ORLEN CAPITAL GROUP

CONSOLIDATED QUARTERLY REPORT

FOR IV QUARTER 2014

ORLEN GROUP - SELECTED DATA

	PLN million		EUR million	
	12 MONTHS 2014	12 MONTHS 2013	12 MONTHS 2014	12 MONTHS 2013
Sales revenues	106 832	113 597	25 501	27 116
Profit/(Loss) from operations	(4 711)	307	(1 125)	73
Profit/(Loss) before tax	(6 246)	157	(1 491)	37
Net profit/(loss) attributable to equity owners of the parent	(5 811)	176	(1 387)	42
Net profit/(loss)	(5 828)	90	(1 391)	21
Total comprehensive income attributable to equity owners of the parent	(6 584)	112	(1 572)	27
Total net comprehensive income	(6 499)	(110)	(1 551)	(26)
Net cash provided by operating activities	3 187	5 540	761	1 323
Net cash (used) in investing activities	(4 020)	(2 441)	(960)	(583)
Net cash provided by/(used in) financing activities	2 083	(2 438)	497	(582)
Net increase in cash and cash equivalents	1 250	661	298	158
Net profit/(loss) and diluted net profit/(loss) per share attributable to equity owners of the parent (in PLN/EUR per share)	(13.59)	0.41	(3.24)	0.10

	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Non-current assets	24 971	26 907	5 859	6 313
Current assets	21 754	24 445	5 104	5 735
Total assets	46 725	51 352	10 962	12 048
Non-current liabilities	12 305	7 846	2 887	1 841
Current liabilities	14 034	15 955	3 292	3 743
Total equity	20 386	27 551	4 783	6 464
Equity attributable to equity owners of the parent	18 771	25 948	4 404	6 088
Share capital	1 058	1 058	248	248
Number of shares	427 709 061	427 709 061	427 709 061	427 709 061
Carrying amount and diluted carrying amount per share attributable to equity owners of the parent (in PLN/EUR per share)	43.89	60.67	10.30	14.23

PKN ORLEN - SELECTED DATA

	PLN million		EUR million	
	12 MONTHS 2014	12 MONTHS 2013	12 MONTHS 2014	12 MONTHS 2013
Sales revenues	76 972	84 040	18 373	20 061
Profit/(Loss) from operations	(380)	457	(91)	109
Profit/(Loss) before tax	(4 880)	632	(1 165)	151
Net profit/(loss)	(4 672)	618	(1 115)	148
Total net comprehensive income	(6 217)	857	(1 484)	205
Net cash provided by operating activities	2 217	4 370	529	1 043
Net cash (used) in investing activities	(2 401)	(1 578)	(573)	(377)
Net cash provided by/(used in) financing activities	1 592	(1 691)	380	(404)
Net increase in cash	1 408	1 101	336	263
Net profit/(loss) and diluted net profit/(loss) per share (in PLN/EUR per share)	(10.92)	1.44	(2.61)	0.34

	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Non-current assets	21 802	23 355	5 115	5 479
Current assets	16 176	18 708	3 795	4 389
Total assets	37 978	42 063	8 910	9 869
Non-current liabilities	11 379	6 923	2 670	1 624
Current liabilities	10 297	12 005	2 416	2 817
Total equity	16 302	23 135	3 825	5 428
Share capital	1 058	1 058	248	248
Number of shares	427 709 061	427 709 061	427 709 061	427 709 061
Carrying amount and diluted carrying amount per share (in PLN/EUR per share)	38.11	54.09	8.94	12.69

The above data for the IV quarter of 2014 and 2013 was translated into EUR by the following exchange rates:
- 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 2014 – 4.1893 EUR/PLN;
- items of assets, equity and liabilities – by the average exchange rate published by the National Bank of Poland as at 31 December 2014 – 4.2623 EUR/PLN.

TABLE OF CONTENTS

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE 12 AND 3 MONTHS PERIOD ENDED 31DECEMBER 2014

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

(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 profit or loss and other comprehensive income

	NOTE	12 MONTHS 2014 (unaudited)	IV QUARTER 2014 (unaudited)	12 MONTHS 2013 (restated data)	IV QUARTER 2013 (unaudited) (restated data)
Statement of profit or loss					
Sales revenues	3.1	106 832	24 902	113 597	27 622
Cost of sales	3.2	(101 010)	(24 241)	(107 853)	(26 570)
Gross profit on sales		**5 822**	**661**	**5 744**	**1 052**
Distribution expenses		(3 920)	(1 013)	(3 883)	(985)
Administrative expenses		(1 512)	(417)	(1 451)	(391)
Other operating income	3.5	766	248	571	222
Other operating expenses	3.5	(5 924)	(625)	(714)	(392)
Share in profit from investments accounted for under equity method		57	(3)	40	6
Profit/(Loss) from operations		**(4 711)**	**(1 149)**	**307**	**(488)**
Finance income	3.6	354	140	460	178
Finance costs	3.6	(1 889)	(405)	(610)	(188)
Net finance income and costs		**(1 535)**	**(265)**	**(150)**	**(10)**
Profit/(Loss) before tax		**(6 246)**	**(1 414)**	**157**	**(498)**
Tax expense	3.7	418	235	(67)	19
Net profit/(loss)		**(5 828)**	**(1 179)**	**90**	**(479)**
Items of other comprehensive income:					
which will not be reclassified into profit or loss		**(16)**	**(16)**	**(6)**	**4**
Fair value measurement of investment property as at the date of reclassification		*-*	*-*	*(12)*	*-*
Actuarial gains and losses		*(20)*	*(20)*	*4*	*4*
Deferred tax		*4*	*4*	*2*	*-*
which will be reclassified into profit or loss under certain conditions		**(655)**	**(1 113)**	**(194)**	**(339)**
Hedging instruments		*(1 758)*	*(1 433)*	*260*	*158*
Foreign exchange differences on subsidiaries from consolidation		*769*	*48*	*(405)*	*(467)*
Deferred tax		*334*	*272*	*(49)*	*(30)*
		(671)	**(1 129)**	**(200)**	**(335)**
Total net comprehensive income		**(6 499)**	**(2 308)**	**(110)**	**(814)**
Net profit/(loss) attributable to		**(5 828)**	**(1 179)**	**90**	**(479)**
equity owners of the parent		*(5 811)*	*(1 216)*	*176*	*(421)*
non-controlling interest		*(17)*	*37*	*(86)*	*(58)*
Total net comprehensive income attributable to		**(6 499)**	**(2 308)**	**(110)**	**(814)**
equity owners of the parent		*(6 584)*	*(2 387)*	*112*	*(613)*
non-controlling interest		*85*	*79*	*(222)*	*(201)*
Net profit/(loss) and diluted net profit/(loss) per share attributable to equity owners of the parent (in PLN per share)		(13.59)	(2.85)	0.41	(0.99)

The accompanying notes disclosed on pages 8 – 22 are an integral part of the foregoing interim condensed consolidated financial statements.

(in PLN million)

Consolidated statement of financial position

AS AT	NOTE	31/12/2014 (unaudited)	31/12/2013 (restated data)	01/01/2013 (unaudited) (restated data)
ASSETS				
Non-current assets				
Property, plant and equipment		22 644	24 904	24 331
Investment property		111	121	112
Intangible assets		703	823	1 296
Perpetual usufruct of land		89	95	94
Investments accounted for under equity method		672	615	594
Financial assets available for sale		40	40	41
Deferred tax assets		385	151	285
Other non-current assets	3.8	327	158	55
		24 971	**26 907**	**26 808**
Current assets				
Inventories		9 829	13 749	14 903
Trade and other receivables		7 057	7 768	7 996
Other financial assets	3.9	862	165	368
Current tax assets		35	59	84
Cash and cash equivalents		3 937	2 689	2 029
Non-current assets classified as held for sale		34	15	65
		21 754	**24 445**	**25 445**
Total assets		**46 725**	**51 352**	**52 253**
EQUITY AND LIABILITIES				
EQUITY				
Share capital		1 058	1 058	1 058
Share premium		1 227	1 227	1 227
Hedging reserve		(1 319)	148	(73)
Revaluation reserve		-	-	6
Foreign exchange differences on subsidiaries from consolidation		509	(201)	81
Retained earnings		17 296	23 716	24 180
Total equity attributable to equity owners of the parent		**18 771**	**25 948**	**26 479**
Non-controlling interest		**1 615**	**1 603**	**1 828**
Total equity		**20 386**	**27 551**	**28 307**
LIABILITIES				
Non-current liabilities				
Loans, borrowings and debt securities	3.10	9 670	6 507	7 523
Provisions	3.11	709	658	660
Deferred tax liabilities		75	538	668
Deferred income		8	10	15
Other non-current liabilities	3.12	1 843	133	169
		12 305	**7 846**	**9 035**
Current liabilities				
Trade and other liabilities		11 215	14 013	12 504
Loans, borrowings and debt securities	3.10	987	850	1 233
Current tax liabilities		42	36	83
Provisions	3.11	648	821	802
Deferred income		122	124	168
Other financial liabilities	3.13	1 020	110	121
Liabilities directly associated with assets classified as held for sale		-	1	-
		14 034	**15 955**	**14 911**
Total liabilities		**26 339**	**23 801**	**23 946**
Total equity and liabilities		**46 725**	**51 352**	**52 253**

The accompanying notes disclosed on pages 8 – 22 are an integral part of the foregoing interim condensed consolidated financial statements.

(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 2014	2 285	148	-	(201)	23 716	25 948	1 603	27 551
Net (loss)	-	-	-	-	(5 811)	(5 811)	(17)	(5 828)
Net investment hedge in a foreign operation	-	-	-	659	-	659	-	659
Items of other comprehensive income	-	(1 467)	-	51	(16)	(1 432)	102	(1 330)
Total net comprehensive income	**-**	**(1 467)**	**-**	**710**	**(5 827)**	**(6 584)**	**85**	**(6 499)**
Change in the structure of non-controlling interest	-	-	-	-	23	23	(72)	(49)
Dividends	-	-	-	-	(616)	(616)	(1)	(617)
31 December 2014	**2 285**	**(1 319)**	**-**	**509**	**17 296**	**18 771**	**1 615**	**20 386**
(unaudited)								
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**

The accompanying notes disclosed on pages 8 – 22 are an integral part of the foregoing interim condensed consolidated financial statements.

(in PLN million)

Consolidated statement of cash flows

	12 MONTHS 2014 (unaudited)	IV QUARTER 2014 (unaudited)	12 MONTHS 2013 (restated data)	IV QUARTER 2013 (unaudited) (restated data)
Cash flows - operating activities				
Net profit/(loss)	**(5 828)**	**(1 179)**	**90**	**(479)**
Adjustments for:				
Share in profit from investments accounted for under equity method	(57)	3	(40)	(6)
Depreciation and amortisation	1 991	485	2 111	542
Foreign exchange (profit)/loss	880	119	64	(27)
Interest, net	241	49	272	56
Dividends	(2)	-	(2)	-
Loss on investing activities	5 015	262	94	75
Tax expense	(418)	(235)	67	(19)
Change in provisions	141	124	391	135
Change in working capital	1 752	1 019	2 815	1 313
inventories	*4 106*	*3 034*	*974*	*1 325*
receivables	*924*	*1 917*	*405*	*1 133*
liabilities	*(3 278)*	*(3 932)*	*1 436*	*(1 145)*
Other adjustments	(360)	(175)	(215)	(58)
Income tax (paid)	(168)	(64)	(107)	(44)
Net cash provided by operating activities	**3 187**	**408**	**5 540**	**1 488**
Cash flows - investing activities				
Acquisition of property, plant and equipment, intangible assets and perpetual usufruct of land	(3 700)	(1 023)	(2 382)	(776)
Disposal of property, plant and equipment, intangible assets and perpetual usufruct of land	400	44	164	31
Acquisition of shares	(792)	(47)	(536)	(534)
Disposal of shares	48	-	-	-
Deposits, net	(27)	1	19	1
Dividends received	2	-	22	-
Proceeds/Outflows from loans granted	5	-	272	(3)
Other	44	25	-	20
Net cash (used) in investing activities	**(4 020)**	**(1 000)**	**(2 441)**	**(1 261)**
Cash flows - financing activities				
Proceeds from loans and borrowings received	9 639	771	3 589	184
Debt securities issued	2 350	-	700	300
Repayments of loans and borrowings	(9 023)	(1 174)	(5 433)	(111)
Redemption of debt securities	-	-	(304)	(304)
Interest paid	(245)	(49)	(310)	(90)
Dividends paid	(617)	-	(642)	-
Payments of liabilities under finance lease agreements	(30)	(6)	(28)	(7)
Grants received	10	10	1	-
Other	(1)	1	(11)	(2)
Net cash provided by/(used in) financing activities	**2 083**	**(447)**	**(2 438)**	**(30)**
Net increase/(decrease) in cash and cash equivalents	**1 250**	**(1 039)**	**661**	**197**
Effect of exchange rate changes	(2)	(5)	(1)	-
Cash and cash equivalents, beginning of the period	2 689	4 981	2 029	2 492
Cash and cash equivalents, end of the period	**3 937**	**3 937**	**2 689**	**2 689**

The accompanying notes disclosed on pages 8 – 22 are an integral part of the foregoing interim condensed consolidated financial statements.

EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Information on principles adopted for the preparation of the 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 (consolidated text Official Journal 2014, item 133) ("Regulation") and present the Polski Koncern Naftowy ORLEN S.A. Capital Group's ("Group", "ORLEN Group") financial position as at 31 December 2014 and 31 December 2013 as well as at 1 January 2013, financial results and cash flows for the period of 12 and 3 months ended 31 December 2014 and 31 December 2013.

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 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. Statements 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 the Consolidated Financial Statements for the year 2013 in note 3 with new standards taken into consideration, which became effective on 1 January 2014 and are significant for the preparation of these consolidated financial statements: IFRS 10 – Consolidated Financial Statements, IFRS 11 – Joint Arrangements, IFRS 12 – Disclosure of Interest in Other Entities as well as changes in standards: IAS 27 – Separate Financial Statements and IAS 28 – Investments in Associates and Joint Ventures, which are a result of IFRS 10 and IFRS 11 implementation.

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 2013.

According to new IFRS 10 standard the Group performed evaluation of control over entities– analyses performed did not change conclusions as to the Group's control over those entities.
Adopting new IFRS 12 standard by the Group from January 2014 resulted in the increase of disclosures required for investments in other entities, which will be presented in Consolidated Financial Statements for the year 2014.
Adopting the above new standards had no impact on consolidated financial results of the Group.

Starting from the 1 January of 2014, joint arrangements for Basell ORLEN Polyolefines Sp. z o.o. Group (BOP) and Płocki Park Przemysłowo-Technologiczny S.A. Group (PPPT) in accordance with new IFRS 11 are classified as joint ventures and accounted for under the equity method instead of proportionate consolidation method applied previously. As a result of change in the method of recognition items of statement of financial position and statement of profit or loss and other comprehensive income are presented as investments accounted for under equity method and share in profit from investments accounted for under equity method. Due to the method of recognition change restatements of comparative data for the 12 and 3 months period ended 31 December 2013 as well as at 31 December 2013 and as at 1 January 2013 were made. Implementation of the new IFRS 11 had no effect on the consolidated net result of the Group in the above presented periods.
In accordance with IFRS 11 entities belonging to Unipetrol Group – Ceska Rafinerska and Butadien Kralupy were classified as a joint operations and as at 31 December 2014 are accounted based on the share in owned assets, liabilities, generated revenue and incurred costs. Implementation of IFRS 11 in relation to the above entities had no impact on the consolidated net result of the Group.

ORLEN ORLEN GROUP (in PLN million)

Impact of new standard IFRS 11 – Joint arrangements – on presented financial data of the ORLEN Group

	published data 12 MONTHS 2013	impact of new standard IFRS 11	data after application of IFRS 11 12 MONTHS 2013
Statement of profit or loss			
Sales revenues	113 853	(256)	113 597
Cost of sales	(107 980)	127	(107 853)
Gross profit on sales	**5 873**	**(129)**	**5 744**
Distribution expenses	(3 935)	52	(3 883)
Administrative expenses	(1 465)	14	(1 451)
Other operating income	575	(4)	571
Other operating expenses	(715)	1	(714)
Share in profit from investments accounted for under equity method	-	40	40
Profit from operations	**333**	**(26)**	**307**
Finance income	473	(13)	460
Finance costs	(628)	18	(610)
Net finance income and costs	**(155)**	**5**	**(150)**
Profit before tax	**178**	**(21)**	**157**
Tax expense	(88)	21	(67)
Net profit	**90**	**-**	**90**

	published data IV QUARTER 2013	impact of new standard IFRS 11	data after application of IFRS 11 IV QUARTER 2013
Statement of profit or loss			
Sales revenues	27 678	(56)	27 622
Cost of sales	(26 606)	36	(26 570)
Gross profit on sales	**1 072**	**(20)**	**1 052**
Distribution expenses	(997)	12	(985)
Administrative expenses	(396)	5	(391)
Other operating income	224	(2)	222
Other operating expenses	(392)	-	(392)
Share in profit from investments accounted for under equity method	-	6	6
(Loss) from operations	**(489)**	**1**	**(488)**
Finance income	181	(3)	178
Finance costs	(188)	-	(188)
Net finance income and costs	**(7)**	**(3)**	**(10)**
(Loss) before tax	**(496)**	**(2)**	**(498)**
Tax expense	17	2	19
Net (loss)	**(479)**	**-**	**(479)**

	published data 31/12/2013	impact of new standard IFRS 11	data after application of IFRS 11 31/12/2013
Non-current assets	26 835	*72*	26 907
Investments accounted for under equity method	*12*	*603*	*615*
Current assets	24 809	*(364)*	24 445
Total assets	**51 644**	**(292)**	**51 352**
Total equity	27 551	-	27 551
Non-current liabilities	7 943	*(97)*	7 846
Current liabilities	16 150	*(195)*	15 955
Total equity and liabilities	**51 644**	**(292)**	**51 352**

Starting from the 1 January 2014 in the consolidated financial statements "Share in profit from investments accounted for under equity method" is presented within operating activities, as the activity of those entities is connected to the core business of Group. As a result, comparative data for the 12 and 3 months period ended 31 December 2013 were restated.

During the I half of 2014 the ORLEN Group implemented changes of operating activities management in order to improve their effectiveness and integration. The organizational structure was adjusted by changes in the responsibilities of the particular Management Board members. As a result of the above, presentation of the ORLEN Group's operating segments was updated, integrated operating segment: Downstream consisted previously treated separately refining and petrochemical segments.
As a consequence, the segments' comparative data were adjusted for the 12 and 3 months of 2013 as well as at 31 December 2013.
Detailed information is presented in note 2.

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

1.3.1. Functional currency and presentation currency

The functional currency of the Parent Company and presentation currency of the foregoing interim condensed consolidated financial statements is Polish Zloty (PLN). The data is presented in PLN million (PLN mln) 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.

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

CURRENCY	Average exchange rate for the reporting period				Exchange rate as at the end of the reporting period	
	12 MONTHS 2014	IV QUARTER 2014	12 MONTHS 2013	IV QUARTER 2013	31/12/2014	31/12/2013
EUR/PLN	4.1846	4.2104	4.1973	4.1861	4.2623	4.1472
USD/PLN	3.1537	3.3706	3.1611	3.0752	3.5072	3.0120
CZK/PLN	0.1520	0.1524	0.1616	0.1570	0.1537	0.1513
CAD/PLN	2.8541	2.9675	2.8655	2.8655	3.0255	2.8297

CAD average exchange rate adopted in the 12 months of 2013 and in the fourth quarter of 2013 was based on the average daily rates of the month of December of 2013, which corresponds to the period of recognition in the consolidated financial statements, the results of the acquired company TriOil Resources Ltd. operating business activity in the upstream segment in Canada.

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

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

2. Segment reporting

The ORLEN Group's activities are allocated to:
- the downstream segment, which includes integrated refinery, petrochemical and energy production activity,
- the retail segment, which includes sales at petrol stations,
- upstream segment, which includes the activity related to exploration and extraction of mineral resources

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 Group's companies to operating segments and corporate functions is presented in Other information to consolidated quarterly report in note B2.

(in PLN million)

Revenues, expenses and financial result by operating segments

for 12 months ended 31 December 2014

	NOTE	Downstream Segment (unaudited)	Retail Segment (unaudited)	Upstream Segment (unaudited)	Corporate Functions (unaudited)	Adjustments (unaudited)	Total (unaudited)
Sales revenues from external customers		70 549	35 913	298	72	-	106 832
Sales revenues from transactions with other segments		15 392	191	-	239	(15 822)	-
Sales revenues	3.1	85 941	36 104	298	311	(15 822)	106 832
Operating expenses		(85 971)	(35 015)	(271)	(1 007)	15 822	(106 442)
Other operating income	3.5	468	182	4	112	-	766
Other operating expenses	3.5	(5 329)	(186)	(323)	(86)	-	(5 924)
Share in profit from investments accounted for under equity method		58	-	-	(1)	-	57
Segment profit/(loss) from operations		**(4 833)**	**1 085**	**(292)**	**(671)**	**-**	**(4 711)**
Net finance income and costs	3.6						(1 535)
(Loss) before tax							**(6 246)**
Tax expense	3.7						418
Net (loss)							**(5 828)**

for 3 months ended 31 December 2014

	NOTE	Downstream Segment (unaudited)	Retail Segment (unaudited)	Upstream Segment (unaudited)	Corporate Functions (unaudited)	Adjustments (unaudited)	Total (unaudited)
Sales revenues from external customers		16 265	8 543	84	10	-	24 902
Sales revenues from transactions with other segments		3 514	47	-	63	(3 624)	-
Sales revenues	3.1	19 779	8 590	84	73	(3 624)	24 902
Operating expenses		(20 686)	(8 260)	(89)	(260)	3 624	(25 671)
Other operating income	3.5	105	108	-	35	-	248
Other operating expenses	3.5	(164)	(121)	(315)	(25)	-	(625)
Share in profit from investments accounted for under equity method		(3)	-	-	-	-	(3)
Segment profit/(loss) from operations		**(969)**	**317**	**(320)**	**(177)**	**-**	**(1 149)**
Net finance income and costs	3.6						(265)
(Loss) before tax							**(1 414)**
Tax expense	3.7						235
Net (loss)							**(1 179)**

for 12 months ended 31 December 2013

	NOTE	Downstream Segment (restated data)	Retail Segment	Upstream Segment	Corporate Functions (restated data)	Adjustments (restated data)	Total (restated data)
Sales revenues from external customers		77 047	36 462	17	71	-	113 597
Sales revenues from transactions with other segments		15 939	162	-	243	(16 344)	-
Sales revenues	3.1	92 986	36 624	17	314	(16 344)	113 597
Operating expenses		(92 710)	(35 695)	(48)	(1 078)	16 344	(113 187)
Other operating income	3.5	188	90	83	210	-	571
Other operating expenses	3.5	(399)	(102)	(90)	(123)	-	(714)
Share in profit from investments accounted for under equity method		41	-	-	(1)	-	40
Segment profit/(loss) from operations		**106**	**917**	**(38)**	**(678)**	**-**	**307**
Net finance income and costs	3.6						(150)
Profit before tax							**157**
Tax expense	3.7						(67)
Net profit							**90**

ORLEN GROUP (in PLN million)

for 3 months ended 31 December 2013

	NOTE	Downstream Segment (unaudited) (restated data)	Retail Segment (unaudited)	Upstream Segment (unaudited)	Corporate Functions (unaudited) (restated data)	Adjustments (unaudited) (restated data)	Total (unaudited) (restated data)
Sales revenues from external customers		18 664	8 920	16	22	-	27 622
Sales revenues from transactions with other segments		3 927	41	-	62	(4 030)	-
Sales revenues	3.1	22 591	8 961	16	84	(4 030)	27 622
Operating expenses		(22 923)	(8 725)	(27)	(301)	4 030	(27 946)
Other operating income	3.5	74	23	83	42	-	222
Other operating expenses	3.5	(248)	(24)	(90)	(30)	-	(392)
Share in profit from investments accounted for under equity method		7	-	-	(1)	-	6
Segment profit/(loss) from operations		**(499)**	**235**	**(18)**	**(206)**	**-**	**(488)**
Net finance income and costs	3.6						(10)
(Loss) before tax							**(498)**
Tax expense	3.7						19
Net (loss)							**(479)**

Assets by operating segments

	31/12/2014 (unaudited)	31/12/2013 (restated data)
Downstream Segment	32 298	40 348
Retail Segment	5 787	5 990
Upstream Segment	2 422	1 375
Segment assets	**40 507**	**47 713**
Corporate Functions	6 425	3 888
Adjustments	(207)	(249)
	46 725	**51 352**

Segment data published for the IV quarter of 2013

for 12 months ended 31 December 2013

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

ORLEN GROUP (in PLN million)

for 3 months ended 31 December 2013

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

Impact of change in segment division in the Group and new standard IFRS 11 – Joint arrangements – on segment data presented in the IV quarter of 2013

for 12 months ended 31 December 2013

	Downstream Segment	Refining Segment	Petrochemical Segment	Retail Segment	Upstream Segment	Corporate Functions	Adjustments	Total
Sales revenues from external customers	77 047	(61 466)	(15 837)	-	-	-	-	(256)
Sales revenues from transactions with other segments	15 939	(26 983)	(3 565)	-	-	(3)	14 612	-
Sales revenues	92 986	(88 449)	(19 402)	-	-	(3)	14 612	(256)
Operating expenses	(92 710)	89 437	18 072	-	-	6	(14 612)	193
Other operating income	188	(80)	(112)	-	-	-	-	(4)
Other operating expenses	(399)	272	128	-	-	-	-	1
Share in profit from investments accounted for under equity method	41	-	-	-	-	(1)	-	40
Segment profit/(loss) from operations	**106**	**1 180**	**(1 314)**	**-**	**-**	**2**	**-**	**(26)**
Net finance income and costs								5
(Loss) before tax								**(21)**
Tax expense								21
Net profit/(loss)								**-**

for 3 months ended 31 December 2013

	Downstream Segment (unaudited)	Refining Segment (unaudited)	Petrochemical Segment (unaudited)	Retail Segment (unaudited)	Upstream Segment (unaudited)	Corporate Functions (unaudited)	Adjustments (unaudited)	Total (unaudited)
Sales revenues from external customers	18 664	(14 813)	(3 906)	-	-	(1)	-	(56)
Sales revenues from transactions with other segments	3 927	(6 718)	(909)	-	-	(1)	3 701	-
Sales revenues	22 591	(21 531)	(4 815)	-	-	(2)	3 701	(56)
Operating expenses	(22 923)	22 076	4 597	-	-	4	(3 701)	53
Other operating income	74	(25)	(52)	-	-	1	-	(2)
Other operating expenses	(248)	207	41	-	-	-	-	-
Share in profit from investments accounted for under equity method	7	-	-	-	-	(1)	-	6
Segment profit/(loss) from operations	**(499)**	**727**	**(229)**	**-**	**-**	**2**	**-**	**1**
Net finance income and costs								(3)
(Loss) before tax								**(2)**
Tax expense								2
Net profit/(loss)								**-**

(in PLN million)

	published data 31/12/2013	impact of change in segment division and new standard IFRS 11	data after changing segment division and new standard IFRS 11 31/12/2013
Refining Segment	28 229	(28 229)	-
Petrochemical Segment	12 024	(12 024)	-
Downstream Segment	-	40 348	40 348
Retail Segment	5 990	-	5 990
Upstream Segment	1 375	-	1 375
Segment assets	**47 618**	**95**	**47 713**
Corporate Functions	4 286	(398)	3 888
Adjustments	(260)	11	(249)
	51 644	**(292)**	**51 352**

3. Other notes

3.1. Sales revenues

	12 MONTHS 2014 (unaudited)	IV QUARTER 2014 (unaudited)	12 MONTHS 2013 (restated data)	IV QUARTER 2013 (unaudited) (restated data)
Revenues from sales of finished goods and services, net	80 836	19 422	89 319	21 735
Revenues from sales of merchandise and raw materials, net	25 996	5 480	24 278	5 887
	106 832	**24 902**	**113 597**	**27 622**

3.2. Operating expenses

Cost of sales

	12 MONTHS 2014 (unaudited)	IV QUARTER 2014 (unaudited)	12 MONTHS 2013 (restated data)	IV QUARTER 2013 (unaudited) (restated data)
Cost of finished goods and services sold	(76 211)	(19 000)	(84 809)	(20 958)
Cost of merchandise and raw materials sold	(24 799)	(5 241)	(23 044)	(5 612)
	(101 010)	**(24 241)**	**(107 853)**	**(26 570)**

Cost by nature

	12 MONTHS 2014 (unaudited)	IV QUARTER 2014 (unaudited)	12 MONTHS 2013 (restated data)	IV QUARTER 2013 (unaudited) (restated data)
Materials and energy	(70 586)	(16 452)	(81 023)	(20 044)
Cost of merchandise and raw materials sold	(24 799)	(5 241)	(23 044)	(5 612)
External services	(4 316)	(1 187)	(4 164)	(1 035)
Employee benefits	(2 059)	(523)	(2 099)	(522)
Depreciation and amortisation	(1 991)	(485)	(2 111)	(542)
Taxes and charges	(653)	(183)	(611)	(152)
Other	(6 383)	(748)	(1 148)	(532)
	(110 787)	**(24 819)**	**(114 200)**	**(28 439)**
Change in inventories	(1 783)	(1 509)	43	18
Cost of products and services for own use	204	32	256	83
Operating expenses	**(112 366)**	**(26 296)**	**(113 901)**	**(28 338)**
Distribution expenses	3 920	1 013	3 883	985
Administrative expenses	1 512	417	1 451	391
Other operating expenses	5 924	625	714	392
Cost of sales	**(101 010)**	**(24 241)**	**(107 853)**	**(26 570)**

(in PLN million)

3.3. Inventories written down to net realizable value

	12 MONTHS 2014 (unaudited)	IV QUARTER 2014 (unaudited)	12 MONTHS 2013 (restated data)	IV QUARTER 2013 (unaudited) (restated data)
Increase	(872)	(808)	(269)	(68)
Decrease	152	34	254	50

3.4. Impairment allowances of assets

	12 MONTHS 2014 (unaudited)	IV QUARTER 2014 (unaudited)	12 MONTHS 2013 (restated data)	IV QUARTER 2013 (unaudited) (restated data)
Property, plant and equipment				
Recognition	(5 462)	(424)	(187)	(125)
Reversal	127	94	51	13
Intangible assets				
Recognition	(30)	(2)	(51)	(44)
Reversal	5	1	2	1
Receivables				
Recognition	(73)	(46)	(71)	(27)
Reversal	47	13	40	11

3.4.1. Impairment allowances of non-current assets

An observed decline in crude oil prices on global markets affects the upstream segment results of ORLEN Group in Canada. As a result of impairment testing carried out in accordance with IAS 36 - impairment of assets in the IV quarter of 2014 an impairment allowance of evaluation and extraction of mineral resources assets of the ORLEN Upstream Group in the Canadian TriOil of PLN (311) million was recognized.

As at 31 December 2014 the fair value of evaluation and extraction of mineral resources assets in Canada was based on the estimated crude oil prices and reserves evaluation prepared by an independent company engaged in the evaluation of the reserves in accordance with professional standards for the Canadian market.
Estimated net cash flow used to forecast the fair value of assets were discounted to their present value using a discount rate which reflects the current market value of money and the specific risks to the assets on the Canadian market, which amounted to 9%.
As a result of these analyzes in the fourth quarter of 2014 ORLEN Group created an impairment of fixed assets in the amount of PLN (331) million.

As at 31 December 2014 ORLEN Group did not identified new impairment indicators in relation to other assets of ORLEN Group.
The Group's results for 12 months of 2014 include impairment allowances of non-current assets recognized in the I half of 2014.

In the I half of the year impairment indicators were identified in the ORLEN Group. The indicators in the I half related mainly to worsening current macroeconomic situation and lack of prospects for its improvement, especially noticeable in refining activities. 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 have led to an update of assumptions of Group's Strategy and Mid-term Plan for years 2014-2017 including optimization of assets potential and an update of investment program.

During development of assumptions to impairment tests, in accordance with IAS 36 – impairment of assets, the possibility of estimation of the fair value and value in use of individual assets of ORLEN Group was considered. The measurement of fair value less cost of disposal is not possible because there is no basis for making a reliable estimate of the price, at which an orderly transaction to sell the asset owned by the Group would be executed. As a result, it was assumed that the best estimate of the recoverable amount of particular Group's assets their its value in use, according to IAS 36.20.

The analysis as at 30 June 2014 were conducted based on the Mid-term Plan for 2014-2017 and after the period of financial projections a constant growth rate of cash flows was adopted estimated separately for each relevant geographic markets at the level of long-term inflation.
While determining the value in use, future cash flows are discounted to their present value with a discount rate before tax that represents current market valuation of time value of money as well as the common risk allocated to the relevant asset. The discount rate is calculated as the weighted average cost of capital of equity and debt. The sources for macroeconomic indicators necessary to determine the discount rate was based on publications of prof. Aswath Damodaran (source: http://pages.stern.nyu.edu), the official listing of treasury bonds as rating agencies available as at 30 June 2014.

The discount rate structure used in the impairment testing of assets by cash-generating unit of ORLEN Capital Group as at 30 June 2014

	Czech Republic			Germany	Poland				Lithuania		Canada
	Refining	Petrochemical	Retail	Retail	Refining	Petrochemia	Retail	Upstream	Refining	Retail	Upstream
Cost of equity	10.72%	9.10%	9.28%	7.40%	13.10%	11.41%	11.61%	11.85%	13.99%	12.24%	10.20%
Cost of debt after tax	2.58%	2.58%	2.58%	1.65%	4.25%	4.25%	4.25%	4.25%	4.92%	4.92%	2.89%
Capital structure	0.51	0.15	0.74	0.74	0.51	0.15	0.74	0.41	0.51	0.74	1.56
Nominal discount rate	**7.99%**	**8.23%**	**6.43%**	**4.95%**	**10.13%**	**10.46%**	**8.47%**	**9.62%**	**10.94%**	**9.12%**	**5.75%**
Long-term rate of inflation	1.96%	1.96%	1.96%	1.40%	2.22%	2.22%	2.22%	2.22%	2.20%	2.20%	2.08%

Cost of equity is determined by the profitability of the government bonds that are considered to be risk-free, with the level of market and operating segment risk premium (beta).
Cost of debt includes the average level of credit margins and expected market value of money for each country.
For the purpose of impairment testing of property, plant and equipment and intangible assets periods of analysis were separately determined for each cash-generating unit (CGU) on the basis of the expected useful life.

Useful life used for analysis by main cash generating units as at 30 June 2014

Usefull life in years	Minimum	Median	Maximum
Refining	12	17	25
Petrochemical	8	16	25
Retail	13	15	16

As at 30 June 2014 impairment testing for each identified CGU was performed. Impairment of assets was carried out on the level of particular CGUs broken down by representing groups of non-current assets and influenced result from operations.

As a result of impairment testing carried out during the II quarter of 2014 impairment allowances of assets value in a total amount of PLN (5,002) million were recognized and mainly related to selected Refining CGU assets of the ORLEN Group. After analysis of ability to generate future tax profits the Group recognized deferred tax asset from a part of the above impairment allowances in the Unipetrol Group of PLN 135 million. Detailed information is presented in note 3.5.

Projections of future financial performance are based on a number of assumptions, a part of which concern macroeconomic factors, including: commodity prices, product quotations on global markets, foreign exchange rates or interest rates, remain beyond the control of the Group. Changes in these assumptions can affect impairment tests results of non-current assets and as a result may lead to changes in the financial standing and financial results of the Group.

Sensitivity analysis of assets value in use as at 30 June 2014

Major elements influencing the amount representing the value in use of assets within the individual cash-generating units are: operating profit before depreciation and amortization (i.e. EBITDA ratio) and the discount rate.

The sensitivity of changes of the above factors on the impairment allowances are presented below

in PLN million — EBITDA

DISCOUNT RATE change	-5%	0%	5%
- 0.5 p.p.	*increase in allowance* (148)	*decrease in allowance* 64	*decrease in allowance* 310
0.0 p.p.	*increase in allowance* (667)	-	*decrease in allowance* 239
+ 0.5 p.p.	*increase in allowance* (1256)*	*increase in allowance* (478)	*decrease in allowance* 158

*change reflects not only an increase of impairment allowances recognized in the II quarter of 2014 but also additional impairment allowance mainly of CGU Refinery of PKN ORLEN and assets of CGU Petrochemistry of Unipetrol Group, which would occur after the changes of assumptions.

(in PLN million)

3.5. Other operating income and expenses

Other operating income

	12 MONTHS 2014 (unaudited)	IV QUARTER 2014 (unaudited)	12 MONTHS 2013 (restated data)	IV QUARTER 2013 (unaudited) (restated data)
Profit on sale of non-current non-financial assets	61	25	41	12
Gain on bargain purchase	180	-	83	83
Reversal of provisions	63	16	38	14
Reversal of receivables impairment allowances	38	12	30	9
Reversal of impairment allowances of property, plant and equipment and intangible assets	132	95	53	14
Penalties and compensations earned	91	50	175	54
Other	201	50	151	36
	766	**248**	**571**	**222**

Gain on bargain purchase for 12 months 2014 relates to acquisition of Ceska Rafinerska shares representing 16.335% of the share capital that took place during the I quarter of 2014 by Unipetrol Group from Shell Overseas Investments BV ("Shell"). In the period 12 and 3 months ended 31 December 2013, the line related to the settlement of TriOil's shares acquisition.

The line ''Reversal of impairment allowances of property, plant and equipment and intangible assets" in the 12 and 3 months period of 2014 includes mainly the reversal of impairment of PKN ORLEN petrol stations' assets of PLN 91 million

The line ''Penalties and compensations earned' in the 12 and 3 months period ended 31 December 2014 includes mainly compensations for inadequate execution of the contract, as well as compensations from insurance companies received mainly by PKN ORLEN, ORLEN Lietuva Group, Anwil Group, Unipetrol Group. In the 12 and 3 months period ended 31 December 2013, the line includes mainly compensation due to flood in Spolana. In the 12 months ended 31 December 2013 the line additionally includes compensation of PLN 52 million due to loss of profits by PKN ORLEN in a result of breakdown in Anwil in 2010, which reduced the load of ethylene, as well as compensation for damage on installation of catalytic cracking in ORLEN Lietuva of PLN 10 million.

The line "other" in the 12 and 3 months period ended 31 December 2014 includes effect of recognition of property rights, so-called yellow and red energy certificates issued for the period from 30 April to 31 December 2014 of PLN 48 million and PLN 22 million, respectively.
Moreover, the line 'other' in the 12 months period ended 31 December 2014 includes mainly the impact of CO_2 emission rights prices fluctuations on the value of CO_2 emission costs of PLN 24 million and included the effect of revaluation of due CO_2 emission rights of PLN 28 million.
The line "other" in the 12 months period ended 31 December 2013 includes mainly income resulting from the decision of tax authorities on the refund of excise tax paid by PKN ORLEN in previous years for the period May-December 2004 and the liabilities correction resulting from fuel charge from bioester RME for the period May – November 2011 received in the second quarter of 2013, of PLN 65 million.

Other operating expenses

	12 MONTHS 2014 (unaudited)	IV QUARTER 2014 (unaudited)	12 MONTHS 2013 (restated data)	IV QUARTER 2013 (unaudited) (restated data)
Loss on sale of non-current non-financial assets	(55)	(12)	(38)	(12)
Recognition of provisions	(173)	(100)	(226)	(150)
Recognition of receivables impairment allowances	(69)	(46)	(57)	(24)
Recognition of impairment allowances of property, plant and equipment and intangible assets	(5 492)	(426)	(238)	(169)
Costs of losses, breakdowns and compensations	(22)	(7)	(78)	(18)
Other	(113)	(34)	(77)	(19)
	(5 924)	**(625)**	**(714)**	**(392)**

Recognition of provisions in the 12 and 3 months period ended 31 December 2014 includes mainly recognition of the environmental provision for the court cases and for the costs of shields programs.
The line "recognition of provisions" in the 12 and 3 months period ended 31 December 2013 includes mainly created provisions for tax risk in the Rafineria Trzebinia S.A., which is linked to excise tax for the period May-August 2004, and provisions for the costs of restructuring programs conducted in the Group.

The line ''Recognition of impairment allowances of property, plant and equipment and intangible assets'' for 3 months period ended 31 December 2014 includes mainly an impairment of the Group's upstream assets in the company belonging to ORLEN Upstream Group of PLN (311) million and an impairment of PKN ORLEN petrol stations of PLN (63) million, an impairment of refinery assets of Unipetrol Group of approximately PLN (22) million.
In the 12 months period ended 31 December 2014 included additionally an impairment allowance recognized in the II quarter of 2014 of ORLEN Lietuva Group refining assets of PLN (4 187) million, Unipetrol Group of PLN (711) million, Rafineria Jedlicze Group of PLN (42) million and petrochemical assets of Spolana from Anwil Group of PLN (58) million.

ORLEN GROUP (in PLN million)

In the period of 12 and 3 months ended 31 December 2013 the line includes mainly recognized impairment allowances of upstream segments' assets regarding 'Kambr" project on the Baltic Sea due to the negative results of the analysis of data from the drilling and the so-called energy certificates resulted from changes in energy law and lack of opportunities to use them in the future.

3.6. Finance income and costs

Finance income

	12 MONTHS 2014 (unaudited)	IV QUARTER 2014 (unaudited)	12 MONTHS 2013 (restated data)	IV QUARTER 2013 (unaudited) (restated data)
Interest	75	27	113	27
Foreign exchange gain surplus	-	-	121	102
Dividends	2	-	2	-
Settlement and valuation of financial instruments	235	102	207	43
Reversal of receivables impairment allowances	9	1	10	2
Other	33	10	7	4
	354	**140**	**460**	**178**

Finance costs

	12 MONTHS 2014 (unaudited)	IV QUARTER 2014 (unaudited)	12 MONTHS 2013 (restated data)	IV QUARTER 2013 (unaudited) (restated data)
Interest	(242)	(57)	(340)	(131)
Foreign exchange loss surplus	(1 459)	(269)	-	-
Settlement and valuation of financial instruments	(138)	(67)	(221)	(42)
Recognition of receivables impairment allowances	(4)	-	(14)	(3)
Other	(46)	(12)	(35)	(12)
	(1 889)	**(405)**	**(610)**	**(188)**

As of 30 June 2014 the Group ceased using of net investment hedge in a foreign operation (ORLEN Lietuva Group). Hedged item (ORLEN Lietuva Group's equity) decreased as a result of recognition of the impairment allowance of non-current assets in the II quarter of 2014, what caused reclassification of accumulated surpluses of negative foreign exchange differences from hedging instrument valuation from equity to the statement of profit or loss of PLN (811) million. Above reclassification had no impact on total equity of the Group.

Borrowing cost capitalized in the 12 and 3 months period ended 31 December 2014 and 31 December 2013 amounted to PLN (48) million, PLN (12) million, PLN (22) million and PLN (7) million, respectively.

3.7. Tax expense

	12 MONTHS 2014 (unaudited)	IV QUARTER 2014 (unaudited)	12 MONTHS 2013 (restated data)	IV QUARTER 2013 (unaudited) (restated data)
Current income tax	(196)	(38)	(86)	(57)
Deferred tax	614	273	19	76
	418	**235**	**(67)**	**19**

(in PLN million)

3.8. Other non-current assets

	31/12/2014 (unaudited)	31/12/2013 (restated data)
Cash flow hedge instruments	302	122
currency forwards	*16*	-
commodity swaps	*286*	*94*
currency interest rates swaps	-	*16*
interest rates swaps	-	*12*
Receivables due to sale of non-current non-financial assets	-	8
Loans granted	2	5
Other	23	17
Financial assets	**327**	**152**
Advances for construction in progress	-	6
Non-financial assets	**-**	**6**
	327	**158**

3.9. Other financial asstes

	31/12/2014 (unaudited)	31/12/2013 (restated data)
Cash flows hedge instruments	692	144
currency forwards	*180*	*66*
commodity swaps	*512*	*78*
Derivatives not designated as hedge accounting	43	8
currency forwards	*8*	*5*
commodity swaps	*35*	*3*
Embedded derivatives	1	3
foreign currency swap	*1*	*3*
Deposits	24	4
Loans granted	1	6
Other	101	-
	862	**165**

3.10. Loans, borrowings and debt securities

	Non-current		Current		Total	
	31/12/2014 (unaudited)	31/12/2013 (restated data)	31/12/2014 (unaudited)	31/12/2013 (restated data)	31/12/2014 (unaudited)	31/12/2013 (restated data)
Loans	5 506	4 788	985	850	6 491	5 638
Borrowings	3	1	2	-	5	1
Debt securities	4 161	1 718	-	-	4 161	1 718
	9 670	**6 507**	**987**	**850**	**10 657**	**7 357**

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 repayment of principal and interest resulting from indebtedness presented above.

ORLEN GROUP (in PLN million)

3.11. Provisions

	Non-current		Current		Total	
	31/12/2014 (unaudited)	31/12/2013 (restated data)	31/12/2014 (unaudited)	31/12/2013 (restated data)	31/12/2014 (unaudited)	31/12/2013 (restated data)
Environmental	414	346	37	36	451	382
Jubilee bonuses and post-employment benefits	251	262	33	42	284	304
Business risk	10	13	43	53	53	66
Shield programs	-	-	38	43	38	43
CO_2 emissions	-	-	334	320	334	320
Other	34	37	163	327	197	364
	709	**658**	**648**	**821**	**1 357**	**1 479**

3.12. Other non-current liabilities

	31/12/2014 (unaudited)	31/12/2013 (restated data)
Cash flow hedge instruments	1 599	29
interest rate swaps	*93*	-
swap towarowy	*1 395*	-
currency interest rate swaps	*111*	*29*
Investment liabilities	125	1
Finance lease	90	72
Other	29	31
	1 843	**133**

3.13. Other financial liabilities

	31/12/2014 (unaudited)	31/12/2013 (restated data)
Cash flow hedge instruments	990	64
currency forwards	*31*	*58*
interest rate swaps	-	*6*
commodity swaps	*959*	-
Derivatives not designated as hedge accounting	29	46
currency forwards	-	*2*
commodity swaps	*29*	*44*
Embedded derivatives	1	-
currency swap	*1*	-
	1 020	**110**

3.14. Methods applied in determining fair values (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.
Fair value of derivatives is based on discounted future flows related to contracted transactions calculated as a difference between term price and transaction price. Forward rates of exchange are not modelled as a separate risk factor, but they are as 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 recognised in a reporting period profit or loss.
As compared to the previous reporting period the Group has not changed valuation methods concerning derivative instruments.

(in PLN million)

Fair value hierarchy

	31/12/2014 (unaudited)		31/12/2013 (restated data)	
	LEVEL 1	LEVEL 2	LEVEL 1	LEVEL 2
Financial assets				
Quoted shares	1	-	1	-
Embedded derivatives, hedging and not designated as hedge accounting	-	1 038	-	277
	1	**1 038**	**1**	**277**
Financial liabilities				
Embedded derivatives, hedging and not designated as hedge accounting	-	2 619	-	139
	-	**2 619**	**-**	**139**

Fair value of financial assets and liabilities 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 observable (so called Level 2) or unobservable inputs (so called Level 3).
During the reporting period and comparative period there were no reclassifications in the Group between Level 1 and Level 2 of fair value hierarchy.

Within its hedging strategy, the ORLEN Group hedges its cash flows:
- from inflows from operating activities, using non-deliverable sales/purchase forwards,
- from sales of Group's products and purchase of crude oil using commodity swaps,
- from periodical increase of operating inventories, using commodity swaps
- from interest payments concerning external financing using interest rate swaps (IRS),
- from investment projects using foreign exchange forwards.

As at 31 December 2014 the net valuation of hedge accounting instruments presented in notes 3.8, 3.9, 3.12 and 3.13 of the foregoing interim consolidated financial statements of PLN (1,595) million relates mainly to commodity swaps which hedge future crude oil repurchase price of two mandatory reserve tranches, which are planned for January 2015 and 2016. The negative valuation as at 31 December 2014 results mainly from the decline of oil prices on global market.

3.15. Finance lease payments

As at 31 December 2014 and as at 31 December 2013 the Group possessed as a lessee the finance lease agreements, concerning mainly buildings, technical equipment and machinery and means of transportation.

	31/12/2014 (unaudited)	31/12/2013 (restated data)
Value of future minimum lease payments	142	121
Present value of future minimum lease payments	116	102

3.16. Future liabilities resulting from signed investment contracts

As at 31 December 2014 and 31 December 2013 the value of future liabilities resulting from investment contracts signed until that day amounted to PLN 2,461 million and PLN 1,998 million, respectively.

3.17. Issue, redemption and repayment of debt securities

In the period covered by the foregoing interim condensed consolidated financial statements, as a part of liquidity optimisation in the ORLEN Group, issue of short term bonds in favour of Group companies were performed.

On 2 April 2014 PKN ORLEN issued fifth series of 4-years bonds (E series) of nominal value of PLN 200 million, and on 9 April 2014 sixth series of bonds (F series) of total value of PLN 100 million to the retail investors. On 30 June 2014 ORLEN Capital AB, special purpose vehicle, issued debt securities with 7-year redemption period. The value of the issue amounted to PLN 2,080 million translated using exchange rate as at 30 June 2014 (representing EUR 500 million). Detailed information is presented in note B 3.2.

3.18. Distribution of the Parent Company's profit for 2013

The Ordinary Shareholders' Meeting of PKN ORLEN S.A. on 15 May 2014 decided to distribute the net profit of the Parent Company for the year 2013 of PLN 617,684,481.47 as follows: PLN 615,901,047.84 as dividend payment (PLN 1.44 per 1 share) and PLN 1,783,433.63 as reserve capital of the Company.
The Ordinary Shareholders' Meeting of PKN ORLEN S.A. set 16 June 2014 as a dividend date and 8 July 2014 as a dividend payment date.

3.19. Contingent liabilities

In the period covered by the foregoing interim condensed consolidated financial statements there were no significant contingent liabilities, apart from the ones disclosed in the Consolidated Financial Statements for 2013 in note 39.

3.20. Guarantees

Excise tax guarantees and excise tax on goods and merchandise under the excise tax suspension procedure as at 31 December 2014 and 31 December 2013 amounted to PLN 1,637 million and PLN 1,652 million, respectively.

3.21. Events after the end of the reporting period

After the end of the reporting period there were no events to be included in the foregoing interim condensed consolidated financial statements.

OTHER INFORMATION TO CONSOLIDATED QUARTERLY REPORT

FOR THE 12 AND 3 MONTHS PERIOD ENDED 31 DECEMBER 2014

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

B. OTHER INFORMATION TO CONSOLIDATED QUARTERLY REPORT

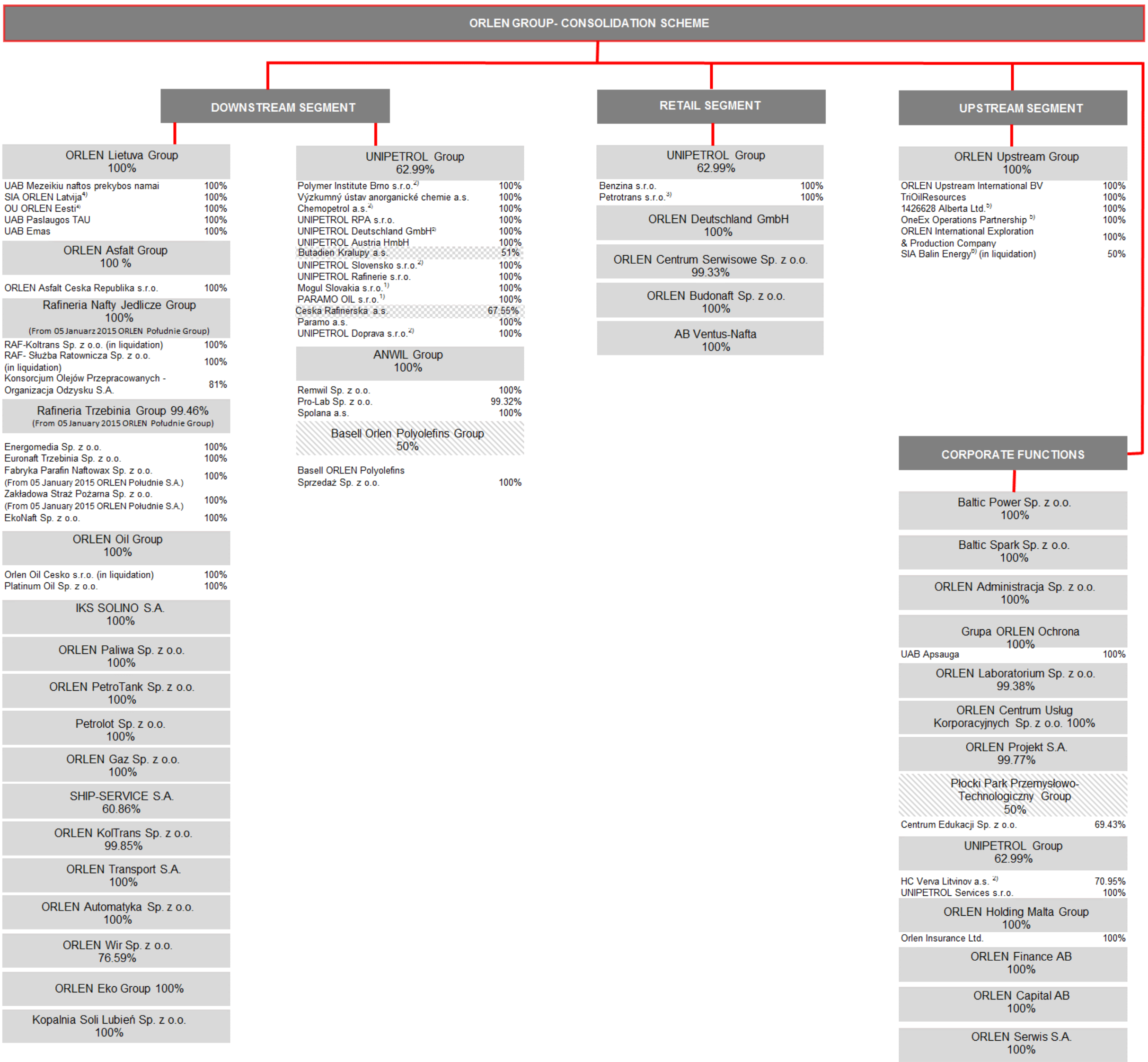
1. Principal activity of ORLEN Group

The Parent Company of the Polski Koncern Naftowy ORLEN S.A. Capital Group is Polski Koncern Naftowy ORLEN S.A. ("PKN ORLEN", "Company", "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 ORLEN Group

The ORLEN 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.



* 1) PARAMO Group; 2) UNIPETROL RPA Group; 3) Benzina Group; 4 UAB Mazeikiu Naftos Prekybos Namai Group; 5) TriOilResources Ltd. Group
6) ORLEN International Exploration & Production Company Group

fully consolidated entities

joint ventures accounted for under equity method

entities classified as joint arrangements (recognition of partially owned assets and liabilities

(in PLN million)

2.1. Changes in the ORLEN Group's structure for 12 months period ended 31 December 2014

2.1.1. Acquisition of shares of Birchill Exploration Limited Partnership

On 5 June 2014 the ORLEN Group acquired 100% of Birchill Exploration Limited Partnership („Birchill") shares.
Shares were acquired as an execution of provisions of agreement dated 7 May 2014 concluded between the ORLEN Group's entity – TriOil Resources Ltd. ("TriOil") and Bregal – Birchill Investments S.A.R.L. seated in Luxemburg. Acquired shares represented 100% of Birchill's share capital and 100% votes on the company's Shareholders Meeting. 5 June 2014 is assumed as a date of taking control (Polish time).
The core business of Birchill is exploration, prospecting and extraction of crude oil and natural gas in Canada. Concluding of the agreement is consistent with the ORLEN Group's strategy aiming at the development of crude oil and natural gas resource base.
The amount paid for shares by TriOil of PLN 707.4 million was translated using the exchange rate as at 5 June 2014 (representing CAD 255.6 million).

Fair value of the identifiable assets and liabilities of Birchill as at the acquisition date:

	Carrying amount as at the acquisition day	Adjustments to fair value	Fair value
Exploration and evaluation of mineral resources' assets	4	5	9
Assets related to development and extraction of mineral resources	438	391	829
Trade and other receivables	15	-	15
Assets (A)	**457**	**396**	**853**
Trade and other liabilities	16	-	16
Provision for decommissioning costs of drillings and supporting infrastructure	7	10	17
Provision for deffered income tax	-	113	113
Liabilities (B)	**23**	**123**	**146**
Identifiable net assets at fair value (A-B)			**707**
Fair value of transferred payment due to acquisition			**707**

The settlement of executed transaction did not influence the consolidated statement of profit or loss and other comprehensive income. Fair value of net assets recognised in the ORLEN Group was equal to price paid. As a part of the settlement an assessment of completeness and accuracy of identified assets and liabilities acquired in the mentioned transaction as well as to determine fair value of identified assets and liabilities were conducted.
Simultaneously, on 5 June 2014 TriOil and Birchill merger took place. The merger took place by transfer of Birchill's total assets to TriOil. Taking into account the fact that TriOil possessed 100% shares of Birchill's share capital, the merger took place without an increase of share capital.

2.1.2. Other changes

On 1 June 2014 the Extraordinary Shareholders Meeting of „RAF-KOLTRANS" Sp. z o.o. located in Jedlicze, adopted a resolution regarding the dissolution of „RAF-KOLTRANS" Sp z o.o. starting of liquidation procedures. The purpose of the „RAF-KOLTRANS" Sp. z o.o. was providing of manoeuvres, loading and unloading services on railway siding of Rafineria Nafty Jedlicze S.A.

As a part of the centralization of environmental services on 26 June 2014, ORLEN Eko Sp. z o.o. acquired from both ANWIL S.A. and Przedsiębiorstwo Inwestycyjno – Remontowe RemWil Sp. z o.o. – subsidiary of ANWIL, a total of 100% shares in the company Chemeko Sp. z o.o. The transfer of ownership of shares took place on 1 July 2014.

On 3 July 2014 Unipetrol a.s. subsidiary of PKN ORLEN S.A., accepted the offer of an Italian ENI regarding the acquisition of Česká Rafinérská shares, representing 32.445% of share capital of the company. The transaction will ensure the availability and security of supply of raw materials for the petrochemical segment of Unipetrol, contributing positively to the opportunities for further development of this sector.
The total amount of the transaction is estimated at about PLN 128 million translated using exchange rate as at 31 December 2014 (representing EUR 30 million). Unipetrol, exercising the pre-emptive right, will become the sole owner of Česká Rafinérská. On 19 December 2014, Unipetrol received approval from the Czech Antimonopoly Office for the implementation of the above transaction. This decision was not legally binding at the date of 31 December 2014.

On 7 August 2014 the Extraordinary Shareholders Meeting of RAF-SŁUŻBA RATOWNICZA Sp. z o.o. located in Jedlicze, adopted a resolution regarding the dissolution of RAF-SŁUŻBA RATOWNICZA Sp z o.o. and starting of liquidation procedures.

On 19 September 2014 the District Court in Rzeszów issued a decision on removal of RAF-BIT Sp. z o.o. in liquidation in Jedlicze from National Court Register.

On 29 December 2014, a share capital of AB ORLEN Lietuva was increased through the issue of 10,379,678 new ordinary registered shares, a nominal value of LTL 1 each.
The value of the issue amounted to USD 300,000 million, i.e. LTL 847,140 million (calculated rate from 29 December 2014). The issue price of one share is USD 28.90 which represents approximately LTL 81.62.
The shares from the issue were acquired by PKN ORLEN S.A,, therefore the stake of the share capital remained unchanged and amounted to 100%.
Funds from this issue were used to repay debt to ORLEN Group by AB ORLEN Lietuva.

On 15 December 2014, the Extraordinary General Meeting of SIA Balin Energy, seated in Riga, passed a resolution to liquidate the company SIA Balin Energy. As at 31 December 2014 SIA Balin Energy is a company in liquidation.

On 5 January 2015, there was a merger between the Rafineria Trzebinia S.A, and the acquired companies: Rafineria Nafty Jedlicze S.A., Fabryka Parafin Naftowax sp. z o.o. and Zakładowa Straż Pożarna sp. z o.o. All the assets of the acquired companies were transfered to the acquiring company (Rafineria Trzebinia S.A.) with a simultaneous increase of the share capital of the company by approximately PLN 7 million through the issue of new ordinary shares that were granted to the shareholder of a company being acquired, i.e. PKN ORLEN S.A.
A merger between Rafineria Trzebinia S.A. as the acquiring company with the following companies: Fabryka Parafin Naftowax Sp.z o.o. and Zakładowa Straż Pożarna sp. z o.o as the acquired companies was accomplished by transferring all assets of the acquired companies to the acquiring` company (which is the sole shareholder of these companies), without increasing its share capital.
According to these mergers, the company operates under the name ORLEN Południe S.A. since 5 January 2015.

On 5 January 2015, a merger between ORLEN Oil sp. z o.o as the acquiring company and Platinum Oil sp. z o.o. as the acquired company took place. All assets of the acquired company were transferred to the acquiring company.

3. Financial situation

3.1. ORLEN Group's achievements accompanied by factors having a significant impact on financial results

Operating and financial results

Operating profit increased by depreciation and amortisation ("EBITDA") of the ORLEN Capital Group ("ORLEN Group") in the IV quarter of 2014 before taking into account impairment allowances of non-current assets of PLN (331) million amounted to PLN (333) million compared with PLN 54 million in the same quarter of 2013. EBITDA for 2014 before considering the impact of impairment allowances of non-current of assets of PLN (5,360) million amounted to PLN 2,640 million.
Positive effect of the macroeconomic factors in the IV quarter of 2014 related mainly to the increase of the model downstream margin by USD/bbl 3.6 (y/y) and as a result of depreciation of average exchange rate of PLN against USD of PLN 1,176 million (y/y).

The positive volume effect of PLN 47 million (y/y) resulted mainly from higher downstream segment sales in the Czech Republic, increase of retail sales on all markets as well as a result of upstream activities in Canada.

The negative impact of other factors of PLN (1,610) million (y/y) consisted mainly the impact of decreasing crude oil prices on the valuation of inventory and effects of inventory revaluation to net realizable value in accordance with IAS 2.

After taking into account the impact of the amortization and depreciation expenses and impairment allowances of assets the operating result for the IV quarter of 2014 amounted to PLN (1,149) million and for the whole year 2014 PLN (4,711) million.
Net finance costs in the IV quarter of 2014 amounted to PLN (265) million consisted primarily of negative foreign exchange differences of PLN (269) million, net interest cost of PLN (30) million and positive impact of the settlement and valuation of financial instruments net of PLN 35 million.
After consideration of tax expense, net profit of ORLEN Group for the IV quarter of 2014 amounted to PLN (1,179) million.

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

- PKN ORLEN S.A. – EBITDA amounted to PLN (589) million and was lower by PLN (712) million (y/y):
  - PLN (682) million (y/y) - lower EBITDA of downstream segment as a result of lower sales volume of the segment mainly due to continuosuly visible impact of so-called "shadow economy", and also lower sales to key customers and improvement of the macroeconomic environment
  - PLN 23 million (y/y) - higher EBITDA of retail segment mainly due to increase of sales volume (y/y) as well as improvement of fuel and non-fuel margins and the negative result on other operating activities,
  - PLN 5 million (y/y) - higher EBITDA of upstream segment,
  - PLN (58) million (y/y) - lower EBITDA of corporate functions mainly due to change of the provision for risks regarding operating activities and future employee benefits.
- ORLEN Lietuva Group – EBITDA amounted to PLN (198) million and was lower by PLN (29) million (y/y).
  - PLN (86) million (y/y) - lower EBITDA of downstream segment as a result of lower sales volume mainly on Latvian and Estonian market and improvement of the macroeconomic factors
  - PLN 57 million (y/y) - higher EBITDA of corporate functions mainly due to optimization of labour expenses.
- Unipetrol Group – EBITDA amounted to PLN 172 million and was higher by PLN 135 million (y/y).
  - PLN 123 million (y/y) – higher EBITDA of downstream segment as the effect of positive changes of macroeconomic factors and higher sales volume as a result of increased production capacity after acquisition of Ceska Rafinerska shares from Shell in the I quarter of 2014,
  - PLN 15 million (y/y) - higher EBITDA of retail segment mainly due to the improvement of fuel and non-fuel margins as well as higher sales volumes,
  - PLN (3) million (y/y) – lower EBITDA of corporate functions.

Net indebtedness and cash flows

As at 31 December 2014, net indebtedness of ORLEN Group of PLN 6,720 million was higher by PLN 2,052 million as compared to the level at the end of 2013. Change in net indebtedness for 12 months of 2014 comprised mainly proceeds from loans and borrowings net taken of PLN 2,977 million, increase of cash by PLN (1,248) million as well as impact of negative foreign exchange differences from the revaluation of foreign currency loans and indebtedness valuation of PLN 323 million.

In the IV quarter of 2014 increase of net indebtedness of PLN 836 million and comprised repayment of loans and borrowings net of PLN (390) million, decrease of cash by PLN 1,044 million as well as negative foreign exchange differences from the revaluation of foreign currency loans and indebtedness valuation of PLN 182 million.
Net financial leverage at the end of IV quarter of 2014 amounted to 33.0 %.
Cash flows from operating activities in the IV quarter of 2014 amounted to PLN 408 million mainly and comprised of net loss increased by depreciation and amortisation of PLN (694) million, as well as positive change in net working capital of PLN 1,019 million.
Net cash used in investing activities in the IV quarter of 2014 amounted to PLN (1,000) million and comprised mainly net expenditures for the acquisition of property, plant and equipment, intangible assets and perpetual usufruct of land of PLN (979) million.
Net cash used in financing activities in the IV quarter of 2014 amounted to PLN (447) million and comprised mainly of net expenditures due to change in loans and borrowings of PLN (403) million as well as interest paid of PLN (49) million.
Considering revaluation of cash from foreign exchange differences the cash balance decreased in the IV quarter of 2014 by PLN (1,044) million and as at 31 December 2014 amounted to PLN 3,937 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 2014 until the date of preparation of the foregoing report

JANUARY 2014

Termination of the agreement for gathering and keeping of crude oil mandatory reserves

PKN ORLEN announced that on 28 January 2014 the agreement for gathering and keeping of crude oil mandatory reserves, concluded on 28 December 2012 between PKN ORLEN and Whirlwind Sp. z o.o., has expired.
Therefore, and in accordance with realization of the Act on stocks of crude oil, petroleum products and natural gas, the principles of proceeding in circumstances of a threat to the fuel security of the State and disruption on the petroleum market PKN ORLEN purchased crude oil owned by Whirlwind. The value of transaction was approximately PLN 1,223 million, translated using exchange rate as at 27 January 2014 (representing approximately USD 396 million). The crude oil price was established according to market quotations.
On the day of conclusion of the agreement, PKN ORLEN hedged purchase price of crude oil with forward contract. Through the settlement of the hedging transaction purchase price of crude oil was decreased by approx. PLN 34 million, translated using exchange rate as at 27 January 2014 (representing approx. USD 11 million). As a result of these operations PKN ORLEN recognised in the first quarter of 2014 purchase of crude oil of approx. PLN 1,189 million, translated using exchange rate as at 27 January 2014 (representing approx. USD 385 million).
Additionally, within the duration of the contract regarding gathering and maintenance of crude oil reserves, Whirlwind incurred charges to PKN ORLEN for inventory maintenance guarantees.

MARCH 2014

Appointment of PKN ORLEN Management Board for a new term

On 6 March 2014 the Supervisory Board of PKN ORLEN appointed following persons to the Management Board of PKN ORLEN:

- Dariusz Jacek Krawiec for the position of the President of the Management Board,
- Sławomir Jędrzejczyk for the position of the Vice-President of the Management Board,
- Piotr Chełmiński for the position of the Member of the Management Board,
- Krystian Pater for the position of the Member of the Management Board,
- Marek Podstawa for the position of the Member of the Management Board

for the common three year term of office starting the day after present common term of office of the Management Board of the Company expires, that is after the day of the General Shareholders Meeting of the Company approving the financial statements for 2013..

APRIL 2014

Bonds under public bond issuance program

On 28 March 2013 the Supervisory Board of PKN ORLEN approved the issue of bonds by the Company through a public bond issuance program (the Program).
On the basis of an agreement concluded with UniCredit CAIB Poland S.A, Powszechna Kasa Oszczędności Bank Polski S.A. and Bank Pekao S.A., in 2013 PKN ORLEN issued 4 series of mid-term bonds (4-years) of total nominal value of PLN 700 million, dedicated to retail investors. On 2 April 2014 PKN ORLEN issued fifth series of 4-years bonds (E series) of nominal value of PLN 200 million, and on 9 April 2014 sixth series of retail bonds (F series), of total nominal value of PLN 100 million was issued. Sixth series was the last offering, finalizing the Program. Bonds issued under the Program are unsecured, bearer ordinary bonds, registered in the National Depository for Securities listed on the regulated market within the Catalyst platform operated by the Warsaw Stock Exchange.

in PLN million

	Nominal value	Subscription date	Redemption date	Base rate	Margin	Rating
A Series	200	28.05.2013	28.05.2017	6M WIBOR	1,50%	A - (pol)
B Series	200	03.06.2013	03.06.2017	6M WIBOR	1,50%	A - (pol)
C Series	200	06.11.2013	06.11.2017	6M WIBOR	1,40%	A - (pol)
D Series	100	14.11.2013	14.11.2017	6M WIBOR	1,30%	A - (pol)
E Series	200	02.04.2014	02.04.2018	6M WIBOR	1,30%	A - (pol)
F Series	100	09.04.2014	09.04.2020	Fixed interest rate	5%	A - (pol)
Total	**1 000**					

Resignation from the position of member of the Supervisory Board of PKN ORLEN

On 17 April 2014 Mr Michał Gołębiowski resigned from the position of member of the Supervisory Board of PKN ORLEN, effective on 21 April 2014, due to relevant professional circumstances.

Refinance of main credit line and extension of the period of available financing

On 25 April 2014 in order to refinance its main credit line, PKN ORLEN signed a credit agreement with syndicate of 17 banks. The maximum debt, under the Agreement provisions, amounts to PLN 8,406 million, based on the exchange rate as of 25 April 2014 (representing EUR 2,000 million). The Agreement replaced the credit agreement dated 28 April 2011 with the maximum debt value of EUR 2,625 million, signed with syndicate of 14 banks.
The debt is arranged as a club-deal type, with a group of main relational banks of the ORLEN Group, in which PKN ORLEN set independently with each bank from the consortium, an amount of credit exposure as well as its funding conditions. The Agreement is valid for 5 years with 2 one-year options to extend the contractual period.
According to the Agreement provisions the debt is available in two tranches. The first tranche of approximately PLN 6,305 million based on the exchange rate as of 25 April 2014 (representing EUR 1,500 million) was used for the repayment of debt from the credit agreement dated 28 April 2011. Availability of the second tranche of approximately PLN 2,102 million, based on the exchange rate as of 25 April 2014 (representing EUR 500 million) depends on PKN ORLEN's as well as companies from ORLEN Group needs for financial resources. The Agreement stated that the Company can withdraw from using of that tranche in 6 months from the day of signing of the Agreement. PKN ORLEN resigned from using this tranche.
The debt can be drawn in EUR, USD, PLN, CZK and CAD. Interest rate of the credit is based on the certain base fee plus margin. Other conditions of credit are also in line with market conditions.
The syndicate of banks, which signed the Agreement is formed by: The Bank of Tokyo-Mitsubishi UFJ, Ltd., Bank Polska Kasa Opieki S.A., ING Bank Slaski S.A., Bank Zachodni WBK S.A., BNP Paribas S.A. Branch in Poland, Credit Agricole Corporate and Investment Bank, mBank S.A., Nordea Bank Polska S.A., Powszechna Kasa Oszczędności Bank Polski S.A., Société Générale Corporate & Investment Banking, Bank Handlowy w Warszawie S.A., HSBC Bank plc, Rabobank Polska S.A., The Royal Bank of Scotland plc, Erste Group Bank AG, DNB Bank Polska S.A., Caixabank, S.A. (publ) Branch in Poland.
.

MAY 2014

Changes in PKN ORLEN Supervisory Board

The Ordinary Shareholders' Meeting of PKN ORLEN on 15 May 2014 appointed to the Supervisory Board Mr. Adam Ambrozik and dr Radosław L. Kwaśnicki.
Additionally the Ministry of the State Treasury acting on behalf of the shareholder the State Treasury, according to § 8 item 2 point 1 of the Company's Articles of Association appointed to the Company's Supervisory Board Prof. Maciej Bałtowski with effective date of 15 May 2014.

JUNE 2014

Sales of tranche of crude oil mandatory reserves

Within the process of changing the formula of keeping crude oil mandatory reserves, PKN ORLEN sold a part of mandatory reserves, through assigning the keeping of the inventories to the third party.
Based on the agreement dated 26 June 2014 PKN ORLEN sold to the company Cranbell crude oil of approximately PLN 2,236 million translated with exchange rate as at 26 June 2014 (representing USD 736 million). The price was determined based on market quotations.
On the basis of simultaneously concluded agreement for keeping of inventories Cranbell will be providing service of keeping of crude oil mandatory reserves to PKN ORLEN account, whereas PKN ORLEN will guarantee an ability to storage of inventories in current location. The agreement for keeping of inventories was concluded for the period to 28 January 2016 with a 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 concluded.
Cranbell is a SPV, owned in 19% by RBS Investments Netherlands B.V. and in 81% by Dutch company Cranbell B.V. Cranbell in its statutory activities includes trading of crude oil.

Eurobonds issue within the ORLEN Group

On 30 June 2014 the special purpose vehicle ORLEN Capital AB issued debt securities with 7-year redemption period. The value of the issue was PLN 2,080 million translated using exchange rate as at 30 June 2014 (representing EUR 500 million). PKN ORLEN, being an underwriter, owns 100% of shares in ORLEN Capital AB. The funds acquired from the issue will be used for further diversification of the ORLEN Group's sources of financing.

JULY 2014

ORLEN Group Strategy for 2014 – 2017

On 22 July 2014 Supervisory Board of PKN ORLEN approved ORLEN Group Strategy for 2014-2017 ("Strategy"). The Group will continue to focus on strengthen the position on large and growing markets, strong customer-oriented approach, operational excellence, strengthening the value chain and sustainable development in the area of its oil and gas extraction. Implementation of growth-oriented projects in the most perspective areas will be possible thanks to Group's financial strength and modern management culture. Detailed information on PKN ORLEN Strategy for 2014-2017 are presented in the PKN ORLEN website:
http://www.orlen.pl/EN/InvestorRelations/Presentations/Pages/default.aspx

ORLEN GROUP (in PLN million)

SEPTEMBER 2014

Changes in Management Board

On 24 September 2014, the Supervisory Board of PKN ORLEN S.A. appointed Mr Igor Ostachowicz to the position of the Member of PKN ORLEN Management Board for the common three year term of office ending on the day of the Ordinary Shareholders Meeting that will approve financial statement for 2016. On 26 September 2014 Mr Igor Ostachowicz resigned from the position of Management Board Member.

NOVEMBER 2014

Consent of Supervisory Board of PKN ORLEN S.A. for realization of project of building a power plant in Plock

On 25 November 2014 the Supervisory Board of PKN ORLEN gave consent for realization of project of building a cogeneration CCGT at production plant in Plock.
The Supervisory Board decision concludes the process of corporate approvals and starts the final stage of preparations to sign an agreement with the general contractor. Start-up of the Power plant (596 MWe) is planned for the end of 2017.
The estimated value of the project, including building in "turn key" formula and infrastructure, will amount approximately to PLN 1.65 bn.
Simultaneously with agreement for building in "turn key" formula PKN ORLEN will conclude long-term service agreement.

KPMG Audyt Sp. z o.o. appointed as a qualified auditor of PKN ORLEN S.A. and ORLEN Capital Group financial statements

On 25 November 2014 the PKN ORLEN Supervisory Board has appointed KPMG Audyt Sp. z o.o., headquartered in Warsaw, Chlodna 51 Street, as a qualified auditor to:
- audit of separate financial statements of PKN ORLEN and consolidated financial statements of ORLEN Group for financial years 2015 and 2016, and
- review of separate and consolidated financial statements of PKN ORLEN and Group for the I and III quarter and first half of 2015 and 2016.

DECEMBER 2014

Conclusion of agreements for building and service of power plant in Plock

On 2 December 2014 PKN ORLEN signed with consortium of companies: Siemens AG and Siemens Spolka z o.o. the agreement for building "in turn key" formula a cogeneration CCGT at production plant in Plock. The estimated value of the Agreement for building amounts to ca. PLN 1.3 bn. The budget for project, estimated at approximately PLN 1.65 bn, apart from the Agreement for building, includes infrastructure as well as project and media service during start-up.
Simultaneously with signing of the agreement for building power plant PKN ORLEN has signed with Consortium of companies the agreement for service of the CCGT machines. The agreement for service will be valid for 12 years from the start-up of Power plant. The estimated value of the agreement for service during its entire term will amount to ca. PLN 0.3 bn.

4. Related party transactions

4.1. 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 2014 and 31 December 2013 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 2014 and as at 31 December 2013 there are no loans granted by the Group companies to managing and supervising persons and their relatives.

4.2. 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 2014, as at 31 December 2013 and in the 12 and 3 months period ended 31 December 2014 and 31 December 2013 key executive personnel of the Parent Company and the Group companies did not conclude any transactions with related parties that could significantly influence the consolidated financial statements.

	Entities classified as joint arrangements			
	12 MONTHS 2014 (unaudited)	IV QUARTER 2014 (unaudited)	12 MONTHS 2013 (restated data)	IV QUARTER 2013 (unaudited) (restated data)
Sales	3 295	818	3 443	807
Purchases	(507)	(127)	(419)	(99)

	Associates			
	12 MONTHS 2014 (unaudited)	IV QUARTER 2014 (unaudited)	12 MONTHS 2013 (restated data)	IV QUARTER 2013 (unaudited) (restated data)
Sales	60	15	66	18
Purchases	(47)	(14)	(49)	(18)

(in PLN million)

	Total			
	12 MONTHS 2014 (unaudited)	IV QUARTER 2014 (unaudited)	12 MONTHS 2013 (restated data)	IV QUARTER 2013 (unaudited) (restated data)
Sales	3 355	833	3 509	825
Purchases	(554)	(141)	(468)	(117)

As a part of entities classified as joint arrangements, joint operation and joint venture is being classified:

	joint venture			
	12 MONTHS 2014 (unaudited)	IV QUARTER 2014 (unaudited)	12 MONTHS 2013 (restated data)	IV QUARTER 2013 (unaudited) (restated data)
Sales	2 927	736	3 088	721
Purchases	(30)	(9)	(31)	(10)

	joint operation			
	12 MONTHS 2014 (unaudited)	IV QUARTER 2014 (unaudited)	12 MONTHS 2013 (restated data)	IV QUARTER 2013 (unaudited) (restated data)
Sales	368	82	355	86
Purchases	(477)	(118)	(388)	(89)

	Entities classified as joint arrangements		Associates		Total	
	31/12/2014 (unaudited)	31/12/2013 (restated data)	31/12/2014 (unaudited)	31/12/2013 (restated data)	31/12/2014 (unaudited)	31/12/2013 (restated data)
Trade and other receivables	620	653	17	19	637	672
Trade and other liabilities	225	233	9	11	234	244

including:

	Entities classified as joint arrangements				Total	
	joint venture		joint operation			
	31/12/2014 (unaudited)	31/12/2013 (restated data)	31/12/2014 (unaudited)	31/12/2013 (restated data)	31/12/2014 (unaudited)	31/12/2013 (restated data)
Trade and other receivables	575	590	45	63	620	653
Trade and other liabilities	4	4	221	229	225	233

In the 12 and 3 months period ended 31 December 2014 and 31 December 2013 there were no related party transactions concluded within the Group on other than market terms.

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

Detailed information concerning the below-mentioned proceedings was presented in the Consolidated Financial Statements for 2013 in note 44. Changes in their status in the current period and information regarding new proceedings were presented below.

5.1. Proceedings in which the ORLEN 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 regards the payment of a compensation for losses related among others to alleged unfair competition of PKN ORLEN included in Agrofert Holding a.s. (Agrofert) claim and alleged illegal violation of reputation of Agrofert 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 against PKN ORLEN regarding the payment of PLN 2,992 million translated using exchange rate as at 31 December 2014 (representing CZK 19,464 million) with interest and obliged Agrofert to cover the cost of proceedings born by PKN ORLEN. On 3 October 2011 PKN ORLEN received from the common court in Prague (Czech Republic) claim for overruling the sentence of the Arbitration Court attached to the Economic Chamber of the Czech Republic and Agricultural Chamber of the Czech Republic in Prague issued on 21 October 2010. The complaint was dismissed by the court in Prague with the ruling of 24 January 2014. On 7 April 2014 Agrofert appealed from the above sentence. In the opinion of PKN ORLEN the decision included in the judgment of the Arbitration Court dated 21 October 2010 and in the judgment of the court in Prague dated 24 January 2014 are correct and will take all necessary means to remain the judgment in force.

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

5.1.2.1. Tax proceedings in ORLEN Południe S.A. (previously Rafineria Trzebinia S.A.)

The proceeding relating to the excise tax liability for September 2004 was closed by the decision of the Supreme Administrative Court of 7 October 2013 which sustained the decision of the Head of the Customs Office in Cracow determining the excise tax liability of PLN 38 million. On 7 October 2013 Rafineria Trzebinia S.A. settled entire liability including interest.
On 14 May 2014 and 20 May 2014 the company received the decisions of the Head of the Customs Office in Cracow determining excise tax liabilities for the period: May, June, July and August 2004. The excise tax liability according to those decisions is PLN 132 million. The company filled an annulment against the decision to Head of the Customs Office in Cracow. The annulment were discussed. On 5 June 2014 Rafineria Trzebinia paid entire liability with interests. At the same time provisions recognised for this purpose in prior years were used. Rafineria Trzebnia S.A. appealed to the Voivodship Administrative Court in Cracow against decisions on tax liability for the period May – August 2004.

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

As at the date of preparation of the foregoing consolidated financial statements PKN ORLEN participates in court proceeding concerning the settlement of system fee with ENERGA – OPERATOR S.A. for the period from 5 July 2001 to 30 June 2002. ENERGA – OPERATOR S.A. claims from PKN ORLEN payment of PLN 46 million increased by the statutory interest. During the retrial, an opinion was prepared by an expert witness for the variant damages calculation. The District Court in Warsaw (as a first instance authority) by its judgment from 27 October 2014 ordered the PKN ORLEN to pay to ENERGA - OPERATOR S.A. the amount of PLN 46 million, together with statutory interest from 30 June 2004 to the date of payment. The judgment is not final. PKN ORLEN filed an appeal against the judgment.

5.1.2.3. 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 District 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 claim is approximately PLN 275 million, translated using the exchange rate as at 31 December 2014 (representing CZK 1,789 million). UNIPETROL RPA s.r.o. is one of the 8 defendants against which the claim was brought. According to the UNIPETROL RPA s.r.o the claim is unjustified and groundless. The proceeding concerning the determination of the court, which will continue the case, is ongoing.

5.1.2.4. Claim of OBR S.A. for compensation

On 5 September 2014, the company OBR S.A. filed an action against PKN ORLEN to the District Court in Lodz with the claim for payment in respect of the alleged breach by PKN ORLEN of patent rights: "The technique of the separation of hydrodesulfurization products of heavy residue after extractive distillation of crude oil." The amount of the claim in the lawsuit has been estimated by the OBR S.A. of approximately PLN 83 million. The claim covers the adjudge sum of money from PKN ORLEN for the OBR S.A. in the amount corresponding to the market value of the license fee for the use of the solution under the above patent and adjudge the obligation to repay the benefits derived from the use of this solution. On 16 October 2014, PKN ORLEN responded for the lawsuit. The value of the dispute was referred to by the plaintiff in the procedural document from 11 December 2014 in the amount of PLN 247 million.
In the opinion of PKN ORLEN the claim of patent infringement is illegitimate.

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

5.2.1. Compensations due to damages suffered by Rafineria Trzebinia S.A (currently ORLEN Południe S.A.)

ORLEN Południe S.A. (previously Rafineria Trzebinia S.A.) acts as an auxiliary prosecutor in the proceedings started in 2010 concerning abuses associated with the realization of investment - installation for the esterification of biodiesel oil, on which Rafineria Trzebinia S.A. (currently ORLEN Południe S.A.) claims to incur a loss of approximately PLN 79 million. The Company issued a motion to the court requesting to oblige the defendants to compensate the incurred damages. The proceeding is pending in the District Court in Chrzanów. In order to confirm the circumstances of estimation of incurred loss, an expert opinion will be allowed. By the order from 26 August 2014, certain acts from the accusation were partially remitted. The criminal proceedings concerning the accused who acted against the company's interest are ongoing. The hearing date is expected to be determined.

5.2.2. Proceeding of Orlen Lietuva for compensation in respect of accident at Terminal in Butingė

AB Orlen Lietuva is a plaintiff in the court proceeding against RESORT MARITIME S.A., 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 74 million translating using the exchange rate as at 31 December 2014 (representing approximately LTL 60 million). The parties agreed to relocate the case to the jurisdiction of English law.

5.2.3. Tax proceedings UNIPETROL RPA

UNIPETROL RPA s.r.o., acting as a legal successor of CHEMOPETROL a.s. claims the return of tax expense paid in 2006 for the year 2005 by CHEMOPETROL a.s.. The claim concerns unused investment relief attributable to CHEMOPETROL a.s.. Value of claim amounts to approximately PLN 50 million translated using the exchange rate as at 31 December 2014 (representing approximately CZK 325 million). On 11 December 2013, 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 tax expense of UNIPETROL RPA s.r.o. of approximately CZK 325 million. UNIPETROL RPA s.r.o. submitted 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, as such statement would improve the company's position against the tax authorities in this particular case. On 19 March 2014 the Czech Supreme Administrative Court overruled an annulment claim of UNIPETROL RPA, s.r.o and dismissed the Court in Usti by the Elbe River judgment and decided to revoke them to reexamination. UNIPETROL RPA s.r.o. submitted an application to the Czech Constitutional Court for a declaration that the judgment of the Administrative Court of the Czech Republic violated the right to a fair trial. As a consequence, the Court in Usti by the Elbe River suspended the proceeding on UNIPETROL RPA's s.r.o annulment claim regarding dismiss of the decisions of the tax authorities.

5.2.4. Arbitration proceedings against Basell Europe Holdings B.V.

On 20 December 2012 PKN ORLEN sent an arbitration call to Basell Europe Holdings B.V. regarding ad hoc proceeding in front of the Court of Arbitration in London relating to Joint Venture Agreement signed in 2002 between PKN ORLEN and Basell Europe Holdings B.V. The claims follow from the use by Basell Sales & Marketing Company so-called Cash Discounts which effectively led to a lower product price payable to Basell Orlen Polyolefins Sp. z o.o. On 27 February 2014 PKN ORLEN submitted its statement on this case, according to which claimed amounts were updated in the way that PKN ORLEN requests from Basell Europe Holdings B.V. to Basell Orlen Polyolefins Sp. z o.o. the amount of PLN 128 million translated using exchange rate as of 31 December 2014 (representing approximately EUR 30 million) plus interest, or alternatively, from Basell Europe Holdings B.V. to PKN ORLEN the amount of approximately PLN 57 million, provided that the amounts may be adjusted during arbitration proceedings. On 10 April 2014 PKN ORLEN submitted an application for suspension of the arbitration proceedings until 1 November 2014. Basell Europe Holdings B.V. accepted this request. On 23 April 2014 the parties received the Tribunal's decision regarding the suspension of the proceeding until 1 November 2014. On 1 November 2014, the arbitration proceedings were resumed. Hearing was set between 24-27 March 2015 year.

5.2.5. Proceedings against Aon UK Limited

In 2012 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 AB Orlen Lietuva did not receive full compensation for the loss resulting from the refinery fire in 2006. On 27 October 2014 the parties entered into a settlement agreement under which Aon AB committed himself to pay for the AB Orlen Lietuva the sum of PLN 18 million converted with exchange rate of 31 December 2014 (equivalent to USD 5 million) in compensation. Therefore, the proceedings have been completed.

5.2.6. The dispute between ORLEN Lietuva and Lietuvos Geležinkeliai

On 31 December 2014, ORLEN Lietuva filed in a court of arbitration in Vilnius a motion for arbitration against the company Lietuvos Gelezinkeliai (LG). In these proceedings the ORLEN Lietuva will strive for a compensation in the amount of ca. PLN 68 million converted with exchange rate from 31 December 2014 (equivalent of EUR 15.9 million) due to breach of contract of rail transport by LG (use of excessive fees). The procedure is during the initial stage.
Simultaneously they are held two court proceedings in which LG demand from ORLEN Lietuva a payment of ca. PLN 36 million converted with exchange rate from 31 December 2014 (equivalent of approximately LTL 29 million) from fees for rail transport.

(in PLN million)

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 submission date of the report

Shareholder	Percentage share in total voting rights at Shareholder's Meeting as at the submission date	Number of shares as at the submission date
State Treasury	27.52%	117 710 196
ING OFE*	9.35%	40 000 000
Aviva OFE*	7.01%	30 000 000
Others	56.12%	239 998 865
	100.00%	**427 709 061**

* According to the information from the Ordinary Shareholders Meeting of PKN ORLEN of 15 May 2014

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.

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 this quarterly report*
Supervisory Board	**3 300**
Grzegorz Borowiec	100
Artur Gabor	3 200

* According to the received confirmations as at 19 January 2015

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.

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 subsidiary

On 30 June 2014, ORLEN Capital AB resident of Sweden and a subsidiary of PKN ORLEN realized the issue of Eurobonds with maturity of 7 years in the amount of approximately PLN 2,080 million converted with exchange rate from 30 June 2014 (equivalent of EUR 500 million). PKN ORLEN is the guarantor of the bond issue by an irrevocable and unconditional guarantee issued to the bondholders. The guarantee was granted for the duration of the Eurobond issue, that is to 30 June 2021.
The remuneration for the guarantee is included in the interest rate of the loan granted to PKN ORLEN by ORLEN Capital.

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

The ORLEN Group has not published forecasts of the results.

QUARTERLY FINANCIAL INFORMATION
PKN ORLEN

FOR IV QUARTER 2014

(in PLN million)

C. QUARTERLY FINANCIAL INFORMATION OF PKN ORLEN

Separate statement of profit or loss and other comprehensive income

	12 MONTHS 2014 (unaudited)	IV QUARTER 2014 (unaudited)	12 MONTHS 2013	IV QUARTER 2013 (unaudited)
Statement of profit or loss				
Sales revenues	76 972	17 589	84 040	20 140
Cost of sales	(74 283)	(17 541)	(80 813)	(19 517)
Gross profit on sales	**2 689**	**48**	**3 227**	**623**
Distribution expenses	(2 177)	(574)	(2 090)	(543)
Administrative expenses	(823)	(255)	(737)	(194)
Other operating income	311	139	324	59
Other operating expenses	(380)	(222)	(267)	(86)
Profit/(loss) from operations	**(380)**	**(864)**	**457**	**(141)**
Finance income	1 477	331	589	240
Finance costs	(5 977)	(738)	(414)	(172)
Net finance income and costs	**(4 500)**	**(407)**	**175**	**68**
Profit/(loss) before tax	**(4 880)**	**(1 271)**	**632**	**(73)**
Tax expense	208	225	(14)	2
Net profit/(loss)	**(4 672)**	**(1 046)**	**618**	**(71)**
Items of other comprehensive income				
which will not be reclassified into profit or loss	**(7)**	**(7)**	**2**	**2**
Actuarial gains and losses	*(9)*	*(9)*	*2*	*2*
Deferred tax	*2*	*2*	*-*	*-*
which will be reclassified into profit or loss under certain conditions	**(1 538)**	**(1 229)**	**237**	**155**
Hedging instruments	*(1 899)*	*(1 517)*	*293*	*192*
Deferred tax	*361*	*288*	*(56)*	*(37)*
	(1 545)	**(1 236)**	**239**	**157**
Total net comprehensive income	**(6 217)**	**(2 282)**	**857**	**86**
Net profit/(loss) and diluted net profit/(loss) per share (in PLN per share)	(10.92)	(2.45)	1.44	(0.17)

(in PLN million)

Separate statement of financial position

AS AT	31/12/2014 (unaudited)	31/12/2013
ASSETS		
Non-current assets		
Property, plant and equipment	13 465	12 097
Intangible assets	334	439
Perpetual usufruct of land	91	98
Shares in related parties	6 733	9 646
Financial assets available for sale	40	40
Deferred tax assets	169	-
Other non-current assets	970	1 035
	21 802	**23 355**
Current assets		
Inventories	6 497	9 383
Trade and other receivables	4 954	6 248
Other financial assets	1 206	974
Current tax assets	6	31
Cash	3 475	2 072
Non-current assets classified as held for sale	38	-
	16 176	**18 708**
Total assets	**37 978**	**42 063**
EQUITY AND LIABILITIES		
EQUITY		
Share capital	1 058	1 058
Share premium	1 227	1 227
Hedging reserve	(1 370)	168
Retained earnings	15 387	20 682
Total equity	**16 302**	**23 135**
LIABILITIES		
Non-current liabilities		
Loans, borrowings and debt securities	9 212	6 096
Provisions	355	324
Deferred tax liabilities	-	404
Other non-current liabilities	1 812	99
	11 379	**6 923**
Current liabilities		
Trade and other liabilities	7 572	9 836
Loans,borrowings and debt securities	930	1 314
Provisions	342	348
Deferred income	97	94
Other financial liabilities	1 356	413
	10 297	**12 005**
Total liabilities	**21 676**	**18 928**
Total equity and liabilities	**37 978**	**42 063**

(in PLN million)

Statement of changes in separate equity

	Share capital and share premium	Hedging reserve	Retained earnings	Total equity
1 January 2014	2 285	168	20 682	23 135
Net (loss)	-	-	(4 672)	(4 672)
Items of other comprehensive income	-	(1 538)	(7)	(1 545)
Total net comprehensive income	**-**	**(1 538)**	**(4 679)**	**(6 217)**
Dividends	-	-	(616)	(616)
31 December 2014	**2 285**	**(1 370)**	**15 387**	**16 302**
(unaudited)				
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**

QUARTERLY FINANCIAL INFORMATION OF PKN ORLEN (in PLN million)

Separate statement of cash flows

	12 MONTHS 2014 (unaudited)	IV QUARTER 2014 (unaudited)	12 MONTHS 2013	IV QUARTER 2013 (unaudited)
Cash flows - operating activities				
Net profit/(loss)	**(4 672)**	**(1 046)**	**618**	**(71)**
Adjustments for:				
Depreciation and amortisation	1 028	275	1 022	264
Foreign exchange (profit)/loss	97	104	9	(86)
Interest, net	213	47	255	59
Dividends	(1 092)	(72)	(220)	-
Loss on investing activities	4 928	198	99	149
Tax expense	(208)	(225)	14	(2)
Change in provisions	180	120	102	11
Change in working capital	1 823	664	2 462	966
inventories	*2 840*	*2 116*	*1 019*	*1 159*
receivables	*1 244*	*1 007*	*411*	*859*
liabilities	*(2 261)*	*(2 459)*	*1 032*	*(1 052)*
Other adjustments	(103)	(49)	(110)	(24)
Income tax received	23	2	119	-
Net cash provided by operating activities	**2 217**	**18**	**4 370**	**1 266**
Cash flows - investing activities				
Acquisition of property, plant and equipment, intangible assets and perpetual usufruct of land	(2 426)	(569)	(1 136)	(311)
Disposal of property, plant and equipment, intangible assets and perpetual usufruct of land	324	1	173	15
Acquisition of shares	(1 297)	(1 091)	(2)	(1)
Disposal of shares	69	-	-	-
Acquisition of current securities	(100)	-	-	-
Sale of current securities	5	-	-	-
Interest received	45	16	34	12
Dividends received	1 094	107	220	23
Outflows from additional repayable payments to subsidiaries' equity	(806)	(4)	(770)	(663)
Proceeds from additional repayable payments to subsidiaries' equity	38	-	9	9
Outflows from non-current loans granted	(353)	(17)	(303)	(303)
Proceeds from repayment of non-current loans granted	695	695	-	-
Proceeds/(Outflows) from current loans granted	259	692	345	(455)
Proceeds/(Outflows) from cash pool facility	64	(46)	(133)	(14)
Other	(12)	(3)	(15)	(4)
Net cash (used) in investing activities	**(2 401)**	**(219)**	**(1 578)**	**(1 692)**
Cash flows - financing activities				
Proceeds from loans and borrowings received	9 991	695	3 319	553
Debt securities issued	6 607	769	11 766	3 184
Repayments of loans and borrowings	(7 042)	(819)	(4 966)	(107)
Redemption of debt securities	(7 095)	(765)	(10 963)	(2 843)
Interest paid	(249)	(50)	(300)	(60)
Dividends paid	(616)	-	(642)	-
Payments of liabilities under finance lease agreements	(18)	(5)	(14)	(4)
Proceeds/(Outflows) from cash pool facility	15	31	114	(28)
Other	(1)	-	(5)	(2)
Net cash provided by/(used in) financing activities	**1 592**	**(144)**	**(1 691)**	**693**
Net increase/(decrease) in cash	**1 408**	**(345)**	**1 101**	**267**
Effect of exchange rate changes	(5)	(6)	(1)	(1)
Cash, beginning of the period	2 072	3 826	972	1 806
Cash, end of the period	**3 475**	**3 475**	**2 072**	**2 072**

The foregoing quarterly report was authorized by the Management Board of the Parent Company on 22 January 2015.

………………………
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