for allowances.

The above financial ratios do not indicate the existence of conditions which may have a significant negative impact on the financial position and financial performance of the Company and its ability to continue as going concern in a foreseeable future.

3. Detailed report

3.1. Accounting system

The Company maintains current documentation describing the applied accounting principles adopted by the Management Board to the extent required by Art. 10 of the Accounting Act.

During the audit of the separate financial statements, we tested, on a sample basis, the operation of the accounting system.

On the basis of the work performed, we have not identified any material irregularities in the accounting system, which have not been corrected and that could have a material effect on the separate financial statements. Our audit was not conducted for the purpose of expressing a comprehensive opinion on the operation of the accounting system.

The Company performed a physical verification of its assets in accordance with the requirements and time frame specified in Art. 26 of the Accounting Act, and reconciled and recorded the result thereof in the accounting records.

3.2. Notes to the separate financial statements

All information included in the notes to the separate financial statements, comprising of a summary of significant accounting policies and other explanatory information and notes, is, in all material respects, presented accurately and completely. This information should be read in conjunction with the separate financial statements.

3.3. Management Board Report on the Operations

The Management Board Report on the Operations includes, in all material respects, information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009 No 33, item 259 with amendments) and the information is consistent with the separate financial statements.

On behalf of KPMG Audyt Sp. z o.o.

Registration No. 458

ul. Chłodna 51

00-867 Warsaw



Monika Bartoszewicz

Key Certified Auditor

Registration No. 10268

Director

25 March 2014