Summary of results

Table .1 Key financial data

Q1 2014	Q2 2014	Q2 2013*	Change %	Key financial data, PLN million	6 months 2014	6 months 2013*	Change %
1	2	3	4=(2-3)/3	5	6	7	8=(6-7)/7
24 119	**28 651**	**28 221**	***1,5***	**Sales revenues**	**52 770**	**55 671**	***(5,2)***
953	**(4 146)**	**819**	**-**	**Operating Profit/(Loss) under LIFO increased by depreciation and amortisation (EBITDA LIFO), including:**	**(3 193)**	**1 729**	**-**
821	(4 380)	600	-	Downstream	(3 559)	1 532	-
234	357	369	*(3,3)*	Retail	591	492	*20,1*
31	19	(3)	-	Upstream	50	(9)	-
(133)	(142)	(147)	*3,4*	Corporate functions [1]	(275)	(286)	*3,8*
953	**(4 146)**	**819**	**-**	**Operating Profit/(Loss) under LIFO increased by depreciation and amortisation (EBITDA LIFO), including:**	**(3 193)**	**1 729**	**-**
445	411	440	*(6,6)*	PKN ORLEN S.A	856	987	*(13,3)*
284	(555)	108	-	Unipetrol Group	(271)	179	-
(64)	(4 189)	9	-	ORLEN Lietuva Group	(4 253)	133	-
288	187	262	*(28,6)*	Other	475	430	*10,5*
776	**(4 293)**	**380**	**-**	**Operating Profit/(Loss) increased by depreciation and amortisation (EBITDA)**	**(3 517)**	**1 237**	**-**
522	**524**	**520**	***0,8***	**Depreciation and Amortisation, including:**	**1 046**	**1 043**	***0,3***
388	393	405	*(3,0)*	Downstream	781	813	*(3,9)*
90	85	87	*(2,3)*	Retail	175	173	*1,2*
17	20	1	*1 900,0*	Upstream	37	1	*3 600,0*
27	26	27	*(3,7)*	Corporate functions [1]	53	56	*(5,4)*
431	**(4 670)**	**299**	**-**	**Operating Profit/(Loss) under LIFO (EBIT LIFO)**	**(4 239)**	**686**	**-**
254	(4 817)	(140)	*(3 340,7)*	Operating Profit/(Loss) (EBIT)	(4 563)	194	-
126	**(5 390)**	**(229)**	***(2 253,7)***	**Net Profit/(Loss)**	**(5 264)**	**(84)**	***(6 166,7)***
64	(5 197)	(207)	*(2 410,6)*	Net Profit/(Loss) attributable to equity owners of the Parent	(5 133)	(58)	*(8 750,0)*
53 006	**50 607**	**54 131**	***(6,5)***	**Total assets**	**50 607**	**54 131**	***(6,5)***
27 612	**22 195**	**27 761**	***(20,0)***	**Equity**	**22 195**	**27 761**	***(20,0)***
9 016	**6 336**	**5 133**	***23,4***	**Net debt**	**6 336**	**5 133**	***23,4***
(3 440)	**4 055**	**4 289**	***(5,5)***	**Net cash - operating activities**	**615**	**2 957**	***(79,2)***
(816)	**(1 264)**	**(636)**	***(98.7)***	**Net cash - investing activities**	**(2 080)**	**(764)**	***(172,3)***
684	**1 352**	**535**	***152,7***	**Investment expenditures (CAPEX)**	**2 036**	**839**	***142,7***
0,5	**(11,0)**	**2,1**	***(13)p.p.***	**Return on capital employed (ROACE) (%) [2]**	**(11,0)**	**2,1**	***(13)p.p.***
2,4	**(9,8)**	**3,4**	***(13)p.p.***	**Return on capital employed under LIFO (ROACE LIFO) (%) [3]**	**(9,8)**	**3,4**	***(13)p.p.***
32,7	**28,5**	**18,5**	***10 p.p.***	**Net financial leverage (%) [4]**	**28,5**	**18,5**	***10 p.p.***
0,15	**(12,15)**	**(0,48)**	**-**	**Net Profit/(Loss) attributable to equity owners of the Parent per share (EPS)**	**(12,00)**	**(0,14)**	**-**

Q1 2014	Q2 2014	Q2 2013*	Change %	Effect of inventory valuation under LIFO, PLN million	6 months 2014	6 months 2013*	Change %
(177)	**(147)**	**(439)**	***66,5***	**Effect of inventory valuation under LIFO on EBITDA, including:**	**(324)**	**(492)**	***34,1***
(129)	(195)	(261)	*25,3*	PKN ORLEN S.A	(324)	(318)	*(1,9)*
(20)	21	(107)	-	Unipetrol Group	1	(90)	-
(25)	25	(52)	-	ORLEN Lietuva Group	0	(70)	-
(3)	2	(19)	-	Other	(1)	(14)	*92,9*

Table 2. Financial data before impairment allowances of non-current assets

Q1 2014	Q2 2014	Q2 2013*	Change %	Key financial data before impairment allowance of non-current assets PLN million	6 months 2014	6 months 2013*	Change %
968	**856**	**819**	***4.5***	**Operating Profit/(Loss) under LIFO increased by depreciation and amortisation (EBITDA LIFO) before impairment allowance of non-current assets, including:**	**1 824**	**1 729**	***5.5***
833	612	600	*2.0*	Downstream	1 445	1 532	*(5.7)*
237	359	369	*(2.7)*	Retail	596	492	*21.1*
31	27	(3)	-	Upstream	58	(9)	-
(133)	(142)	(147)	*3.4*	Corporate functions [1]	(275)	(286)	*3.8*
791	709	380	*86.6*	**Profit/(Loss) from operating activities increased by depreciation and amortisation (EBITDA)**	1 500	1 237	*21.3*
269	185	(140)	-	**Profit/(Loss) from operating activities (EBIT)**	454	194	*134.0*
N/D[5]	**1.76**	**1.16**	***52.0***	**Net debt/Profit from operations under LIFO increased by depreciation and amortisation for the last four quarters (EBITDA LIFO) before impairment allowance of non-current assets**	**1.76**	**1.16**	***52.0***
N/D[5]	**2.06**	**1.32**	***56.0***	**Net debt/Profit from operations increased by depreciation and amortisation for the last four quarters (EBITDA) before impairment allowance of non-current assets**	**2.06**	**1.32**	***56.0***

*) Restated data – change in consolidation method for Basell ORLEN Polyolefines Sp. z o.o. and Płocki Park Przysłowo-Technologiczny S.A. in accordance to IFRS 11.
1) Includes Corporate Functions of the ORLEN Group companies as well as companies not included in any of the above segments.
2) ROACE = profit from operations for the last four quarters after tax / average capital employed (equity + net debt) for the last four quarters.
3) ROACE LIFO = profit from operations for the last four quarters under LIFO after tax / average capital employed (equity + net debt) for the last four quarters.
4) Net financial leverage = net debt / equity – calculated at the end of the period.
5) Covenants tested according to loan agreements excluding impairment of non-current assets.
6) Interest bearing debt net of cash and cash equivalents at the end of the period / EBITDA LIFO based on the LIFO method for the last four quarters.
7) Interest bearing debt net of cash and cash equivalents at the end of the period / EBITDA for the last four quarters.

Commentary

Impairment of non-current assets in the II quarter 2014

In accordance with the regulations of International Accounting Standard IAS 36 - Impairment of Assets as at 30 June 2014 there were indicators to conduct impairment tests of the ORLEN Group's assets. They resulted from the deterioration of the macroeconomic situation and the lack of prospects for its improvement noticeable in the refining segment as well as limited fuel consumption due to lasting economic crisis, excess of global capacity increasing products' supply and growing pressure on margins resulting from shale gas revolution in America and economic changes in Russia.
As a result, the Group's Strategy and Mid-term Plan for years 2014-2017 were updated including optimisation of assets potential as well as an update of investment program, which was the basis for the impairment test.

As a result of the conducted tests in the II quarter of 2014 impairment allowances of PLN (-) 5,002 million were recognised regarding refining assets of the ORLEN Lietuva Group, Unipetrol Group and Rafineria Jedlicze Group as well as petrochemical assets of Spolana from Anwil Group.
The recognition of impairment allowances will reduce the amount of depreciation of property, plant and equipment in subsequent years by an estimated PLN 400 million per year.
Impairment allowances are non-cash in nature and do not influence the liquidity of the ORLEN Group as well as on the basis of credit agreements do not influence the level of indicators (covenants) contained therein.

New segment division and downstream model margin

Integration of high-class production assets as well as a competitive product basket which enables to extend the value chain were indicators to change management method of the refining, petrochemical and power industry segment of ORLEN Group and the creation of integrated Downstream Segment. The organisational structure was optimised by introducing changes in competences of individual Members of the Board.

Based on the above, starting from the II quarter of 2014, the ORLEN Group began reporting the results of the combined refinery, petrochemical and power industry segments, what reflects the current division of processes and organizational management.

A new indicator was introduced – model downstream margin, which changes enable to estimate the direction of the impact of macroeconomic factors typical for the downstream segment on its operating results.
Model downstream margin represents the typical structure of the basic inputs as well as refining and petrochemical products of the ORLEN Group reflecting extended value chain due to the full integration of these activities within the Group.
A detailed definition of the model downstream margins is presented on page 6 of this commentary.

Change in data presentation method

As at 30 June 2014, joint arrangements for Basell ORLEN Polyolefines Sp. z o.o. (BOP) and Płocki Park Przemysłowo-Technologiczny S.A. (PPPT) Groups in accordance with IFRS 11 are accounted for under the equity method instead of proportionate consolidation method applied previously. As a result of the above change comparative data for the II quarter and I half of 2013 and as at 31 December 2013 were restated.
Starting from the I quarter of 2014 in the consolidated financial statements "Share in profit from investments accounted for under the equity method" is presented within profit or loss from operations, as the activity of those entities is connected to the core business of the ORLEN Group. In the opinion of the Management Board of PKN ORLEN this amendment provides a more readable layout of the financial statements

Financial results

Operating profit increased by depreciation and amortisation of the ORLEN Capital Group ("ORLEN Group") based on LIFO method of inventories valuation ("EBITDA LIFO") for the II quarter of 2014 before the recognition of the impairment allowance of property, plant and equipment of PLN 856 million and was higher by PLN 37 million (y/y).

Negative effect of the macroeconomic factors changes related mainly to the reduction of the model downstream margin as well as the impact of strengthening of the USD exchange rate and amounted to PLN (-) 171 million (y/y).

The positive volume effect of PLN 136 million (y/y) resulted mainly from higher retail and downstream segment sales in the Czech Republic as well as oil and gas extraction in Canada, at lower volume of downstream segment in Poland and Lithuania.

The positive impact of other factors amounted to PLN 72 million (y/y) and contained mainly lack of negative effects on the sale of mandatory reserves from the II quarter of 2013, profit realised in II quarter of 2014 on sales of mandatory reserves tranche to Cranbell company as well as savings in general and labour costs partly limited by pressure on trading margins in the downstream segment.

The negative impact of crude oil prices on inventory valuation in the II quarter of 2014 amounted to PLN (-) 147 million in comparison with PLN (-) 439 million in the II quarter of 2013.

As a result, EBITDA of the ORLEN Group for the II quarter of 2014 before impairment allowances of assets amounted to PLN 709 million.

Net impairment allowances of property, plant and equipment in the II quarter 2014 amounted to a total of PLN (-) 5,002 million and related mainly to refining assets of the ORLEN Lietuva Group of PLN (-) 4,187 million, Unipetrol Group of PLN (-) 711 million and Rafineria Nafty Jedlicze Group of PLN (-) 42 million as well as petrochemical part of Spolana from Anwil Group of PLN (-) 58 million.

After taking their influence into account, EBITDA of the ORLEN Group for the II quarter 2014 amounted to PLN (-) 4,293 million.

After consideration of depreciation and amortisation, operating result for the II quarter of 2014 amounted to PLN (-) 4,817 million.

Net financial costs in the II quarter of 2014 amounted to PLN (-) 913 million and consisted primarily of negative foreign exchange differences of PLN (-) 833 million and net interest of PLN (-) 67 million.
In the position of net foreign exchange losses the main item is the amount of exchange differences arising from the termination of hedge accounting of net investment in foreign operations (known as net investment hedge). On 30 June 2014, the Group ceased the use of hedge accounting of net investment in foreign operations (ORLEN Lietuva Group). Hedge item (equity of ORLEN Lietuva) decreased as a as result of impairment allowance of non-current assets which resulted in foreign exchange losses from the valuation of hedging instruments previously recognised in equity as foreign exchange differences on consolidation were reclassified to profit or loss. The surplus of foreign exchange losses for the 6 and 3 months period ended 30 June 2014 amounted to PLN (-) 811 million. This reclassification had no impact on total equity value of the ORLEN Group.

In accordance with the IAS 21 (The Effects of Changes in Foreign Exchange Rates) and negative foreign exchange on revaluation of foreign currency loans of foreign entities in the amount of PLN (-) 31 million were recognized in the position of foreign exchange differences on subsidiaries.

After considering of tax settlements, net loss of the ORLEN Group for the II quarter amounted to PLN (-) 5,390 million.

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

- **PKN ORLEN S.A.** – EBITDA LIFO result amounted to PLN 411 million and was lower by PLN (-) 29 PLN (y/y):
  - PLN (-) 23 million (y/y) – lower EBITDA LIFO of downstream segment was primarily due to the deterioration of the microeconomic environment in the refinery and petrochemical industries as well as lower sales volume to the eastern markets, accompanied by the positive effects of the sale of mandatory reserves described above (y/y),
  - PLN 26 million (y/y) – higher EBITDA of retail segment mainly results from improved fuel and non-fuel margins and higher sales volume (y/y),

- PLN (-) 8 million (y/y) – higher operating costs of upstream segment associated with development of ORLEN Upstream Group operations,
- PLN (-) 24 million (y/y) - lower EBITDA of corporate functions mainly as a result of lack of positive effects on other operating activities from the II quarter of 2013 related to the reimbursement of excise duty and fuel fee from bioester RME paid in previous periods.

After considering the negative impact of crude oil prices on inventories valuation in the II quarter of 2014 of PLN (-) 195 million EBITDA of PKN ORLEN amounted to PLN 216 million.

- **ORLEN Lietuva Group** – EBITDA LIFO result before considering the impairment allowances of non-current assets amounted to PLN (-) 2 million and was lower by PLN (-) 11 million (y/y). After taking into account the above impairment allowances. EBITDA LIFO amounted to PLN (-) 4,189 million.
  - PLN (-) 12 million (y/y) - lower EBITDA LIFO of downstream segment before impairment allowances as a result of the macroeconomic environment changes partially compensated by improvement in the sales structure. Impairment allowance of property, plant and equipment in the II quarter according to IAS 36 – Impairment of Assets amounted to PLN (-) 4,187 million.
  - PLN 1 million (y/y) - higher EBITDA of retail segment mainly results from higher sales volume and improved fuel and non-fuel margins.
  - EBITDA of corporate functions remained unchanged (y/y).

  The positive impact of changes in crude oil prices in the valuation of inventories in the II quarter of 2014 amounted to PLN 25 million and as a result, EBITDA amounted to PLN 23 million before considering the impairment allowance. After taking into account the impairment, the EBITDA result of ORLEN Lietuva Group amounted to PLN (-) 4,164 million.

- **Unipetrol Group** – EBITDA LIFO result before considering the impairment allowance of non-current assets amounted to PLN 156 million and was higher by PLN 48 million (y/y). After taking into account the impairment EBITDA LIFO amounted to PLN (-) 555 million.
  - PLN 46 million (y/y) – higher EBITDA LIFO of downstream segment before changes on other operating activities of PLN (-) 680 million, including mainly impairment allowance of assets is the effect of negative impact of macroeconomics factors with higher sales volume as a result of increased production capacity after the acquisition of shares in Ceska Rafinerska from Shell in the I quarter of 2014. Impairment allowance of refining assets based on the tests carried out in accordance with IAS 36 - Impairment of Assets, recognised in the II quarter amounted to PLN (-) 711 million.
  - PLN (-) 2 million (y/y) - lower EBITDA of retail segment is mainly the result of market pressure on fuel margins with higher volumes and margins of non-fuel sales.
  - PLN 4 million (y/y) – higher EBITDA of corporate functions.

  Positive impact of crude oil prices on inventories valuation in the II quarter of 2014 amounted to PLN 21 million and as a result, EBITDA amounted to PLN 177 million before the impairment allowances of assets and PLN (-) 534 million after considering the impairment.

Net indebtedness and cash flows

As at 30 June 2014, net indebtedness of ORLEN Group amounted to PLN 6,336 million and was higher by PLN 1,668 million as compared to the level at the end of 2013. Net financial leverage in the end of the I half of 2014 amounted to 28.5%.
Change in net indebtedness in the first half of 2014 comprised mainly proceeds from loans and borrowings of PLN 4,224 million, increase of cash by PLN (-) 2,606 million as well as impact of negative foreign exchange differences from the revaluation of foreign currency loans and indebtedness valuation of PLN 50 million.

Cash flows from operating activities in the II quarter of 2014 amounted to PLN 4,055 million and resulted mainly from EBITDA profit before the non-cash impairment of property, plant and equipment of PLN 709 million and from the change in the working capital of PLN 3,615 million and payments of Rafineria Trzebinia tax settlements from previous years in accordance with the decisions of tax authorities of PLN (-) 191 million in the II quarter of 2014.
The most significant item changing the demand for working capital was the decrease in inventory balance of PLN 3,253 million resulting from the sale of mandatory reserves to Cranbell company of PLN 2,236 million (a detailed description of the transaction below) and the reduction of the inventory balance accumulated before shutdowns carried in the II quarter of 2014.

Net cash used in investing activities in the II quarter of 2014 amounted to PLN (-) 1,264 million and comprised mainly expenditures for the acquisition of property, plant and equipment, intangible assets and perpetual usufruct of land of PLN (-) 943 million, net expenditure for the acquisition of shares of PLN (-) 637 million related to the acquisition of a Canadian company Birchill Exploration Limited Partnership and the sale of ORLEN Medica along with Sanatorium Uzdrowiskowe "Krystynka" in Ciechocinek and PROF-med company as well as the proceeds from the sale of assets of PLN 321 million, consisting mainly of revenues from the sale of CO_2 emission rights.

Net cash provided by financial activities in the II quarter of 2014 amounted to PLN 1,743 million and comprised mainly of net costs of changed balance of loans and borrowings of PLN (-) 521 million, proceeds from the issuance of debt securities of PLN 2,350 million related to the issuance of retail bonds by PKN ORLEN S.A. and Eurobonds by special purpose vehicle ORLEN Capital AB and interest payments of PLN (-) 76 million.

Considering revaluation of cash and foreign exchange differences the cash balance increased in the II quarter of 2014 by PLN 4,537 million and as 30 June 2014 amounted to PLN 5,295 million.
The cash balance includes PLN 2,080 million issued on 30 June 2014 Eurobonds worth EUR 500 million.

The sale of mandatory reserves

On 26 June 2014, PKN ORLEN concluded an agreement under which it sold and transferred the obligation to maintain mandatory reserves of crude oil to Cranbell company. It is the largest transaction of its kind in the history of ORLEN Group, and its value amounted to PLN 2.2 billion.
The simultaneously signed ticketing agreement ensures that Cranbell company will provide a service by maintaining the mandatory reserves of crude oil in PKN ORLEN's account, whereas PKN ORLEN will be responsible for storing the inventories in its current location.
The transaction was preceded by the consent of the Material Reserves Agency to exercise it. The agreement will be valid until 28 January 2016 with a possible extension for further periods.
Cranbell is a special purpose vehicle, which is owned 19% by RBS Investments Netherlands B.V and 81% by a Dutch company Cranbell B.V. and contains trade in crude oil in its statutory activities.

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

Macroeconomics commentary

Table 3. **Macroeconomic parameters**

Item	Quarter			Change %
	Q1 2014	Q2 2014	Q2 2013	
1	2	3	4	5=(3-4)/4
Brent crude oil (USD/bbl)	108	110	102	*7.8*
Brent / URAL differential (USD/bbl)	1.4	2.2	0.7	*214.3*
Natural gas (USD/t)	574	577	559	*3.2*
WTI crude oil (USD/bbl)	99	103	94	*9.6*
Canadian Light Sweet crude oil (USD/bbl)	91	96	91	*5.5*
Henery Hub gas (USD/m^3)	183	163	142	*14.8*
Gas NGX AB-NIT (2A) (USD/m^3)	170	142	113	*25.7*
Model downstream margin (USD/bbl)[1]	9.5	10.4	12.1	*(14.0)*
Model refining margin (USD/bbl)[2]	1.3	2.5	5.3	*(52.8)*
Model petrochemical margin (EUR/t)[3]	756	741	729	*1.6*
Model olefin margin (EUR/t)[4]	477	456	482	*(5.4)*
Quotation of margins (crack margins)				
Refining products (USD/t) [5]				
Gasoline	145	195	187	*4.3*
Diesel oil	107	91	117	*(22.2)*
Light heating oil	95	78	94	*(17.0)*
Jet A-1 fuel	153	136	152	*(10.5)*
Heavy heating oil	(251)	(254)	(198)	*(28.3)*
SN 150	97	149	205	*(27.3)*
Petrochemical products (EUR/t) [5]				
Polyethylene [6]	200	195	189	*3.2*
Polypropylene [6]	304	314	297	*5.7*
Ethylene	603	562	594	*(5.4)*
Propylene	530	545	453	*20.3*
Toluene	218	206	292	*(29.5)*
Benzene	411	405	430	*(5.8)*
Butadiene	364	393	713	*(44.9)*
Paraxylene	420	295	527	*(44.0)*

1) Model downstream margin (MDM) = Revenues (90.7% Products = 22.8% Gasoline + 44.2% Diesel oil + 15.3% HHO + 1.0% SN 150 + 2.9% Ethylene + 2.1% Propylene + 1.2% Benzene + 1.2% PX) – Expenses (100% input = 6.5% Brent crude oil + 91.1% URAL crude oil + 2.4% natural gas).
2) Model refining margin = revenues (Products (93.5%) = 36% Gasoline + 43% Diesel oil + 14.5% HHO) minus expenses (100% input: Brent crude and other raw materials valued at Brent crude); product prices based on USD/bbl quotations.
3) Model petrochemical margin (contr.) = revenues (98% Products = 44% HDPE, 7% LDPE, 35% PP homo, 12% PP copo) – products prices based on contract quotations minus expenses (100% input = 75% Naphtha + 25% LS VGO) – products prices based on spot quotations.
4) Model petrochemical margin of olefins (contr.) = revenues (100% Products = 50% Ethylene, 30% Propylene, 10% Benzene, 10% Toluene) minus expenses (100% input = 75% Naphtha + 25% LS VGO); products prices based on quotations.
5) Margins (crack) for refining and petrochemical products (excluding polymers) calculated as difference between a quotation of given product and a quotation of Brent DTD crude oil.
6) Margin (crack) for polymers calculated as difference between quotations of polymers and monomers.

Table 4. **Exchange rates**

Currency	Average exchange rates 1)			change %	Period end exchange rates 1)			change %
	Q1 2014	Q2 2014	Q2 2013		Q1 2014	Q2 2014	Q2 2013	
1	2	3	4	5=(3-4)/4	6	7	8	9=(7-8)/8
USD/PLN	3.06	3.04	3.22	*(5.6)*	3.03	3.05	3.32	*(8.1)*
EUR/PLN	4.19	4.17	4.20	*(0.7)*	4.17	4.16	4.33	*(3.9)*
CZK/PLN	0.15	0.15	0.16	*(6.3)*	0.15	0.15	0.17	*(11.8)*
CAD/PLN	2.77	2.79	3.14	*(11.1)*	2.74	2.85	3.17	*(10.1)*
CAD/USD	0.91	0.92	0.98	*(6.1)*	0.90	0.93	0.95	*(2.1)*
USD/LTL	2.52	2.52	2.64	*(4.5)*	2.51	2.53	2.65	*(4.5)*
EUR/LTL	3.45	3.45	3.45	*0.0*	3.45	3.45	3.45	*0.0*
USD/CZK	20.0	20.0	19.8	*1.0*	19.9	20.1	19.8	*1.5*
EUR/CZK	27.4	27.4	25.8	*6.2*	27.4	27.5	26.0	*5.8*

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

Table 5. **Fuel consumption** [1]

Countries. ('000 tonnes)	Q1 2014	Q2 2014	Q2 2013	change %
1	2	3	4	5=(3-4)/4
Poland	**3 340**	**3 720**	**3 692**	***0.8***
Gasoline	800	934	936	*(0.2)*
Diesel Oil	2 540	2 786	2 756	*1.1*
Lithuania	**303**	**401**	**351**	***14.2***
Gasoline	46	54	56	*(3.6)*
Diesel Oil	257	347	295	*17.6*
Czech Republic	**1 311**	**1 491**	**1 444**	***3.3***
Gasoline	350	396	405	*(2.2)*
Diesel Oil	961	1 095	1 039	*5.4*
Germany	**12 707**	**13 657**	**13 540**	***0.9***
Gasoline	4 357	4 765	4 737	*0.6*
Diesel Oil	8 350	8 892	8 803	*1.0*

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

Segment commentary – Downstream

Table 6.

Q1 2014	Q2 2014	Q2 2013	change %	Item, PLN million	6 months 2014	6 months 2013	change %
1	2	3	4=(2-3)/3	5	6	7	8=(6-7)/7
19 273	**23 324**	**22 870**	***2.0***	**Segment revenues, including:**	**42 597**	**45 720**	***(6.8)***
15 718	19 293	18 931	*1.9*	Sales revenues from external customers	35 011	38 195	*(8.3)*
3 555	4 031	3 939	*2.3*	Sales revenues from transactions with other segments	7 586	7 525	*0.8*
(19 218)	**(23 267)**	**(23 128)**	***0.6***	**Segment expenses**	**(42 485)**	**(45 518)**	***(6.7)***
185	(4 998)	10	-	Other operating income/expenses, net	(4 813)	11	-
16	21	4	*425.0*	Share in profit from investments accounted for under equity method	37	14	*164.3*
833	**612**	**600**	***2.0***	**Operating profit/(loss) under LIFO increased by depreciation and amortisation (EBITDA LIFO) before impairment allowances**	**1 445**	**1 532**	***(5.7)***
821	(4 380)	600	-	Operating profit/(loss) under LIFO increased by depreciation and amortisation (EBITDA LIFO)	(3 559)	1 532	-
644	(4 527)	161	-	Operating profit/(loss) increased by depreciation and amortisation (EBITDA)	(3 883)	1 040	-
445	**219**	**195**	***12.4***	**Operating profit/(loss) under LIFO before impairment allowances**	**664**	**719**	***(7.6)***
433	(4 773)	195	-	Profit/(Loss) from operations under LIFO	(4 340)	719	-
256	(4 920)	(244)	*1 916.4*	Profit/(Loss) from operations	(4 664)	227	-
476	1 104	338	*226.6*	CAPEX	1 580	534	*195.9*
6 152	6 642	6 766	*(1.8)*	Sales of products (thousand tonnes)	12 794	13 703	*(6.6)*

In the II quarter of 2014 EBITDA LIFO of the downstream segment of the ORLEN Group before the impairment allowances of assets amounted to PLN 612 million and was higher by PLN 12 million (y/y).

Lowering by (-) 1.7 USD/bbl (y/y) of the model downstream margin which reflects the changes in the macroeconomics parameters of core refining and petrochemical products of the ORLEN Group with the additional effects of lower margin on butadiene had a negative effect on EBITDA LIFO of the segment of PLN (-) 171 million (y/y).

Positive volume effect of PLN 53 million (y/y) achieved despite lower total sales volume of the segment is the result of changes in the assortment structure.
The observed decrease in refining volumes on the Polish market was a result of conducting in the II quarter shutdowns of key refining installations, lower sales to oil companies and the lower sales to eastern markets (the conflict in Ukraine) and was balanced by the increase of sales on the Czech market as a result of higher plant availability and increased production capacity after the acquisition of 16.3% stake in Ceska Rafinerska a.s. from Shell. The positive volume effect of ORLEN Lietuva regardless of lower sales is a result of improvements in the sales structure by this refinery by reducing the volumes of gasoline targeted for export by sea and reducing the production and sale of heavy heating oil.
In the area of petrochemical products in the II quarter of 2014, the decline in volumes on the Polish market was partially compensated by higher sales on the Czech market.
Maintenance shutdown of PX/PTA complex contributed to the reduction in sales of PTA while lower sales of fertilizers and PVC was a result of a shift in the agriculture season to the I quarter (mild winter) as well as maintenance shutdown of PVC Plant in Awil S.A.
Higher sales of petrochemical products on the Czech market was a result of improvements in the market situation and the lack of the negative impact of flood in the Czech Republic during the II quarter of 2013.

The positive impact of other factors amounted to PLN 130 million (y/y) and mainly related to lack of negative effects on the sale of mandatory reserves from the II quarter of 2013 and the profit realised in the II quarter of 2014 on the sales of mandatory reserves tranches to Cranbell company.

The impact of changes of the crude oil prices on inventory valuation in the II quarter of 2014 amounted to PLN (-) 147 million.

As a result, ORLEN Group's downstream segment's EBITDA for the II quarter of 2014 before impairment allowances of assets amounted to PLN 465 million.

Net impairment allowances of property, plant and equipment in the II quarter of 2014 amounted to PLN (-) 4,992 million and mainly related to refining assets of ORLEN Lietuva Group of PLN (-) 4,187 million, Unipetrol Group of PLN (-) 711 million and Refineria Nafty Jedlicze Group of PLN (-) 42 million as well as in petrochemical fraction, Spolana from Anwil Group of PLN (-) 58 million.

After taking their influence into account EBTDA of downstream segment for the II quarter of 2014 amounted to PLN (-) 4,527 million.

The segment's capital expenditures in the II quarter of 2014 amounted to PLN 1,104 million and comprised mainly of: construction of the CCGT power plant in Włocławek, Installation of Catalytic Denitrification and Dedusting and building Fuel Gas Desulphurization, replacement of pipelines on Hydrocracking Plant, modernization of starting collector of Boiler of Heat and Power Plant, adaptation of handling tank for storage of hydrocarbon liquid streams of Ethylene Unit and works connected with decrease of acetic acid on PTA Installation in PKN ORLEN; modernization of the LPG unloading station, construction of an education and research centre in the Unipetrol Group; modernization of freon-cooling systems in Anwil as well as projects concerning construction of gas power plant in Włocławek by PKN ORLEN.

Segment commentary – Retail

Table 7.

Q1 2014	Q2 2014	Q2 2013	change %	Item, PLN million	6 months 2014	6 months 2013	change %
1	2	3	4=(2-3)/3	5	6	7	8=(6-7)/7
8 362	**9 320**	**9 314**	***0.1***	**Segment revenues, including:**	**17 682**	**17 516**	***0.9***
8 320	9 272	9 273	*(0.0)*	Sales revenues from external customers	17 592	17 440	*0.9*
42	48	41	*17.1*	Sales revenues from transactions with other segments	90	76	*18.4*
(8 229)	**(9 046)**	**(9 032)**	***0.2***	**Segment expenses**	**(17 275)**	**(17 197)**	***0.5***
11	(2)	0	-	Other operating income/expenses, net	9	0	-
237	**359**	**369**	***(2.7)***	**Operating profit/(loss) increased by depreciation and amortisation (EBITDA) before impairment allowances**	**596**	**492**	***21.1***
234	357	369	*(3.3)*	Operating profit/(loss) increased by depreciation and amortisation (EBITDA)	591	492	*20.1*
147	**274**	**282**	***(2.8)***	**Profit/(Loss) from operations before impairment allowances**	**421**	**319**	***32.0***
144	272	282	*(3.5)*	Profit/(Loss) from operations	416	319	*30.4*
28	85	60	*41.7*	CAPEX	113	104	*8.7*
1 763	1 957	1 933	*1.2*	Sales of products (thousand tonnes)	3 720	3 591	*3.6*

In the II quarter of 2014 EBITDA of the retail segment of the ORLEN Group amounted to PLN 357 million and was lower by PLN (-) 12 million (y/y).

Positive impact of volume sales (y/y) realised on all markets increased segment's EBITDA by PLN 16 million (y/y).

Negative impact of lower fuel margins on the German and Czech markets partially compensated by higher profitability in Poland and Lithuania decreased segment's EBITDA by PLN (-) 30 million (y/y).

Positive impact of other factors amounted to PLN 2 million (y/y) and comprised mainly improved results on the sale of non-fuel products and services accompanied by higher fuel stations operating expenses.

At the end of the II quarter of 2014 the ORLEN Group operated 2,681 fuel stations, representing a decrease by (-) 15 (by (-) 14 on the Polish market, (-) 2 on the German market, with an increase of 1 on the Czech market) compared to the end of the II quarter of 2013. On the Lithuanian market, the number of stations has not changed. The number of stations decreased by (-) 13 in the CODO system and by (-) 2 in the franchise system.

At the end of the II quarter of 2014 the number of catering points such as Stop Cafe and Stop Cafe Bistro in Poland amounted to 1,149 and was higher by 280 (y/y). On Czech and Lithuanian markets the number of catering points such as Stop Cafe and Stop Cafe Bistro did not change (y/y) and amounted to 92 and 23, respectively.

Segment's capital expenditures in the II quarter of 2014 amounted to PLN 85 million and comprised mainly of construction and modernisation of fuel stations.

Segment commentary – Upstream

Table 8.

Q1 2014	Q2 2014	Q2 2013	change %	Item, PLN million	6 months 2014	6 months 2013	change %
1	2	3	4=(2-3)/3	5	6	7	8=(6-7)/7
55	**68**	**1**	***6 700.0***	**Segment revenues, including:**	**123**	**1**	***12 200.0***
55	68	1	*6 700.0*	Sales revenues from external customers	123	1	*12 200.0*
0	0	0	-	Sales revenues from transactions with other segments	0	0	-
(43)	**(62)**	**(5)**	***1 140.0***	**Segment expenses**	**(105)**	**(11)**	***854.5***
2	(7)	0	-	Other operating income/expenses, net	(5)	0	-
31	**19**	**(3)**	**-**	**Profit/(Loss) from operations increased by depreciation and amortisation (EBITDA)**	**50**	**(9)**	**-**
14	(1)	(4)	*(75.0)*	Profit/(Loss) from operations	13	(10)	-
127	54	105	*(48.6)*	CAPEX	181	160	*13.1*
41	50	0	-	Sales of products (thousand tonnes)	91	0	-

EBITDA of upstream segment for the I half of 2014 before impairment allowances amounted to PLN 58 million. The negative impact of the impairment of assets amounted to PLN (-) 8 million and is described in detail below.

Unconventional projects in Poland

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

In the II quarter of 2014, under the Lublin Shale project acquisition of 2D seismic data under Wołomin concession was carried out and preparatory works of hydraulic fracturing treatment under Wodynie-Łuków as well as works related to another vertical drilling under Wierzbica concession were performed. The analyses of data obtained during previous operations were performed simultaneously.

In II quarter of 2014, under Mid-Poland Unconventionals and Hrubieszów Shale projects, interpretation of integrated geological and geophysical data were conducted.

Regarding the Mid-Poland Unconventionals project, impairment on incurred expenditures of PLN (-) 8 million related to “Łódź” expiration of concession in July 2014 as well as decision of ORLEN Upstream to resign from further project works in the region of concession, was recognised. Works under the project in region of “Sieradz” concession are continued.

Total capital expenditures concerning unconventional projects in the II quarter of 2014 amounted to PLN 5 million.

Conventional projects in Poland

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

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

In the II quarter of 2014, under the Karbon project, exploration drilling under Lublin concession as well as continued processing and interpretation of new 2D seismic data under Bełżyce and Lublin units were performed.

Total capital expenditures concerning conventional projects in the II quarter of 2014 amounted to PLN 25 million.

Activities in Canada

On 5 June 2014 TriOil acquired 100% of shares of Birchill Exploration Limited Partnership ("Birchill"). Principal activity of Birchill includes: exploration, prospecting, extraction of crude oil and natural gas in Canada. The conclusion of the agreement is consistent with the ORLEN Group strategy, which plans the development of crude oil and natural gas resource base.
Subsequently, TriOil and Birchill merger through transfer of all assets of Birchill on TriOil was performed.

In the II quarter of 2014, hydrocarbon extraction amounted to boe[1]/d 4.5 thousand and was higher by boe/d 0.8 thousand as compared to the I quarter of the current year.
Increased production by boe/d 0.5 thousand resulted from takeover of Birchill's assets. Positive impact of acquired assets of Ferrier/Strachan belonging to Birchill was limited due to effective recognition on consolidation from mid June 2014 as a result of periodical repairs of the gas processing plant which distributes hydrocarbon production to sale in the region.

Environmental and outdoor conditions limited ability to conduct operating activities in the region of Alberta in the II quarter of 2014, therefore increase in production of owned assets before merger with Birchill resulted mainly from drillings available for production in the I quarter of 2014.

At the end of II quarter of 2014 extraction works were performed on the 123 net drillings [2].

Total capital expenditures of TriOil in the II quarter of 2014 amounted to PLN 24 million and comprised mainly preparatory works related to new production drillings as well as development of extraction infrastructure.

[1] Barrels of oil equivalent per day
[2] Adjusted for the shares of other partners

Segment commentary – Corporate Functions

Table 9.

Q1 2014	Q2 2014	Q2 2013	change %	Item, PLN million	6 months 2014	6 months 2013	change %
1	2	3	4=(2-3)/3	5	6	7	8=(6-7)/7
81	**77**	**81**	***(4.9)***	**Segment revenues, including:**	**158**	**157**	***0.6***
26	18	16	*12.5*	Sales revenue from external customers	44	35	*25.7*
55	59	65	*(9.2)*	Sales revenue from transactions with other segments	114	122	*(6.6)*
(244)	**(263)**	**(277)**	***(5.1)***	**Segment expenses**	**(507)**	**(525)**	***(3.4)***
3	18	22	*(18.2)*	Other operating income/expenses, net	21	26	*(19.2)*
(133)	**(142)**	**(147)**	***3.4***	**Operating profit/(loss) increased by depreciation and amortisation (EBITDA)**	**(275)**	**(286)**	***3.8***
(160)	**(168)**	**(174)**	***3.4***	**Profit/(Loss) from operations**	**(328)**	**(342)**	***4.1***
53	109	32	*240.6*	CAPEX	162	41	*295.1*

In the II quarter of 2014 EBITDA of corporate functions was higher by PLN 5 million (y/y) and on a cumulative basis by PLN 11 million (y/y).

Capital expenditures of corporate functions in II quarter of 2014 related mainly to transformation of perpetual usufruct into real estate ownership of a part of production plant by PKN ORLEN S.A. in Płock of PLN 99 million, which will be regularly paid in fees over the next 20 years as well as the IT projects.

Interim condensed consolidated financial statements

Table 10. **Consolidated statement of profit or loss and other comprehensive income**

Q1 2014	Q2 2014	Q2 2013 *	change %	Item, PLN million	6 months 2014	6 months 2013 *	change %
1	2	3	4=(2-3)/3	5	6	7	8=(6-7)/7
				Statement of profit or loss			
24 119	28 651	28 221	*1.5*	Sales revenues	52 770	55 671	*(5.2)*
(22 821)	(27 163)	(27 068)	*0.4*	Cost of sales	(49 984)	(52 902)	*(5.5)*
1 298	**1 488**	**1 153**	***29.1***	**Gross profit on sales**	**2 786**	**2 769**	***0.6***
(915)	(971)	(957)	*1.5*	Distribution expenses	(1 886)	(1 900)	*(0.7)*
(346)	(366)	(372)	*(1.6)*	Administrative expenses	(712)	(726)	*(1.9)*
303	129	173	*(25.4)*	Other operating income	432	246	*75.6*
(102)	(5 118)	(141)	*3 529.8*	Other operating expenses	(5 220)	(209)	*2 397.6*
16	21	4	*425.0*	Share in profit from investments accounted for under equity method	37	14	*164.3*
254	**(4 817)**	**(140)**	***3 340.7***	**Profit/(Loss) from operations**	**(4 563)**	**194**	**-**
48	34	105	*(67.6)*	Finance income	82	222	*(63.1)*
(148)	(947)	(230)	*311.7*	Finance costs	(1 095)	(568)	*92.8*
(100)	**(913)**	**(125)**	***630.4***	**Net finance income and costs**	**(1 013)**	**(346)**	***192.8***
154	**(5 730)**	**(265)**	***2 062.3***	**Profit/(Loss) before tax**	**(5 576)**	**(152)**	***3 568.4***
(28)	340	36	*844.4*	Tax expense	312	68	*358.8*
126	**(5 390)**	**(229)**	***2 253.7***	**Net profit/(loss)**	**(5 264)**	**(84)**	***6 166.7***
0	**0**	**(2)**	**-**	**Items of other comprehensive income which will not be reclassified into profit or loss**	**0**	**(9)**	**-**
0	*0*	*(2)*	-	*Fair value measurement of investment property as at the date of reclassification*	*0*	*(11)*	-
0	*0*	*0*	-	*Deferred tax*	*0*	*2*	-
(65)	**590**	**73**	***708.2***	**which will be reclassified into profit or loss under certain conditions**	**525**	**193**	***172.0***
(100)	*(125)*	*(109)*	*14.7*	*Hedging instruments*	*(225)*	*(86)*	*161.6*
16	*691*	*162*	*326.5*	*Foreign exchange differences on subsidiaries from consolidation*	*707*	*263*	*168.8*
19	*24*	*20*	*20.0*	*Deferred tax*	*43*	*16*	*168.8*
(65)	**590**	**71**	***731.0***	**Total items of other comprehensive income**	**525**	**184**	***185.3***
61	**(4 800)**	**(158)**	***2 938.0***	**Total net comprehensive income**	**(4 739)**	**100**	**-**
126	**(5 390)**	**(229)**	***2 253.7***	**Net profit/(loss) attributable to**	**(5 264)**	**(84)**	***6 166.7***
64	*(5 197)*	*(207)*	*2 410.6*	*equity owners of the parent*	*(5 133)*	*(58)*	*8 750.0*
62	*(193)*	*(22)*	*777.3*	*non-controlling interest*	*(131)*	*(26)*	*403.8*
61	**(4 800)**	**(158)**	***2 938.0***	**Total net comprehensive income attributable to**	**(4 739)**	**100**	**-**
(55)	*(4 597)*	*(186)*	*2 371.5*	*equity owners of the parent*	*(4 652)*	*91*	-
116	*(203)*	*28*	-	*non-controlling interest*	*(87)*	*9*	-
0.15	(12.15)	(0.48)	*2 431.3*	Net profit/(loss) and diluted net profit/(loss) per share attributable to equity owners of the parent (in PLN per share)	(12.00)	(0.14)	*8 471.4*

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

Table 11. **Consolidated statement of financial position**

31.03.2014	30.06.2014	change %	Item, PLN million	31.12.2013 *	change %
1	2	3=(2-1)/1	4	5	6=(2-5)/5
			ASSETS		
25 234	22 021	*(12.7)*	Property, plant and equipment	24 904	*(11.6)*
120	113	*(5.8)*	Investment property	121	*(6.6)*
1 059	615	*(41.9)*	Intangible assets	823	*(25.3)*
94	88	*(6.4)*	Perpetual usufruct of land	95	*(7.4)*
632	652	*3.2*	Investments accounted for under equity method	615	*6.0*
40	41	*2.5*	Financial assets available for sale	40	*2.5*
154	237	*53.9*	Deferred tax assets	151	*57.0*
35	41	*17.1*	Other non-current assets	158	*(74.1)*
27 368	**23 808**	***(13.0)***	**Non-current assets**	**26 907**	***(11.5)***
16 208	12 894	*(20.4)*	Inventories	13 749	*(6.2)*
8 406	8 362	*(0.5)*	Trade and other receivables	7 768	*7.6*
176	203	*15.3*	Other financial assets	165	*23.0*
66	32	*(51.5)*	Current tax assets	59	*(45.8)*
758	5 295	*598.5*	Cash and cash equivalents	2 689	*96.9*
24	13	*(45.8)*	Non-current assets classified as held for sale	15	*(13.3)*
25 638	**26 799**	***4.5***	**Current assets**	**24 445**	***9.6***
53 006	**50 607**	***(4.5)***	**Total assets**	**51 352**	***(1.5)***
			EQUITY AND LIABILITIES		
			EQUITY		
1 058	1 058	*0.0*	Share capital	1 058	*0.0*
1 227	1 227	*0.0*	Share premium	1 227	*0.0*
59	(39)	-	Hedging reserve	148	-
0	0	-	Revaluation reserve	0	-
(231)	467	-	Foreign exchange differences on subsidiaries from consolidation	(201)	-
23 803	17 990	*(24.4)*	Retained earnings	23 716	*(24.1)*
25 916	**20 703**	***(20.1)***	**Total equity attributable to equity owners of the parent**	**25 948**	***(20.2)***
1 696	**1 492**	***(12.0)***	**Non-controlling interest**	**1 603**	***(6.9)***
27 612	**22 195**	***(19.6)***	**Total equity**	**27 551**	***(19.4)***
			LIABILITIES		
7 734	10 123	*30.9*	Loans, borrowings and debt securities	6 507	*55.6*
657	676	*2.9*	Provisions	658	*2.7*
482	458	*(5.0)*	Deferred tax liabilities	538	*(14.9)*
10	9	*(10.0)*	Deferred income	10	*(10.0)*
219	468	*113.7*	Other non-current liabilities	133	*251.9*
9 102	**11 734**	***28.9***	**Non-current liabilities**	**7 846**	***49.6***
12 985	14 392	*10.8*	Trade and other liabilities	14 013	*2.7*
2 040	1 508	*(26.1)*	Loans, borrowings and debt securities	850	*77.4*
46	19	*(58.7)*	Current tax liabilities	36	*(47.2)*
874	424	*(51.5)*	Provisions	821	*(48.4)*
279	239	*(14.3)*	Deferred income	124	*92.7*
64	96	*50.0*	Other financial liabilities	110	*(12.7)*
4	0	-	Liabilities directly associated with assets classified as held for sale	1	-
16 292	**16 678**	***2.4***	**Current liabilities**	**15 955**	***4.5***
25 394	**28 412**	***11.9***	**Total liabilities**	**23 801**	***19.4***
53 006	**50 607**	***(4.5)***	**Total equity and liabilities**	**51 352**	***(1.5)***

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

Table 12. **Consolidated statement of cash flows**

Q1 2014	Q2 2014	Q2 2013 *	change %	Item, PLN million	6 months 2014	6 months 2013 *	change %
1	2	3	4=(2-3)/3	5	6	7	8=(6-7)/7
				Cash flows – operating activities			
126	**(5 390)**	**(229)**	***2 253.7***	**Net profit/(loss)**	**(5 264)**	**(84)**	***6 166.7***
				Adjustments for:			
(16)	(21)	(4)	*425.0*	Share in profit from investments accounted for under equity method	(37)	(14)	*164.3*
522	524	520	*0.8*	Depreciation and amortisation	1 046	1 043	*0.3*
(4)	796	72	*1 005.6*	Foreign exchange (gain)/loss	792	128	*518.8*
52	77	78	*(1.3)*	Interest, net	129	142	*(9.2)*
0	(2)	(2)	*0.0*	Dividends	(2)	(2)	*0.0*
36	4 971	(48)	-	(Profit)/Loss on investing activities	5 007	(91)	-
28	(340)	(36)	*844.4*	Tax expense	(312)	(68)	*358.8*
63	(110)	159	-	Change in provisions	(47)	215	-
(3 965)	3 615	3 807	*(5.0)*	Change in working capital	(350)	1 796	-
(2 404)	*3 253*	*2 720*	*19.6*	*inventories*	*849*	*1 196*	*(29.0)*
(780)	*(177)*	*29*	-	*receivables*	*(957)*	*(521)*	*83.7*
(781)	*539*	*1 058*	*(49.1)*	*liabilities*	*(242)*	*1 121*	-
(225)	(61)	(7)	*771.4*	Other adjustments	(286)	(85)	*236.5*
(57)	(4)	(21)	*(81.0)*	Income tax (paid)	(61)	(23)	*165.2*
(3 440)	**4 055**	**4 289**	***(5.5)***	**Net cash provided by operating activities**	**615**	**2 957**	***(79.2)***
				Cash flows – investing activities			
(761)	(943)	(460)	*105.0*	Acquisition of property, plant and equipment, intangible assets and perpetual usufruct of land	(1 704)	(984)	*73.2*
20	321	27	*1 088.9*	Disposal of property, plant and equipment, intangible assets and perpetual usufruct of land	341	118	*189.0*
(62)	(683)	(2)	*34 050.0*	Acquisition of shares	(745)	(2)	*37 150.0*
0	46	0	-	Disposal of shares	46	0	-
3	(2)	5	-	Deposits, net	1	17	*(94.1)*
0	2	2	*0.0*	Dividends received	2	2	*0.0*
2	1	(241)	-	Proceeds/(Outflows) from borrowings granted	3	33	*(90.9)*
(18)	(6)	33	-	Other	(24)	52	-
(816)	**(1 264)**	**(636)**	***98.7***	**Net cash (used) in investing activities**	**(2 080)**	**(764)**	***172.3***
				Cash flows – financial activities			
3 401	4 965	44	*11 184.1*	Proceeds from loans and borrowings received	8 366	3 038	*175.4*
0	2 350	400	*487.5*	Debt securities issued	2 350	400	*487.5*
(1 009)	(5 486)	(761)	*620.9*	Repayment of loans and borrowings	(6 495)	(3 089)	*110.3*
(60)	(76)	(60)	*26.7*	Interest paid	(136)	(140)	*(2.9)*
(8)	(8)	(7)	*14.3*	Payments of liabilities under finance lease agreements	(16)	(14)	*14.3*
0	(2)	(1)	*100.0*	Other	(2)	(4)	*(50.0)*
2 324	**1 743**	**(385)**	**-**	**Net cash provided by/(used in) financing activities**	**4 067**	**191**	***2 029.3***
(1 932)	**4 534**	**3 268**	***38.7***	**Net increase/(decrease)cash and cash equivalents**	**2 602**	**2 384**	***9.1***
1	3	1	*200.0*	Effect of exchange rate changes on cash and cash equivalents	4	1	*300.0*
2 689	758	1 145	*(33.8)*	Cash and cash equivalents, beginning of the period	2 689	2 029	*32.5*
758	**5 295**	**4 414**	***20.0***	**Cash and cash equivalents, end of the period**	**5 295**	**4 414**	***20.0***

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

Operating data

Table 13. **Production volume**

Production ('000 tonnes)	Q2 2014	Q2 2013*	change %	Q2 2014	share %	Q2 2014	share %	Q2 2014	share %	Q2 2014	share %
1	2	3	4=(2-3)/3	5	6=5/ Total segment	7	8= 7/ Total segment	9	10= 9/ Total segment	11	12= 11/ Total segment
Downstream Segment	**ORLEN Group**	**ORLEN Group**		**PKN ORLEN S.A.**		**Unipetrol Group**		**ORLEN Lietuva**		**Anwil Group**	
Crude oil throughput	**6 480**	**6 663**	***(2.7)***	**3 232**	**-**	**1 331**	**-**	**1 830**	**-**	**-**	**-**
Light distillates [gasoline, LPG]	1 389	1 489	*(6.7)*	556	*18.2*	296	*19.8*	554	*29.3*	-	-
Medium distillates [diesel oil, light heating oil, JET A-1 fuel]	2 956	3 025	*(2.3)*	1 415	*46.4*	633	*42.3*	897	*47.5*	-	-
Heavy fractions [heavy heating oil, asphalt, oils]	1 074	1 165	*(7.8)*	343	*11.3*	104	*7.0*	392	*20.7*	-	-
Monomers [ethylene, propylene]	205	194	*5.7*	200	*6.6*	47	*3.1*	-	-	-	-
Polymers [polyethylene, polypropylene]	142	133	*6.8*	-	-	142	*9.5*	-	-	-	-
Aromas [benzene, toluene, paraxylene, ortoxylene]	95	92	*3.3*	38	*1.2*	57	*3.8*	-	-	-	-
Fertilizers [CANWIL, ammonium nitrate, ammonium sulphate, other]	243	259	*(6.2)*	-	-	-	-	-	-	*243*	*58.4*
Plastics [PVC, PVC processing]	100	102	*(2.0)*	-	-	-	-	-	-	*104*	*25.0*
PTA	94	114	*(17.5)*	94	*3.1*	-	-	-	-	-	-
Other	554	541	*2.4*	401	*13.2*	217	*14.5*	47	*2.5*	*69*	*16.6*
Total production	**6 852**	**7 114**	***(3.7)***	**3 047**	**-**	**1 496**	**-**	**1 890**	**-**	**416**	**-**

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

Table 14. **Sales volume**

Q1 2014	Q2 2014	Q2 2013*	change %	Sales ('000 tonnes)	6 months 2014	6 months 2013*	change %
1	2	3	4=(2-3)/3	5	6	7	8=(6-7)/7
6 152	**6 642**	**6 766**	***(1.8)***	**Downstream Segment**	**12 794**	**13 703**	***(6.6)***
928	1 128	1 245	*(9.4)*	Light distillates [gasoline, LPG]	2 056	2 580	*(20.3)*
2 175	2 490	2 410	*3.3*	Medium distillates [diesel oil, light heating oil, JET A-1 fuel]	4 665	4 885	*(4.5)*
884	1 081	1 212	*(10.8)*	Heavy fractions [heavy heating oil, asphalt, oils]	1 965	2 273	*(13.6)*
218	205	202	*1.5*	Monomers [ethylene, propylene]	423	424	*(0.2)*
141	146	135	*8.1*	Polymers [poliethylene, polypropylene]	287	256	*12.1*
107	94	88	*6.8*	Aromas [benzene, toluene, paraxylene, ortoxylene]	201	189	*6.3*
313	174	197	*(11.7)*	Fertilizers [CANWIL, ammonium nitrate, ammonium sulphate, other]	487	488	*(0.2)*
116	114	108	*5.6*	Plastics [PCV, PCV granulates]	229	223	*2.7*
145	106	133	*(20.3)*	PTA	251	270	*(7.0)*
1 125	1 104	1 036	*6.6*	Other	2 230	2 115	*5.4*
1 763	**1 957**	**1 933**	***1.2***	**Retail Segment**	**3 720**	**3 591**	***3.6***
655	742	733	*1.2*	Light distillates [gasoline, LPG]	1 397	1 357	*2.9*
1 108	1 215	1 200	*1.3*	Medium distillates [diesel oil, light heating oil]	2 323	2 234	*4.0*
41	**50**	**0**	**-**	**Upstream Segment**	**91**	**0**	**-**
7 956	**8 649**	**8 699**	***(0.6)***	**ORLEN Group - total**	**16 605**	**17 294**	***(4.0)***

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