



ORLEN

Polski Koncern Naftowy ORLEN
Spółka Akcyjna

ORLEN CAPITAL GROUP

CONSOLIDATED QUARTERLY REPORT

FOR THE 1st QUARTER

2015

ORLEN GROUP - SELECTED DATA

	PLN million		EUR million	
	3 MONTHS 2015	3 MONTHS 2014	3 MONTHS 2015	3 MONTHS 2014
Sales revenues	20 005	24 119	4 822	5 813
Profit from operations (EBIT)	1 210	254	292	61
Profit from operations increased by depreciation and amortisation (EBITDA)	1 662	776	401	187
Profit before tax	1 034	154	249	37
Net profit attributable to equity owners of the parent	756	64	182	15
Net profit	868	126	209	30
Total net comprehensive income attributable to equity owners of the parent	929	(55)	224	(13)
Total net comprehensive income	968	61	233	15
Net cash provided by/(used in) operating activities	980	(3 440)	236	(829)
Net cash (used) in investing activities	(568)	(816)	(137)	(197)
Net cash provided by/(used in) financing activities	(1 265)	2 324	(305)	560
Net (decrease) in cash and cash equivalents	(853)	(1 932)	(206)	(466)
Net profit and diluted net profit per share attributable to equity owners of the parent (in PLN/EUR per share)	1.77	0.15	0.43	0.04

	31/03/2015	31/12/2014	31/03/2015	31/12/2014
Non-current assets	25 114	24 971	6 142	6 107
Current assets	21 421	21 754	5 239	5 320
Total assets	46 535	46 725	11 381	11 427
Non-current liabilities	10 380	12 305	2 539	3 009
Current liabilities	14 801	14 034	3 620	3 432
Total equity	21 354	20 386	5 222	4 986
Equity attributable to equity owners of the parent	19 700	18 771	4 818	4 591
Share capital	1 058	1 058	259	259
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)	46.06	43.89	11.26	10.73

PKN ORLEN - SELECTED DATA

	PLN million		EUR million	
	3 MONTHS 2015	3 MONTHS 2014	3 MONTHS 2015	3 MONTHS 2014
Sales revenues	13 623	17 415	3 284	4 197
Profit from operations (EBIT)	342	70	82	17
Profit from operations increased by depreciation and amortisation (EBITDA)	610	316	147	76
Profit/(Loss) before tax	320	(8)	77	(2)
Net profit/(loss)	258	(7)	62	(2)
Total net comprehensive income	549	(108)	132	(26)
Net cash provided by/(used in) operating activities	95	(2 246)	23	(541)
Net cash provided by/(used in) investing activities	57	(806)	14	(194)
Net cash provided by/(used in) financing activities	(1 269)	1 198	(306)	289
Net (decrease) in cash	(1 117)	(1 854)	(269)	(447)
Net profit/(loss) and diluted net profit/(loss) per share (in PLN/EUR per share)	0.60	(0.02)	0.14	-

	31/03/2015	31/12/2014	31/03/2015	31/12/2014
Non-current assets	21 897	21 802	5 355	5 332
Current assets	15 189	16 176	3 715	3 956
Total assets	37 086	37 978	9 070	9 288
Non-current liabilities	9 401	11 379	2 299	2 783
Current liabilities	10 858	10 297	2 655	2 518
Total equity	16 827	16 302	4 115	3 987
Share capital	1 058	1 058	259	259
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)	39.34	38.11	9.62	9.32

The above data for the 1st quarter of 2015 and 2014 was translated into EUR using the following exchange rates:

- items in the statement of profit or loss and other comprehensive income and the statement of cash flows - by the arithmetic average of average exchange rates published by the National Bank of Poland as of the last day of the month during the reporting period from 1 January to 31 March 2015: – 4.1489 EUR/PLN;
- items in the statement of financial position – by the average exchange rate published by the National Bank of Poland as at 31 March 2015 – 4.0890 EUR/PLN.

TABLE OF CONTENTS

A. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION	4
Consolidated statement of profit or loss and other comprehensive income.....	4
Consolidated statement of financial position	5
Statement of changes in consolidated equity.....	6
Consolidated statement of cash flows.....	7
EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	8
1. Information on principles adopted for the preparation of the interim condensed consolidated financial statements	8
1.1. Statement of compliance and general principles for preparation	8
1.2. Statements of the Management Board	8
1.3. Functional currency and presentation currency of financial statements and methods applied to translation of financial data.....	8
1.4. Information concerning the seasonal or cyclical character of the ORLEN Group's operations in the presented period	8
2. Segment reporting	9
3. Other notes	10
3.1. Sales revenues	10
3.2. Operating expenses	10
3.3. Impairment allowances of inventories to net realizable value.....	10
3.4. Impairment allowances of assets.....	11
3.5. Other operating income and expenses.....	11
3.6. Finance income and costs	11
3.7. Tax expense	12
3.8. Other non-current assets	12
3.9. Other financial assets.....	12
3.10. Loans, borrowings and bonds	12
3.11. Provisions	12
3.12. Other non-current liabilities.....	13
3.13. Other financial liabilities	13
3.14. Methods applied in determining fair value (fair value hierarchy).....	13
3.15. Finance lease payments	13
3.16. Future liabilities resulting from signed investment contracts	13
3.17. Issue, redemption and repayment of debt securities	13
3.18. Dividends	14
3.19. Contingent liabilities	14
3.20. Guarantees	14
3.21. Events after the end of the reporting period	14
B. OTHER INFORMATION TO CONSOLIDATED QUARTERLY REPORT	16
1. Principal activity of ORLEN Group	16
2. Organization of ORLEN Group	16
2.1. Changes in the structure of ORLEN Group in the 3 month period ended 31 March 2015	16
3. Financial situation	17
3.1. ORLEN Group's achievements accompanied by factors having a significant impact on financial results	17
3.2. The most significant events in the period from 1 January 2015 until the date of preparation of the foregoing report	18
4. Related party transactions	18
4.1. Transactions with members of the Management Board and Supervisory Board of the Parent Company, their spouses, siblings, ascendants, descendants and their other relatives	18
4.2. Transactions with related parties concluded by the key executive personnel of the Parent Company and key executive personnel of the Group companies	18
4.3. ORLEN Group companies' transactions and balances of settlements with related parties	19
5. Information concerning significant proceedings in front of court, body appropriate for arbitration proceedings or in front of public administration bodies	19
5.1. Proceedings in which the ORLEN Group entities act are the defendant	19
5.2. Court proceedings in which entities of the ORLEN Group act as a plaintiff.....	20
6. Other information	21
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	21
6.2. Changes in the number of the Parent Company's shares held by the Management Board and Supervisory Board Members	21
6.3. Information on loan sureties or guarantees of at least 10% of the Parent Company's equity granted by the Parent Company or its subsidiaries to one entity or its subsidiary	21
6.4. Statement of the Management Board regarding the possibility to realize previously published forecasts of the current year results.....	21
C. QUARTERLY FINANCIAL INFORMATION OF PKN ORLEN	23
Separate statement of profit or loss and other comprehensive income.....	23
Separate statement of financial position	24
Statement of changes in separate equity.....	25
Separate statement of cash flows.....	26

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS**

FOR THE 3 MONTH PERIOD ENDED 31 MARCH

2015

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

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	3 MONTHS 2015 (unaudited)	3 MONTHS 2014 (unaudited)
Statement of profit or loss			
Sales revenues	3.1	20 005	24 119
Cost of sales	3.2	(17 523)	(22 821)
Gross profit on sales		2 482	1 298
Distribution expenses		(934)	(915)
Administrative expenses		(388)	(346)
Other operating income	3.5	81	303
Other operating expenses	3.5	(62)	(102)
Share in profit from investments accounted for under equity method		31	16
Profit from operations		1 210	254
Finance income	3.6	89	48
Finance costs	3.6	(265)	(148)
Net finance income and costs		(176)	(100)
Profit before tax		1 034	154
Tax expense	3.7	(166)	(28)
Net profit		868	126
Items of other comprehensive income:			
which will be reclassified into profit or loss under certain conditions			
<i>Hedging instruments</i>		296	(100)
<i>Foreign exchange differences on subsidiaries from consolidation</i>		(140)	16
<i>Deferred tax</i>		(56)	19
		100	(65)
Total net comprehensive income		968	61
Net profit attributable to		868	126
<i>equity owners of the parent</i>		756	64
<i>non-controlling interest</i>		112	62
Total net comprehensive income attributable to		968	61
<i>equity owners of the parent</i>		929	(55)
<i>non-controlling interest</i>		39	116
Net profit and diluted net profit per share attributable to equity owners of the parent (in PLN per share)		1.77	0.15

The accompanying notes disclosed on pages 8 – 14 are an integral part of the foregoing interim condensed consolidated financial statements.

Consolidated statement of financial position

	NOTE	31/03/2015 (unaudited)	31/12/2014
ASSETS			
Non-current assets			
Property, plant and equipment		22 618	22 644
Investment property		109	111
Intangible assets		788	703
Perpetual usufruct of land		93	89
Investments accounted for under equity method		703	672
Financial assets available for sale		40	40
Deferred tax assets		244	385
Other non-current assets	3.8	519	327
		25 114	24 971
Current assets			
Inventories		10 167	9 829
Trade and other receivables		7 429	7 057
Other financial assets	3.9	674	862
Current tax assets		44	35
Cash and cash equivalents		3 090	3 937
Non-current assets classified as held for sale		17	34
		21 421	21 754
Total assets		46 535	46 725
EQUITY AND LIABILITIES			
EQUITY			
Share capital		1 058	1 058
Share premium		1 227	1 227
Hedging reserve		(1 061)	(1 319)
Foreign exchange differences on subsidiaries from consolidation		424	509
Retained earnings		18 052	17 296
Total equity attributable to equity owners of the parent		19 700	18 771
Non-controlling interest		1 654	1 615
Total equity		21 354	20 386
LIABILITIES			
Non-current liabilities			
Loans, borrowings and bonds	3.10	8 733	9 670
Provisions	3.11	707	709
Deferred tax liabilities		113	75
Deferred income		8	8
Other non-current liabilities	3.12	819	1 843
		10 380	12 305
Current liabilities			
Trade and other liabilities		11 310	11 215
Loans and borrowings	3.10	518	987
Current tax liabilities		17	42
Provisions	3.11	704	648
Deferred income		282	122
Other financial liabilities	3.13	1 970	1 020
		14 801	14 034
Total liabilities		25 181	26 339
Total equity and liabilities		46 535	46 725

The accompanying notes disclosed on pages 8 – 14 are an integral part of the foregoing interim condensed consolidated financial statements.

Statement of changes in consolidated equity

	Equity attributable to equity owners of the parent					Non-controlling interest	Total equity
	Share capital and share premium	Hedging reserve	Foreign exchange differences on subsidiaries from consolidation	Retained earnings	Total		
01/01/2015	2 285	(1 319)	509	17 296	18 771	1 615	20 386
Net profit	-	-	-	756	756	112	868
Items of other comprehensive income	-	258	(85)	-	173	(73)	100
Total net comprehensive income	-	258	(85)	756	929	39	968
31/03/2015	2 285	(1 061)	424	18 052	19 700	1 654	21 354
(unaudited)							
01/01/2014	2 285	148	(201)	23 716	25 948	1 603	27 551
Net profit	-	-	-	64	64	62	126
Items of other comprehensive income	-	(89)	(30)	-	(119)	54	(65)
Total net comprehensive income	-	(89)	(30)	64	(55)	116	61
Change in the structure of non-controlling interest	-	-	-	23	23	(23)	-
31/03/2014	2 285	59	(231)	23 803	25 916	1 696	27 612
(unaudited)							

The accompanying notes disclosed on pages 8 – 14 are an integral part of the foregoing interim condensed consolidated financial statements.

Consolidated statement of cash flows

	3 MONTHS 2015 (unaudited)	3 MONTHS 2014 (unaudited)
Cash flows - operating activities		
Net profit	868	126
Adjustments for:		
Share in profit from investments accounted for under equity method	(31)	(16)
Depreciation and amortisation	452	522
Foreign exchange (profit)	(218)	(4)
Interest, net	54	52
Loss on investing activities	113	36
Tax expense	166	28
Change in provisions	56	63
Change in working capital	(419)	(3 965)
<i>inventories</i>	(334)	(2 404)
<i>receivables</i>	(332)	(780)
<i>liabilities</i>	247	(781)
Other adjustments	26	(225)
Income tax (paid)	(87)	(57)
Net cash provided by/(used in) operating activities	980	(3 440)
Cash flows - investing activities		
Acquisition of property, plant and equipment, intangible assets and perpetual usufruct of land	(616)	(761)
Disposal of property, plant and equipment, intangible assets and perpetual usufruct of land	43	20
Acquisition of shares	-	(62)
Deposits, net	1	3
Proceeds from loans granted	1	2
Other	3	(18)
Net cash (used) in investing activities	(568)	(816)
Cash flows - financing activities		
Proceeds from loans and borrowings received	71	3 401
Repayments of loans and borrowings	(1 275)	(1 009)
Interest paid	(54)	(60)
Payments of liabilities under finance lease agreements	(7)	(8)
Net cash provided by/(used in) financing activities	(1 265)	2 324
Net (decrease) in cash and cash equivalents	(853)	(1 932)
Effect of exchange rate changes	6	1
Cash and cash equivalents, beginning of the period	3 937	2 689
Cash and cash equivalents, end of the period	3 090	758

The accompanying notes disclosed on pages 8 – 14 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 March 2015 and as at 31 December 2014, financial results and cash flows for the 3 month period ended 31 March 2015 and 31 March 2014.

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.

The 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 its 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 a true and fair view on financial position and financial result of the Group.

1.2.2. In respect of the entity authorized to conduct review of interim condensed consolidated financial statements

The Management Board of PKN ORLEN declares that KPMG Audyty Sp. z o.o., as the entity authorized to conduct a review of the interim condensed consolidated financial statements, was selected in compliance with the law.

On 25 November 2014, the Supervisory Board of PKN ORLEN appointed KPMG Audyty Sp. z o.o, domiciled in Warsaw, 51 Chłodna Street as the entity entitled to:

- audit the separate financial statements of PKN ORLEN and consolidated financial statements of the ORLEN Group for the financial years 2015 and 2016, and
- conduct a review of the separate and consolidated financial statements of PKN ORLEN and the Group for the 1st and 3rd quarters and the first half of 2015 and 2016.

1.2.3. Applied accounting principles and amendments to International Financial Reporting Standards (IFRS)

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 2014.

The Group intends to adopt IFRS amendments, published but not effective as at the date of publication of these financial statements, in accordance with their effective date. An estimate of the impact of changes and new IFRS on future consolidated financial statements was presented in the Consolidated Financial Statements for 2014 in note 3.2.

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 the Polish Zloty (PLN). The data is presented in PLN million in the consolidated financial statements, unless stated differently.

1.3.2. Methods applied to translation of financial data

Translation into PLN of financial statements of foreign entities, for consolidation purposes:

- particular assets and liabilities – at spot exchange rate as at the end of the reporting period,
- items of statement of profit or loss and other comprehensive income and statement of cash flows are translated at the average exchange rate for the reporting period.

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	
	3 MONTHS 2015	3 MONTHS 2014	31/03/2015	31/12/2014
EUR/PLN	4.1951	4.1857	4.0890	4.2623
USD/PLN	3.7249	3.0551	3.8125	3.5072
CZK/PLN	0.1518	0.1525	0.1486	0.1537
CAD/PLN	3.0031	2.7686	2.9915	3.0255

1.4. Information concerning the 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 operations of the Group were divided into the following segments:

- the Downstream segment, which includes integrated areas of refining and petrochemical production and sales and operations in the energy production activity,
- the Retail segment, which includes sales at the petrol stations,
- the 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, support functions and remaining activities not allocated to separate operating segments.

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

Revenues, expenses, financial result by operating segments

for the 3 month period ended 31 March 2015

NOTE	Downstream Segment (unaudited)	Retail Segment (unaudited)	Upstream Segment (unaudited)	Corporate Functions (unaudited)	Adjustments (unaudited)	Total (unaudited)
	12 880	7 050	52	23	-	20 005
	2 816	15	-	44	(2 875)	-
	15 696	7 065	52	67	(2 875)	20 005
3.1	(14 554)	(6 875)	(72)	(219)	2 875	(18 845)
	60	14	-	7	-	81
3.5	(39)	(12)	-	(11)	-	(62)
	31	-	-	-	-	31
	1 194	192	(20)	(156)	-	1 210
3.6						(176)
						1 034
3.7						(166)
						868

for the 3 month period ended 31 March 2014

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)
	15 718	8 320	55	26	-	24 119
	3 555	42	-	55	(3 652)	-
3.1	19 273	8 362	55	81	(3 652)	24 119
	(19 218)	(8 229)	(43)	(244)	3 652	(24 082)
3.5	255	35	3	10	-	303
3.5	(70)	(24)	(1)	(7)	-	(102)
	16	-	-	-	-	16
	256	144	14	(160)	-	254
3.6						(100)
						154
3.7						(28)
						126

Assets by operating segments

	31/03/2015 (unaudited)	31/12/2014
Downstream Segment	33 281	32 298
Retail Segment	5 726	5 787
Upstream Segment	2 494	2 422
Segment assets	41 501	40 507
Corporate Functions	5 219	6 425
Adjustments	(185)	(207)
	46 535	46 725

During the 1st 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 introducing 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 comparative data were adjusted for the period of 3 months 2014.

Impact of changes in segment division in Group - on segment data presented in the 1st quarter of 2014

	Downstream Segment	Refining Segment	Petrochemical Segment	Energy Segment	Adjustments	Total
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales revenues from external customers	15 718	(11 677)	(4 156)	115	-	-
Sales revenues from transactions with other segments	3 555	(6 497)	(857)	2	3 797	-
Sales revenues	19 273	(18 174)	(5 013)	117	3 797	-
Operating expenses	(19 218)	18 500	4 640	(125)	(3 797)	-
Other operating income	255	(240)	(22)	7	-	-
Other operating expenses	(70)	44	31	(5)	-	-
Share in profit from investments accounted for under equity method	16	-	(16)	-	-	-
Segment profit/(loss) from operations	256	130	(380)	(6)	-	-

3. Other notes
3.1. Sales revenues

	3 MONTHS 2015 (unaudited)	3 MONTHS 2014 (unaudited)
Revenues from sales of finished goods and services, net	15 238	18 724
Revenues from sales of merchandise and raw materials, net	4 767	5 395
	20 005	24 119

3.2. Operating expenses
Cost of sales

	3 MONTHS 2015 (unaudited)	3 MONTHS 2014 (unaudited)
Cost of finished goods and services sold	(13 061)	(17 712)
Cost of merchandise and raw materials sold	(4 462)	(5 109)
	(17 523)	(22 821)

Cost by nature

	3 MONTHS 2015 (unaudited)	3 MONTHS 2014 (unaudited)
Materials and energy	(11 967)	(16 980)
Cost of merchandise and raw materials sold	(4 462)	(5 109)
External services	(1 053)	(961)
Employee benefits	(534)	(527)
Depreciation and amortisation	(452)	(522)
Taxes and charges	(283)	(161)
Other	(151)	(191)
	(18 902)	(24 451)
Change in inventories	(101)	244
Cost of products and services for own use	96	23
Operating expenses	(18 907)	(24 184)
Distribution expenses	934	915
Administrative expenses	388	346
Other operating expenses	62	102
Cost of sales	(17 523)	(22 821)

3.3. Impairment allowances of inventories to net realizable value

	3 MONTHS 2015 (unaudited)	3 MONTHS 2014 (unaudited)
Increase	(35)	(23)
Decrease	815	20

During the 3 month period ended 31 March 2015 the item decrease includes first of all usage of impairment allowances of inventories to their net realizable value made mainly in the 4th quarter of 2014 due to decrease in crude oil and petroleum products' prices.

3.4. Impairment allowances of assets

	3 MONTHS 2015 (unaudited)	3 MONTHS 2014 (unaudited)
Property, plant and equipment		
Recognition	(18)	(18)
Reversal	7	3
Receivables		
Recognition	(9)	(11)
Reversal	7	13

3.5. Other operating income and expenses

Other operating income

	3 MONTHS 2015 (unaudited)	3 MONTHS 2014 (unaudited)
Profit on sale of non-current non-financial assets	5	8
Gain on bargain purchase of Ceska Rafinerska shares	-	180
Reversal of provisions	3	30
Reversal of receivables impairment allowances	6	10
Reversal of impairment allowances of property, plant and equipment and intangible assets	7	3
Penalties and compensations earned	11	10
Other	49	62
	81	303

Other operating expenses

	3 MONTHS 2015 (unaudited)	3 MONTHS 2014 (unaudited)
Loss on sale of non-current non-financial assets	(7)	(18)
Recognition of provisions	(5)	(13)
Recognition of receivables impairment allowances	(8)	(8)
Recognition of impairment allowances of property, plant and equipment and intangible assets	(18)	(18)
Costs of losses, breakdowns and compensations	(8)	(5)
Other	(16)	(40)
	(62)	(102)

3.6. Finance income and costs

Finance income

	3 MONTHS 2015 (unaudited)	3 MONTHS 2014 (unaudited)
Interest	18	13
Settlement and valuation of financial instruments	67	26
Reversal of receivables impairment allowances	1	3
Other	3	6
	89	48

Finance costs

	3 MONTHS 2015 (unaudited)	3 MONTHS 2014 (unaudited)
Interest	(53)	(52)
Foreign exchange loss surplus	(30)	(34)
Settlement and valuation of financial instruments	(167)	(49)
Recognition of receivables impairment allowances	(1)	(3)
Other	(14)	(10)
	(265)	(148)

Borrowing costs capitalized in the 3 month period ended 31 March 2015 and 31 March 2014, amounted to PLN (13) million and PLN (9) million, respectively.

3.7. Tax expense

	3 MONTHS 2015 (unaudited)	3 MONTHS 2014 (unaudited)
Current income tax	(50)	(59)
Deferred tax	(116)	31
	(166)	(28)

3.8. Other non-current assets

	31/03/2015 (unaudited)	31/12/2014
Cash flow hedge instruments	494	302
<i>currency forwards</i>	139	16
<i>commodity swaps</i>	335	286
<i>currency interest rates swaps</i>	20	-
Other	25	25
	519	327

3.9. Other financial assets

	31/03/2015 (unaudited)	31/12/2014
Cash flows hedge instruments	640	692
<i>currency forwards</i>	152	180
<i>commodity swaps</i>	488	512
Derivatives not designated as hedge accounting	8	43
<i>currency forwards</i>	1	8
<i>commodity swaps</i>	7	35
Embedded derivatives	2	1
<i>foreign currency swap</i>	2	1
Deposits	23	24
Loans granted	-	1
Receivables on cash flows hedge instruments	1	101
	674	862

3.10. Loans, borrowings and bonds

	Non-current		Current		Total	
	31/03/2015 (unaudited)	31/12/2014	31/03/2015 (unaudited)	31/12/2014	31/03/2015 (unaudited)	31/12/2014
Loans	4 646	5 506	516	985	5 162	6 491
Borrowings	2	3	2	2	4	5
Bonds	4 085	4 161	-	-	4 085	4 161
	8 733	9 670	518	987	9 251	10 657

In the period covered by the foregoing interim condensed consolidated financial statements, as well as after the reporting date, there were no instances of principal or interest nonrepayment nor loan covenant violations.

3.11. Provisions

	Non-current		Current		Total	
	31/03/2015 (unaudited)	31/12/2014	31/03/2015 (unaudited)	31/12/2014	31/03/2015 (unaudited)	31/12/2014
Environmental	415	414	30	37	445	451
Jubilee bonuses and post-employment benefits	251	251	34	33	285	284
Shield programs	-	-	24	38	24	38
CO ₂ emissions	-	-	422	334	422	334
Other	41	44	194	206	235	250
	707	709	704	648	1 411	1 357

3.12. Other non-current liabilities

	31/03/2015 (unaudited)	31/12/2014
Cash flow hedge instruments	579	1 599
<i>interest rate swaps</i>	105	93
<i>commodity swaps</i>	429	1 395
<i>currency interest rate swaps</i>	45	111
Investment liabilities	125	125
Finance lease	91	90
Other	24	29
	819	1 843

3.13. Other financial liabilities

	31/03/2015 (unaudited)	31/12/2014
Cash flow hedge instruments	1 856	990
<i>currency forwards</i>	12	31
<i>commodity swaps</i>	1 844	959
Derivatives not designated as hedge accounting	101	29
<i>currency forwards</i>	3	-
<i>commodity swaps</i>	98	29
Embedded derivatives	1	1
<i>currency swap</i>	1	1
Other	12	-
	1 970	1 020

3.14. Methods applied in determining fair value (fair value hierarchy)

As compared to the previous reporting period the Group has not changed valuation methods concerning derivative instruments. Methods applied in determining fair value have been described in the Consolidated Financial Statements for 2014 in note 3.4.25.

Fair value hierarchy

	31/03/2015 (unaudited)		31/12/2014	
	LEVEL 1	LEVEL 2	LEVEL 1	LEVEL 2
Financial assets				
Quoted shares	1	-	1	-
Embedded derivatives, hedging and not designated as hedge accounting	-	1 144	-	1 038
	1	1 144	1	1 038
Financial liabilities				
Embedded derivatives, hedging and not designated as hedge accounting	-	2 537	-	2 619
	-	2 537	-	2 619

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.

3.15. Finance lease payments

As at 31 March 2015 and as at 31 December 2014 the Group possessed as a lessee the finance lease agreements, concerning mainly buildings, technical equipment and machinery and means of transportation.

	31/03/2015 (unaudited)	31/12/2014
Value of future minimum lease payments	143	142
Present value of future minimum lease payments	118	116

3.16. Future liabilities resulting from signed investment contracts

As at 31 March 2015 and as at 31 December 2014 the value of future liabilities resulting from investment contracts signed until that day amounted to PLN 2,122 million and PLN 2,461 million, respectively.

3.17. Issue, redemption and repayment of debt securities

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

3.18. Dividends

The improvement in the financial situation of the ORLEN Group achieved in recent years has enabled ORLEN Group's Strategy for years 2014-2017, to implement a dividend policy which assumes a gradual increase in the level of dividend per share by taking into account the implementation of strategic financial indicators and forecasts of the macroeconomic situation. This method does not relate the dividend to net profit, which in the ORLEN Group's area of operations is subject to high fluctuations and can include non-cash items, such as revaluation of assets, inventories or loans, and as a result does not fully reflect the Group's current financial position.

Taking into account the above, the Management Board of PKN ORLEN proposes to cover the net loss for 2014 in the amount of PLN (4,671,826,145.06) from the reserve capital of the Parent Company.

Simultaneously, the Management Board of PKN ORLEN, after considering the liquidity situation, recommended a distribution in the amount of PLN 705,719,950.65 PLN ie.1.65 per share as a dividend payment. The dividend will be paid from the reserve capital of PKN ORLEN, which includes net profits from previous years.

The Management Board recommend the date of 16 June 2015 as a date of setting the right to dividend and 8 July 2015 as a payment date. This recommendation will be presented at the General Shareholders' Meeting of PKN ORLEN, which will make a financial decision in this matter. The General Shareholders' Meeting of PKN ORLEN will take place on 28 April 2015.

3.19. Contingent liabilities

In the period covered by the foregoing interim condensed consolidated financial statements, there were no significant contingent liabilities, other than those already disclosed in the Consolidated Financial Statements for 2014 in note 36.

3.20. Guarantees

Excise tax guarantees and excise tax on goods and merchandise under the excise tax suspension procedure as at 31 March 2015 and as at 31 December 2014 amounted to PLN 1,649 million and PLN 1,637 million, respectively.

3.21. Events after the end of the reporting period

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

**OTHER INFORMATION TO CONSOLIDATED
QUARTERLY REPORT**

FOR THE 1st QUARTER

2015



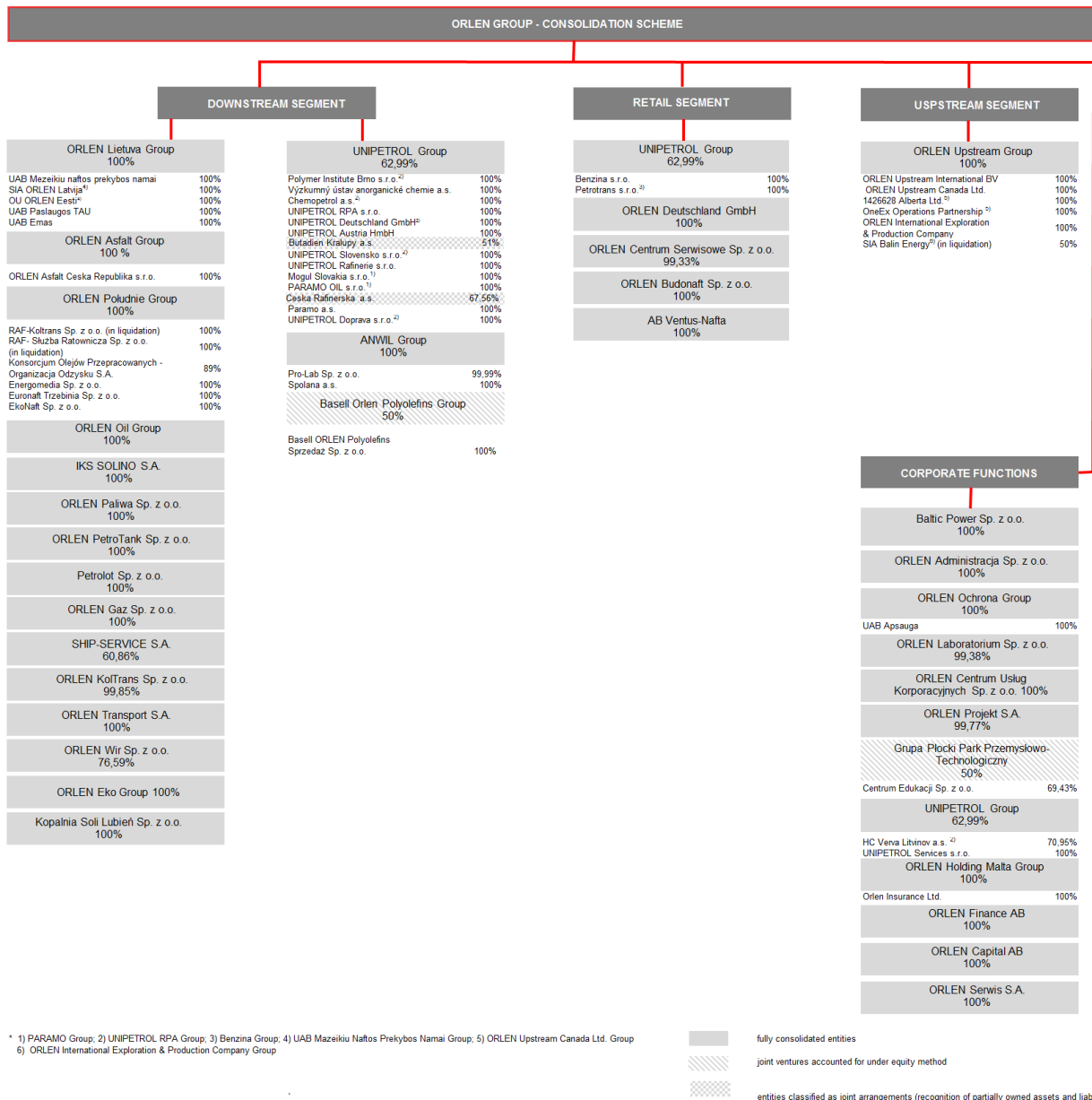
B. OTHER INFORMATION TO CONSOLIDATED QUARTERLY REPORT
1. Principal activity of ORLEN Group

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") domiciled in Płock, 7 Chemików Street.

The principal activity of the Group includes processing of crude oil and manufacturing a 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⁾ ORLEN Upstream Canada Ltd. Group

⁶⁾ ORLEN International Exploration & Production Company Group

2.1. Changes in the structure of ORLEN Group in the 3 month period ended 31 March 2015

- On 5 January 2015, a merger between Rafineria Trzebinia S.A. and the acquired companies: Rafineria Nafty Jedlicze S.A., Fabryka Parafin Naftowax Sp. z o.o. and Zakladowa Straz Pozarna Sp. z o.o. took place. The company operates under the new name ORLEN Poludnie S.A. since 5 January 2015;

- On 5 January 2015, a merger between ORLEN OIL Sp. z o.o and Platinum OIL Sp. z o.o. as the acquired company took place;
- On 22 January 2015 acquisition by PKN ORLEN from Anwil S.A. shares of Przedsiębiorstwo Inwestycyjno-Remontowe "RemWil" Sp. z o.o, domiciled in Włocławek took place;
- On 20 February 2015 the merger of ORLEN Serwis S.A. with ORLEN Automatyka Sp. z o.o. and Przedsiębiorstwo Inwestycyjno-Remontowe RemWil Sp. z o.o. as an acquired companies took place;
- On 19 March 2015 the merger of Baltic Power and Baltic Spark as acquired company took place.

In the 1st quarter 2014, Unipetrol a.s acquired from Shell Overseas Investments BV (Shell) 152,701 shares of Česká Rafinérská representing 16.335% of Česká Rafinérská share capital. The Group recognized a gain on the bargain purchase in other operating income of PLN 180 million, calculated as the difference between the acquired share in equity of Ceska Rafinerska of PLN 263 million, and the purchase price of PLN 82 million. As a result of this transaction, Unipetrol's share in the capital of Česká Rafinérská increased to 67.56 %.

On 3 July 2014 Unipetrol a.s. subsidiary of PKN ORLEN, accepted the offer of an Italian ENI Holding regarding the acquisition of Česká Rafinérská shares, representing 32.445% of share capital of the company. The completion of this transaction will have a positive impact on development of the Downstream sector.

The total amount of the transaction is estimated at approximately PLN 123 million translated using the exchange rate as at 31 March 2015 (representing EUR 30 million). Unipetrol, exercising the pre-emption right, will become the sole owner of Česká Rafinérská. On 19 December 2014, Unipetrol received approval from the Czech Antimonopoly Office for the execution of the above transaction, however, on 5 January 2015, an organization of affiliated independent fuel station operators on the Czech market – SCS - Unie nezávislých petrolejářů, z.s. filed a complaint to this decision. On 30 March 2015, The Antimonopoly Office rejected this complaint and recognized as legally binding the decision issued on 19 December 2014. Completion of this transaction is scheduled to take place on 30 April 2015 and from that date the recognition of the effects of this transaction will take place.

Changes in the Group structure are an element of the ORLEN Group strategy, assuming a focus on core activities and allocating the resulting available capital for development of the Group in the most prospective areas - upstream and energy sector.

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 Group for the 1st quarter of 2015 amounted to PLN 1,662 million and was higher by PLN 886 million (y/y).

The positive effect of changes in the macroeconomic factors related mainly to the increase of the model downstream margin by USD/bbl 3.1 (y/y) as well as the impact of depreciation of the USD exchange rate amounted to PLN 1,104 million (y/y).

The positive volume effect of PLN 327 million (y/y) resulted mainly from higher sales realised in all operating markets of the ORLEN Group.

Effect of other factors of PLN (545) million (y/y) comprised mainly:

- the negative impact of repurchase of tranche of mandatory reserves amounted to PLN (297) million (y/y)
- a change in the balance on other operating activities of PLN (182) million (y/y) as a result of lack of positive effect on other operating activities from the 1st quarter of 2014 related to the recognition of gain on bargain purchase shares of Ceska Rafinerska a.s. by Unipetrol a.s. from Shell.
- the negative impact of crude oil prices decrease on inventory valuation in the 1st quarter of 2015 which decreased EBITDA of the ORLEN Group by PLN (60) million (y/y).

After consideration of depreciation and amortisation expense, the operating result for the 1st quarter of 2015 amounted to PLN 1,210 million.

Lower depreciation and amortisation expense (y/y) resulted mainly from the recognition of impairment allowances in 2014 and the standard procedure of verification of economic useful lives of tangible assets.

Net financial costs in the 1st quarter of 2015 amounted to PLN (176) million and consisted primarily of the negative impact of recognition and valuation of net financial instruments amounted to PLN (100) million, negative foreign exchange differences of PLN (30) million and net interest of PLN (35) million.

After consideration of tax charges, net profit of the ORLEN Group for the 1st quarter of 2015 amounted to PLN 868 million.

Results of the core entities of the ORLEN Group in the 1st quarter of 2015

- **PKN ORLEN S.A.** – EBITDA amounted to PLN 610 million and was higher by PLN 294 million (y/y):
 - PLN 281 million (y/y) – higher EBITDA of the downstream segment as a result of an improvement in the macroeconomic environment and higher sales volume as well as the negative impact of crude oil prices on inventory valuation accompanied by the negative impact of the repurchase transaction of mandatory reserves of PLN (297) million (y/y),
 - PLN 21 million (y/y) – higher EBITDA of retail segment mainly due to an increase of sales volume (y/y) as well as an improvement of non-fuel margins partially limited by a lack of positive effects in other operating activities from the 1st quarter 2014 concerning the reversal of impairment allowances of segments' assets,
 - PLN 3 million (y/y) - higher EBITDA of upstream segment,
 - PLN (11) million (y/y) - lower EBITDA of corporate functions mainly due to negative balance in other operating activities.
- **ORLEN Lietuva Group** – EBITDA amounted to PLN 311 million and was higher by PLN 400 million (y/y).
 - PLN 395 million (y/y) – higher EBITDA of the downstream segment as a result of an improvement in macroeconomic factors, higher sales volume and further optimization of general and labor expenses with a negative impact of crude oil prices on inventory valuation,
 - PLN (2) million (y/y) – lack of contribution of retail segment from the 1st quarter of 2014 after sales of AB Ventus Nafta to PKN ORLEN S.A. finalized in July 2014,
 - PLN 7 million (y/y) - higher EBITDA of corporate functions mainly due to optimization of general expenses.

- **Unipetrol Group** – EBITDA amounted to PLN 440 million and was higher by PLN 176 million (y/y).
 - PLN million 171 (y/y) – higher EBITDA of the downstream segment as the effect of positive changes in macroeconomic factors, higher sales volume and the negative impact of crude oil prices on inventory valuation,
 - PLN 5 million (y/y) – higher EBITDA of the retail segment mainly due to the improvement in fuel and non-fuel margins as well as higher sales volume,
 - EBITDA of corporate functions remained unchanged (y/y).

Net indebtedness and cash flows

As at 31 March 2015, net indebtedness of the ORLEN Group of PLN 6,161 million was lower by PLN (559) million as compared to the level at the end of 2014. The change in net indebtedness comprised mainly of the net repayment of loans, borrowings and bonds of PLN (1,204) million, a decrease in cash by PLN 847 million as well as the positive impact of foreign exchange differences from the revaluation of foreign currency loans and indebtedness valuation of PLN (202) million.

Net financial leverage at the end of the 1st quarter of 2015 was 28.9 %.

Cash flows from operating activities in the 1st quarter of 2015 amounted to PLN 980 million and comprised mainly of net profit increased by depreciation and amortisation of PLN 1,320 million, as well as change in net working capital of PLN (419) million.

Net cash used in investing activities in the 1st quarter of 2015 amounted to PLN (568) million and comprised mainly of net expenditures for the acquisition of property, plant and equipment, intangible assets and perpetual usufruct of land of PLN (573) million.

Net cash used in financing activities in the 1st quarter of 2015 amounted to PLN (1,265) million and comprised mainly of net expenditures due to change in loans and borrowings of PLN (1,204) million as well as interest paid of PLN (54) million.

Considering foreign exchange differences, the cash balance decreased in the 1st quarter of 2015 by PLN (847) million and as at 31 March 2015 amounted to PLN 3,090 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 2015 until the date of preparation of the foregoing report

JANUARY 2015

Expiry of the agreement for keeping of crude oil obligatory inventories

On 29 January 2015 the agreement for gathering and keeping crude oil obligatory inventories, concluded on 27 June 2013 between PKN ORLEN and Neon Poland Sp. z o.o. („Neon”), expired.

Due to the abovementioned and realization of the Act of 16 February 2007 on stocks of crude oil, petroleum products and natural gas and the principles of proceeding in circumstances of a threat to the fuel security of the State and disruption on the petroleum market (Journal of Laws 2014, item 1695), PKN ORLEN purchased crude oil owned by Neon. The value of the transaction amounted to approximately PLN 540 million (representing approximately USD 145 million). The crude oil price was established according to market quotations.

On the day of conclusion of the Agreement, PKN ORLEN hedged the purchase price of crude oil and currency with futures contracts. Through the settlement of the hedging transactions the purchase price of crude oil will be increased by approximately PLN 419 million (representing approximately USD 112 million). As a result of these operations, in the first quarter 2015, PKN ORLEN recognized the purchase of crude oil in the amount of approximately PLN 959 million (representing approximately USD 257 million).

Additionally, within the period of the agreement of gathering and keeping crude oil obligatory inventories, Neon made payments to PKN ORLEN for guaranteeing storage of inventories.

4. Related party transactions

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

In the 3 month period ended 31 March 2015 and 31 March 2014, the Group companies did not grant any advances, borrowings, loans, guarantees and sureties to managing and supervising persons or their relatives nor concluded other agreements or service commitments to PKN ORLEN or its related parties.

As at 31 March 2015 and as at 31 December 2014 there are no loans granted by the Group companies to managing and supervising persons or 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 March 2015 and as at 31 December 2014 and for the 3 month period ended 31 March 2015 and 31 March 2014 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.

4.3. ORLEN Group companies' transactions and balances of settlements with related parties

	Sales		Purchases	
	31/03/2015 (unaudited)	31/03/2014	31/03/2015 (unaudited)	31/03/2014
Jointly- controlled entities	720	879	(111)	(122)
<i>joint ventures</i>	651	784	(9)	(7)
<i>joint operations</i>	69	95	(102)	(115)
Associates	13	14	(8)	(10)
	733	893	(119)	(132)

	Trade and other receivables		Trade and other liabilities	
	31/03/2015 (unaudited)	31/12/2014	31/03/2015 (unaudited)	31/12/2014
Jointly- controlled entities	532	620	211	225
<i>joint ventures</i>	490	575	2	4
<i>joint operations</i>	42	45	209	221
Associates	17	17	6	9
	549	637	217	234

The above transactions with related parties include mainly sale and purchase of petrochemicals and refinery products and sale and purchase of repair, transportation and other services. Related parties sale and purchase transactions were concluded on market terms.

5. Information concerning significant proceedings in front of court, body appropriate for arbitration proceedings or in front of public administration bodies
5.1. Proceedings in which the ORLEN Group entities act are the 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 regarding the payment of 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 dismissed the entire claim of Agrofert against PKN ORLEN regarding the payment of PLN 2,892 million translated using the exchange rate as at 31 March 2015 (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) a claim which repealed 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 the above decision. On 24 March 2015, the hearing of the court of appeals was held in which the date of the next hearing was set on 7 April 2015. On 7 April 2015 the court of appeals dismissed the appeal of Agrofert and therefore confirms the earlier judgment of the court of 24 January 2014 dismissing Agrofert's claim which overruled the sentence of the Arbitration Court attached to the Economic Chamber of the Czech Republic and Agricultural Chamber of the Czech Republic in Prague of 21 October 2010.

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 common court in Prague dated 24 January 2014 and in the judgment of the court of appeals dated 7 April 2015 are correct and the company will take all necessary means to retain 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.)

On 14 May 2014 and 20 May 2014 the company received the decisions of the Head of the Customs Office in Kraków determining excise tax liabilities for the periods: May, June, July and August 2004. The excise tax liability according to those decisions is PLN 132 million. Rafineria Trzebinia S.A. paid the entire liability with interest. At the same time, provisions recognized for this purpose in prior years were used. Rafineria Trzebinia S.A. appealed to the Voivodship Administrative Court (VAC) in Kraków the decisions of tax liability for the months May – August 2004. On 12 February 2015 a court hearing was held before VAC in Krakow. On 26 February 2015 the Court announced a judgment dismissing the company's claim. After receiving written justification for the judgment the company will consider further action in this case.

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

PKN ORLEN participates in a court proceeding concerning the settlement of a disputed 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 plus statutory interest. During the retrial, an opinion was prepared by an expert witness for the variant damages calculation. The District Court in Warsaw (as the initial court) by its judgment from 27 October 2014 ordered 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. This judgment is not binding. PKN ORLEN filed an appeal against this judgment.

5.1.2.3. I. 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. a motion for bankruptcy of the company I.P.-95 s.r.o. in November 2009. The total amount of the claim is approximately PLN 266 million, translated using the exchange rate as at 31 March 2015 (representing CZK 1,789 million). UNIPETROL RPA s.r.o. is one of 8 defendants against which the claim was brought. According to UNIPETROL RPA s.r.o. the claim is without merit. Based on a Supreme Court decision, on the jurisdiction of the court proceedings will be continued in the District Court in Ostrava.

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 with the District Court in Łódź for a claim for payment in respect of an 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 adjudged 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 to the lawsuit. The value of the dispute was referred to by the plaintiff in a 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 without merit.

5.2. Court proceedings in which entities of the ORLEN Group act as a plaintiff**5.2.1. Compensations due to damages suffered by ORLEN Południe S.A (previously Rafineria Trzebinia S.A.)**

ORLEN Południe S.A. acts as an auxiliary prosecutor in proceedings started in 2010 concerning abuses associated with the realization of an investment - installation for the esterification of biodiesel oils, in which Rafineria Trzebinia S.A. claims to have incurred a loss of approximately PLN 79 million. The company filed a motion requesting to oblige the defendants to compensate the incurred damages. The proceeding is pending in the District Court in Chrzanów. By the order of 26 August 2014, certain acts included in the claim were partially adjudicated. Criminal proceedings concerning the accused who acted against the company's interest are ongoing. Several hearings were held, so far during which accused filed explanations. The hearings dates are expected to be announced.

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

AB ORLEN Lietuva is a plaintiff in a 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 a collision of a tanker ship into a terminal buoy in Butingė Terminal on 29 December 2005. The total compensation claim amounts to approximately PLN 71.1 million, translated using the exchange rate as at 31 March 2015 (representing approximately EUR 17.4 million). The parties agreed to change the jurisdiction to English courts. The company expects the next hearing date to be announced.

5.2.3. Tax proceedings in UNIPETROL RPA

UNIPETROL RPA s.r.o., acting as a legal successor of CHEMOPETROL a.s. claims a refund of taxes paid in 2006 for the year 2005 by CHEMOPETROL a.s.. The claim concerns unused investment relief attributable to CHEMOPETROL a.s.. The value of the claim amounts to approximately PLN 48 million, translated using the exchange rate as at 31 March 2015 (representing approximately CZK 325 million). On 11 December 2013, the Court in Usti by the Elbe River (Czech Republic) issued a judgement in which it dismissed the decisions of the tax authorities regarding income tax liability 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 the decision of the tax authorities 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 the annulment claim of UNIPETROL RPA, s.r.o. and at the same time dismissed the Court in Usti by the Elbe River judgement and decided to return the case to the Court in Usti for re-examination. At a hearing on 25 February 2015 the Court in Usti by the Elbe River rejected of an annulment claim of UNIPETROL RPA s.r.o. regarding dismissal of the tax authorities' decision. On 8 April 2015 UNIPETROL RPA s.r.o. submitted an annulment claim against this sentence to the higher court.

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

On 20 December 2012 PKN ORLEN sent an arbitration request to Basell Europe Holdings B.V. regarding an ad hoc proceeding before 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, inter alia, it requests payments from Basell Europe Holdings B.V. to Basell Orlen Polyolefins Sp. z o.o. in the amount of PLN 123 million, translated using the exchange rate as at 31 March 2015 (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. On 24-26 March 2015 an evidentiary hearing was held in London in which the parties summarized their case positions and some witnesses and experts were interviewed. On 27 March 2015, the Court of Arbitration issued a procedural ordinance which established the schedule for further proceedings, including the order of submission of further pleadings by the parties. By 30 April 2015, the parties will submit to the Tribunal their respective case summaries after the hearing.

5.2.5. The dispute between ORLEN Lietuva and Lietuvos Geležinkeliai

On 31 December 2014, ORLEN Lietuva filed a motion for arbitration against the company Lietuvos Geležinkeliai ("LG") in the court of arbitration in Vilnius. In this proceeding ORLEN Lietuva will seek compensation in the amount of approximately PLN 65 million, converted with the exchange rate from 31 March 2015 (equivalent of EUR 15.9 million) due to a breach of contract of rail transport by LG because of excessive rates.

Simultaneously, two court proceedings are held in which Lietuvos Gelezinkeliai demands from ORLEN Lietuva a payment of approximately PLN 33 million, converted with the exchange rate from 31 March 2015 (representing approximately EUR 8 million) from fees for rail transport.

The schedule of the next legal procedures are expected to be announced.

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 submission date
State Treasury	27.52%	117 710 196
ING OFE*	9.35%	40 000 000
Aviva OFE*	7.01%	30 000 000
Other	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.

In the period covered by the foregoing interim condensed consolidated financial statements there were no changes in the ownership structure of holdings.

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

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

* According to the received confirmations as at 16 April 2015

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

6.3. Information on loan sureties or guarantees of at least 10% of the Parent 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 issued Eurobonds with a maturity of 7 years in the amount of approximately PLN 2,080 million, converted with the 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, 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 did not publish forecasts of its results.

**QUARTERLY FINANCIAL INFORMATION
PKN ORLEN**

FOR THE 1st QUARTER

2015



C. QUARTERLY FINANCIAL INFORMATION OF PKN ORLEN
Separate statement of profit or loss and other comprehensive income

	3 MONTHS 2015 (unaudited)	3 MONTHS 2014 (unaudited)
Statement of profit or loss		
Sales revenues	13 623	17 415
Cost of sales	(12 551)	(16 668)
Gross profit on sales	1 072	747
Distribution expenses	(542)	(525)
Administrative expenses	(223)	(171)
Other operating income	63	59
Other operating expenses	(28)	(40)
Profit from operations	342	70
Finance income	56	30
Finance costs	(78)	(108)
Net finance income and costs	(22)	(78)
Profit/(Loss) before tax	320	(8)
Tax expense	(62)	1
Net profit/(loss)	258	(7)
Items of other comprehensive income:		
which will be reclassified into profit or loss under certain conditions		
<i>Hedging instruments</i>	359	(125)
<i>Deferred tax</i>	(68)	24
	291	(101)
Total net comprehensive income	549	(108)
Net profit/(loss) and diluted net profit/(loss) per share (in PLN per share)	0.60	(0.02)

Separate statement of financial position

	31/03/2015 (unaudited)	31/12/2014
ASSETS		
Non-current assets		
Property, plant and equipment	13 687	13 465
Intangible assets	333	334
Perpetual usufruct of land	94	91
Shares in related parties	6 862	6 733
Financial assets available for sale	40	40
Deferred tax assets	39	169
Other non-current assets	842	970
	21 897	21 802
Current assets		
Inventories	6 862	6 497
Trade and other receivables	5 092	4 954
Other financial assets	850	1 206
Current tax assets	7	6
Cash	2 365	3 475
Non-current assets classified as held for sale	13	38
	15 189	16 176
Total assets	37 086	37 978
EQUITY AND LIABILITIES		
EQUITY		
Share capital	1 058	1 058
Share premium	1 227	1 227
Hedging reserve	(1 079)	(1 370)
Retained earnings	15 621	15 387
Total equity	16 827	16 302
LIABILITIES		
Non-current liabilities		
Loans, borrowings and bonds	8 250	9 212
Provisions	358	355
Other non-current liabilities	793	1 812
	9 401	11 379
Current liabilities		
Trade and other liabilities	7 605	7 572
Loans, borrowings and bonds	624	930
Provisions	351	342
Deferred income	171	97
Other financial liabilities	2 107	1 356
	10 858	10 297
Total liabilities	20 259	21 676
Total equity and liabilities	37 086	37 978

Statement of changes in separate equity

	Share capital and share premium	Hedging reserve	Retained earnings	Total equity
01/01/2015	2 285	(1 370)	15 387	16 302
Net profit	-	-	258	258
Items of other comprehensive income	-	291	-	291
Total net comprehensive income	-	291	258	549
Equity resulting from merger under common control	-	-	(24)	(24)
31/03/2015	2 285	(1 079)	15 621	16 827
(unaudited)				
01/01/2014	2 285	168	20 682	23 135
Net (loss)	-	-	(7)	(7)
Items of other comprehensive income	-	(101)	-	(101)
Total net comprehensive income	-	(101)	(7)	(108)
31/03/2014	2 285	67	20 675	23 027
(unaudited)				

Separate statement of cash flows

	3 MONTHS 2015 (unaudited)	3 MONTHS 2014 (unaudited)
Cash flows - operating activities		
Net profit/(loss)	258	(7)
Adjustments for:		
Depreciation and amortisation	268	246
Foreign exchange (profit)/loss	(172)	7
Interest, net	47	50
Dividends	(13)	(2)
Loss on investing activities	14	21
Tax expense	62	(1)
Change in provisions	8	(10)
Change in working capital	(338)	(2 536)
<i>inventories</i>	(297)	(2 186)
<i>receivables</i>	(120)	656
<i>liabilities</i>	79	(1 006)
Other adjustments	(38)	(8)
Income tax (paid)	(1)	(6)
Net cash provided by/(used in) operating activities	95	(2 246)
Cash flows - investing activities		
Acquisition of property, plant and equipment, intangible assets and perpetual usufruct of land	(386)	(529)
Disposal of property, plant and equipment, intangible assets and perpetual usufruct of land	54	9
Acquisition of shares	(130)	(145)
Disposal of shares	-	25
Acquisition of bonds	-	(100)
Sale of bonds	70	-
Interest received	11	4
Dividends received	-	2
Outflows from additional repayable payments to subsidiaries' equity	-	(175)
Outflows from non-current loans granted	-	(303)
Proceeds from non-current loans granted	301	-
Proceeds from current loans granted	144	285
Proceeds from cash pool facility	151	125
Expenses on the acquisition of the project	(155)	-
Other	(3)	(4)
Net cash provided by/(used in) investing activities	57	(806)
Cash flows - financing activities		
Proceeds from loans and borrowings received	-	1 473
Bonds issued	334	276
Repayments of loans and borrowings	(1 307)	(397)
Redemption of bonds	(118)	(276)
Interest paid	(51)	(64)
Payments of liabilities under finance lease agreements	(4)	(4)
Proceeds/(Outflows) from cash pool facility	(123)	190
Net cash provided by/(used in) financing activities	(1 269)	1 198
Net (decrease) in cash	(1 117)	(1 854)
Effect of exchange rate changes	7	1
Cash, beginning of the period	3 475	2 072
Cash, end of the period	2 365	219



The foregoing quarterly report was approved by the Management Board of the Parent Company on 22 April 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