

**ORLEN GROUP****RESULTS OF THE ORLEN GROUP FOR THE I QUARTER OF 2013***(Translation of a document originally issued in Polish)***Summary of the results**

Table 1

Q4 2012	Q1 2013	Q1 2012	change %	Key financial data, PLNm	3 months 2013	3 months 2012	change %
1	2	3	4=(2-3)/3	5	6	7	8=(6-7)/7
31 245	27 472	29 248	-6.1	Total sales revenue	27 472	29 248	-6.1
351	932	780	19.5	Profit/(Loss) from operations under LIFO plus depreciation and amortisation (EBITDA LIFO)	932	780	19.5
-162	879	1 518	-42.1	Profit/(Loss) from operations plus depreciation and amortisation (EBITDA)	879	1 518	-42.1
-225	394	201	96.0	Profit/(Loss) from operations under LIFO, including:	394	201	96.0
308	296	217	36.4	PKN ORLEN S.A.	296	217	36.4
-644	-26	-119	78.2	Unipetrol Group	-26	-119	78.2
72	31	-80	-	ORLEN Lietuva Group	31	-80	-
39	93	183	-49.2	Other	93	183	-49.2
-738	341	939	-63.7	Profit/(Loss) from operations, including:	341	939	-63.7
-93	239	670	-64.3	PKN ORLEN S.A.	239	670	-64.3
-698	-9	-8	-12.5	Unipetrol Group	-9	-8	-12.5
30	13	73	-82.2	ORLEN Lietuva Group	13	73	-82.2
23	98	204	-52.0	Other	98	204	-52.0
-738	341	939	-63.7	Profit/(Loss) from operations, including:	341	939	-63.7
-875	-34	732	-	Refining	-34	732	-
267	512	346	48.0	Petrochemical	512	346	48.0
98	37	26	42.3	Retail	37	26	42.3
-9	-6	-5	-20.0	Upstream ¹	-6	-5	-20.0
-219	-168	-160	-5.0	Corporate Functions ^{1,2}	-168	-160	-5.0
576	538	579	-7.1	Depreciation and Amortisation, including:	538	579	-7.1
275	241	261	-7.7	Refining	241	261	-7.7
177	182	199	-8.5	Petrochemical	182	199	-8.5
92	86	89	-3.4	Retail	86	89	-3.4
0	1	1	0.0	Upstream ¹	1	1	0.0
32	28	29	-3.4	Corporate Functions ^{1,2}	28	29	-3.4
-451	145	1 244	-88.3	Net Profit/(Loss)	145	1 244	-88.3
-276	149	1 260	-88.2	Profit/(Loss) attributable to equity holder of the Parent	149	1 260	-88.2
52 631	53 714	58 898	-8.8	Total assets	53 714	58 898	-8.8
28 307	28 564	27 880	2.5	Equity	28 564	27 880	2.5
6 762	8 563	7 146	19.8	Net debt	8 563	7 146	19.8
379	-1 343	148	-	Net cash provided by operating activities	-1 343	148	-
-1 308	-133	-556	76.1	Net cash provided by investing activities	-133	-556	76.1
660	306	238	28.6	Investment expenditures (CAPEX)	306	238	28.6
4.7	3.3	3.9	-0.6p.p.	Return on capital employed (ROACE) (%) ³	3.3	3.9	-0.6p.p.
22.1	26.9	26.9	0.0p.p.	Net financial leverage (%) ⁴	26.9	26.9	0.0p.p.
1.52	1.86	3.37	-44.8	Net debt/Profit from operations under LIFO plus depreciation and amortisation for the last four quarters (EBITDA LIFO) ⁵	1.86	3.37	-44.8
1.58	2.35	1.65	42.4	Net debt/Profit from operations plus depreciation and amortisation for the last four quarters (EBITDA) ⁶	2.35	1.65	42.4
-0.65	0.35	2.95	-88.1	Net Profit/(Loss) attributable to equity holders of the Parent per share (EPS)	0.35	2.95	-88.1
Q4 2012	Q1 2013	Q1 2012	change %	Financial data adjusted by the effect of inventory valuation based on the LIFO, PLNm	3 months 2013	3 months 2012	change %
513	53	-738	-	Effect of inventory valuation ⁷ under LIFO on profit from operations, including:	53	-738	-
401	57	-453	-	PKN ORLEN S.A.	57	-453	-
54	-17	-111	84.7	Unipetrol Group	-17	-111	84.7
42	18	-153	-	ORLEN Lietuva Group	18	-153	-
16	-5	-21	76.2	Other	-5	-21	76.2

1) From the I quarter of 2013 Upstream Segment was separated, which operations in previous periods was presented within Corporate Functions. Consequently, comparable data was restated for the I and IV quarter of 2012.

2) Includes Corporate Functions of the ORLEN Group companies as well as companies not included in any of the above segments.

3) ROACE = profit from operations for the last four quarters after tax/average capital employed (equity + net debt) for the last four quarters.

4) Net financial leverage = net debt / equity - calculated using the average carrying values in the period.

5) Interest bearing debt net of cash and cash equivalents at the end of the period / (EBITDA LIFO + dividend received from Polkomtel) based on the LIFO method for the last four quarters.

6) Interest bearing debt net of cash and cash equivalents at the end of the period / (EBITDA + dividend received from Polkomtel) for the last four quarters.

7) Calculated as a difference between: profit from operations determined using the LIFO of inventory valuation and profit from operations determined using the weighted average method of inventory valuation.

Commentary

Financial results

Profit from operations of the ORLEN Capital Group ("ORLEN Group") based on LIFO method of inventory valuation for the I quarter of 2013 amounted to PLN 394 million and was higher by PLN 193 million (y/y).

The positive effect of macroeconomic factors changes including refining, petrochemical margins and URAL/Brent differential as well as higher sales volume increased ORLEN Group's operating result in the I quarter of 2013 by PLN 438 million (y/y).

The effect of other factors amounted to PLN (-) 245 million (y/y) and included mainly lack of positive one-off event from the I quarter of 2012 related to repurchase transactions of second tranche of mandatory reserves from Maury Sp. z o.o.

The negative impact of crude oil prices on inventory valuation in the I quarter of 2013 was equal to PLN (-) 53 million in comparison with the positive result of PLN 738 million in the analogous period of the previous year, which resulted in a decrease in the operating result of the ORLEN Group by PLN (-) 791 million (y/y).

As a result, the ORLEN Group's operating result for the I quarter of 2013 amounted to PLN 341 million, in comparison to PLN 939 million in the analogous period of the previous year.

Net financial expenses in the I quarter of 2013 amounted to PLN (-) 225 million and comprised primarily of net foreign exchange losses on revaluation of loans and other items in foreign currencies of PLN (-) 197 million, net interest expenses of PLN (-) 47 million and net income from the valuation of financial instruments of PLN 26 million.

In accordance with the IAS 39 (Financial Instruments: Recognition and Measurement) foreign exchange losses from loans in USD as part of a hedging relationship established with an investment in the ORLEN Lietuva of PLN (-) 132 million and in accordance with IAS 21 (The Effects of Changes in Foreign Exchange Rates) foreign exchange losses resulting from the translation of foreign currency loans balances of foreign entities of PLN (-) 34 million were recognized in equity in the position of exchange differences on subsidiaries from consolidation.

The positive effect of tax charges in relation to net profit is mainly due to the tax burden reduction of PLN 95 million in connection with the favorable for PKN ORLEN S.A. court judgment of the Supreme Administrative Court for the recognition of compensation paid in 2009 to Agrofert as a tax deductible cost.

After consideration of tax charges, net profit of the ORLEN Group for the I quarter of 2013 amounted to PLN 145 million.

Results from operations of the core entities belonging to the ORLEN Group in the I quarter of 2013

- **PKN ORLEN S.A.** – profit from operations decreased by PLN (-) 431 million (y/y) and amounted to PLN 239 million.
 - result of refining segment, lower by PLN (-) 538 million was mainly due to the negative impact of declining oil prices on inventories valuation of PLN (-) 509 million and the above mentioned lack of positive one-off effect related to the repurchase of part of mandatory crude oil reserves from the I quarter of 2012, as well as positive impact of macroeconomic factors and higher sales volume.
 - result of the retail segment, higher by PLN 29 million (y/y) due to improved fuel margins accompanied by lower volume sales,
 - result of petrochemical segment, higher by PLN 95 million (y/y) includes mainly positive impact of macroeconomic factors accompanied by lower volume sales,
 - costs of corporate functions, higher by PLN (-) 17 million (y/y) mainly results from lack of positive effects on other operating activities that occurred in the I quarter of 2012, mainly including adjustment of assets impairment allowances.
- **ORLEN Lietuva Group** – the result from operations was lower by PLN (-) 60 million (y/y) and amounted to PLN 13 million.
 - the result of refining segment, lower by PLN (-) 69 million (y/y) mainly due to negative inventories valuation in the amount of PLN (-) 171 million (y/y) along with the positive impact of changes in the macroeconomic factors as well as higher volume sales.
 - result of retail segment, higher by PLN 1 million (y/y) mainly due to stable fuel and non-fuel margins,

- costs of corporate functions, lower by PLN 8 million (y/y) mainly due to positive effect of the balance of other operating activities.
- **Unipetrol Group** – the result from operations was lower by PLN (-) 1 million (y/y) and amounted to PLN (-) 9 million.
 - result of refining segment, lower by PLN (-) 97 million (y/y) was mainly due to negative impact of inventories valuation in the amount of PLN (-) 57 million (y/y) and pressure on trading margins under the condition of decreasing fuel consumption,
 - retail segment result, lower by PLN (-) 15 million (y/y) was mainly due to lower fuel and non-fuel margins as well as lower volume sales,
 - result of petrochemical segment, higher by PLN 109 million (y/y) mainly due to the favorable changes in the macroeconomic environment and negative impact of inventories valuation in the amount of PLN (-) 37 million as well as lower volume sales,
 - costs of corporate functions lower by PLN 2 million (y/y).

Net indebtedness and cash flows

As at 31 March 2013 net indebtedness of the ORLEN Group amounted to PLN 8,563 million and was higher by PLN 1,801 million as compared to the level at the end of 2012.

Net financial leverage at the end of the I quarter of 2013 amounted to 26.9%.

The increase in net indebtedness was mainly due to net borrowing of loans in the amount of PLN 666 million, a decrease in cash balances of PLN 900 million and foreign exchange losses from the revaluation of foreign exchange loans in the amount of PLN 256 million.

Net cash from operating activities in the I quarter of 2013 amounted to PLN (-) 1,343 million, mainly as the result of increased demand for the net working capital, including repurchase of part of mandatory crude oil reserves from Ashby Sp. z o.o. in the total amount of PLN 1,593 million including the settlement of the hedging transaction and value added tax. The amount of input VAT of PLN 275 million in accordance with applicable regulations will increase net cash from operating activities in the II quarter of 2013.

Net cash used in investing activities in the I quarter of 2013 amounted to PLN (-) 133 million and comprised mainly of net expenditure for the acquisition of tangible and intangible non-current assets in the amount of PLN (-) 436 million and proceeds from repayment of the Whirlwind Sp. z o.o. short-term loan issued in relation to sales of mandatory reserves in December 2012 in the amount of PLN 272 million.

Net inflow of cash from financing activities in the I quarter of 2013 amounted to PLN 576 million and consisted mainly of net loans and borrowings received of PLN 666 million and interest payments of PLN (-) 81 million.

As a result the cash balance decreased in the I quarter of 2013 by PLN (-) 900 million and amounted to PLN 1,311 million as at 31 March 2013.

The change in presentation of segment data

From the I quarter of 2013 Upstream Segment was separated, which operations in previous periods were presented within Corporate Functions. Consequently, comparable data was restated for the I and IV quarter of 2012.

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

Macroeconomic commentary
Crude oil prices, BRENT / URAL differential and model margins

Table 2

Item	Quarter			change %
	Q4 2012	Q1 2013	Q1 2012	
1	2	3	4	5=(3-4)/4
Brent crude oil (USD/bbl)	110	113	119	-5
Brent / URAL differential (USD/bbl)	1.1	1.7	1.3	31
Model refining margin (USD/bbl)	4.4	4.1	3.3	24
Model petrochemical margin (EUR/t)	729	737	618	19
Quotation of margins (crack margins)				
Refining products (USD/t)				
Gasoline	153	186	172	8
Diesel oil	154	124	115	8
Light heating oil	119	106	94	13
Jet A-1 fuel	191	183	160	14
Heavy heating oil	-246	-242	-215	-13
Petrochemical products (EUR/t)				
Polyethylene	185	183	162	13
Polypropylene	300	307	257	19
Ethylene	634	643	546	18
Propylene	475	467	436	7
Toluene	387	320	190	68
Benzene	392	433	233	86
Butadiene	835	737	1 298	-43
Paraxylene	553	602	511	18

Exchange rates

Table 3

Currency	Average exchange rates ¹⁾			change %	Period end exchange rates ¹⁾			change %
	Q4 2012	Q1 2013	Q1 2012		Q4 2012	Q1 2013	Q1 2012	
1	2	3	4	5=(3-4)/4	6	7	8	9=(7-8)/8
PLN/USD	3.17	3.15	3.23	-2.5	3.10	3.26	3.12	4.5
PLN/EUR	4.11	4.16	4.23	-1.7	4.09	4.18	4.16	0.5
PLN/CZK	0.16	0.16	0.17	-5.9	0.16	0.16	0.17	-5.9
LTL/USD	2.66	2.62	2.63	-0.4	2.61	2.70	2.59	4.2
LTL/EUR	3.45	3.45	3.45	0.0	3.45	3.45	3.45	0.0
CZK/USD	19.4	19.4	19.1	1.6	19.1	20.1	18.5	8.6
CZK/EUR	25.2	25.6	25.1	2.0	25.1	25.7	24.7	4.0

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

Fuel consumption

Table 4

Countries (‘000 tonnes)	Q4 2012	Q1 2013	Q1 2012	change %
1	2	3	4	5=(3-4)/4
Poland	3 786	3 323	3 444	-3.5%
Gasoline	928	793	867	-8.5%
Diesel Oil	2 858	2 530	2 577	-1.8%
Lithuania	347	268	279	-3.9%
Gasoline	53	51	54	-5.6%
Diesel Oil	294	217	225	-3.6%
Czech Republic	1 416	1 305	1 321	-1.2%
Gasoline	400	340	376	-9.6%
Diesel Oil	1 016	965	945	2.1%
Germany	12 734	11 902	12 499	-4.8%
Gasoline	4 509	4 191	4 536	-7.6%
Diesel Oil	8 225	7 711	7 963	-3.2%

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

Segment commentary – Refining Segment

Table 5

Q4 2012	Q1 2013	Q1 2012	change %	Item, PLNm	3 months 2013	3 months 2012	change %
1	2	3	4=(2-3)/3	5	6	7	8=(6-7)/7
24 819	21 537	23 088	-6.7	Segment revenues, including:	21 537	23 088	-6.7
17 738	15 044	16 063	-6.3	Sales revenues from external customers	15 044	16 063	-6.3
7 081	6 493	7 025	-7.6	Sales revenues from transactions with other segments	6 493	7 025	-7.6
-25 002	-21 565	-22 334	-3.4	Segment expenses	-21 565	-22 334	-3.4
-692	-6	-22	-72.7	Other operating revenues/expenses, net	-6	-22	-72.7
-114	276	309	-10.7	Profit/(Loss) from operations under LIFO plus depreciation and amortisation (EBITDA LIFO)	276	309	-10.7
-600	207	993	-79.2	Profit/(Loss) from operations plus depreciation and amortisation (EBITDA)	207	993	-79.2
-388	35	48	-27.1	Profit/(Loss) from operations under LIFO	35	48	-27.1
-875	-34	732	-	Profit/(Loss) from operations	-34	732	-
198	153	143	7.0	CAPEX	153	143	7.0
6 087	5 581	5 111	9.2	Sales of products (thousand tonnes)	5 581	5 111	9.2

The result from operations of the refining segment of the ORLEN Group in the I quarter of 2013 amounted to PLN (-) 34 million and was lower by PLN (-) 766 million (y/y).

The LIFO effect decreasing the result from operations in the I quarter of 2013 amounted to PLN (-) 69 million. By comparison, increasing crude oil price in the I quarter of 2012 had positive impact on the result from operations of PLN 684 million. Consequently, negative net impact of changes in inventories valuation decreased the result from operations by PLN (-) 753 million (y/y).

Cumulative impact of improved macroeconomic environment concerning refining margins and Ural/Brent differential, combined with an increase in sales volume in Poland and on the markets operated by ORLEN Lietuva Group increased result from operations of the segment by PLN 261 million (y/y).

Negative impact of other operating factors of PLN (-) 274 million (y/y) concerned mainly the lack of positive effects from the I quarter of 2012 due to repurchase transaction of part of mandatory reserves of crude oil from Maury Sp. z o.o. of PLN (-) 240 million (y/y).

In the I quarter of 2013, in comparison to the analogous period of the previous year, the segment's expenditures ("CAPEX") increased by PLN 10 million (y/y) to the level of PLN 153 million.

The most significant investments realized during the I quarter of 2013 comprised of: construction of the Installation of Catalytic Denitrification and Dedusting, site preparation of Flue Gas Desulphurization and construction of reformat tanks on the Composition Department in PKN ORLEN S.A. and construction of installation of Visbreaker Vacuum Flasher in ORLEN Lietuva Group.

Segment commentary – Retail Segment

Table 6

Q4 2012	Q1 2013	Q1 2012	change %	Item, PLNm	3 months 2013	3 months 2012	change %
1	2	3	4=(2-3)/3	5	6	7	8=(6-7)/7
9 350	8 202	8 947	-8.3	Segment revenues, including:	8 202	8 947	-8.3
9 324	8 167	8 916	-8.4	Sales revenues from external customers	8 167	8 916	-8.4
26	35	31	12.9	Sales revenues from transactions with other segments	35	31	12.9
-9 179	-8 164	-8 909	-8.4	Segment expenses	-8 164	-8 909	-8.4
-73	-1	-12	-91.7	Other operating revenues/expenses, net	-1	-12	-91.7
190	123	115	7.0	Profit/(Loss) from operations plus depreciation and amortization (EBITDA)	123	115	7.0
98	37	26	42.3	Profit/(Loss) from operations	37	26	42.3
226	44	23	91.3	CAPEX	44	23	91.3
1 867	1 659	1 732	-4.2	Sales of products (thousand tonnes)	1 659	1 732	-4.2

In the I quarter of 2013 profit from operations of the retail segment of the ORLEN Group amounted to PLN 37 million and was higher by PLN 11 million (y/y).

Negative trends in fuel consumption caused a decrease in fuel sales volume on all operated markets and contributed to the decrease in the segment's operating result by PLN (-) 19 million (y/y).

Gradual recovery in fuel margins on Polish market, with remaining pressure on retail margins on German and Czech market contributed to the increase in segment's result of PLN 14 million (y/y).

Impact of other operating activities amounted to PLN 16 million (y/y) and comprised mainly of improving results on sales of merchandise and non-fuel services as well as positive balance of other items of operating activities due to the lower level (y/y) of impairment of assets in the segment.

At the end of the I quarter of 2013 in the ORLEN Group operated 2,697 fuel stations. As compared to the analogous period of 2012 number of fuel stations increased by 7 (by 15 on Polish market, with a decline by (-) 8 on German market). There was noticeable growth of number of fuel stations in franchising system by 13, with a decrease by (-) 6 in CODO system.

At the end of the I quarter of 2013 number of catering points such as Stop Café and Stop Café Bistro amounted to 774 and was higher by 108 (y/y).

In the I quarter of 2013, the segment's investment expenditure ("CAPEX") increased by PLN 21 million (y/y) as compared to the analogous period of the previous year and amounted to PLN 44 million.

Segment commentary – Petrochemical Segment

Table 7

Q4 2012	Q1 2013	Q1 2012	change %	Item, PLNm	3 months 2013	3 months 2012	change %
1	2	3	4=(2-3)/3	5	6	7	8=(6-7)/7
5 076	5 116	5 211	-1.8	Segment revenues, including:	5 116	5 211	-1.8
4 153	4 241	4 246	-0.1	Sales revenues from external customers	4 241	4 246	-0.1
923	875	965	-9.3	Sales revenues from transactions with other segments	875	965	-9.3
-4 806	-4 612	-4 871	-5.3	Segment expenses	-4 612	-4 871	-5.3
-3	8	6	33.3	Other operating revenues/expenses, net	8	6	33.3
470	678	491	38.1	Profit/(Loss) from operations under LIFO plus depreciation and amortisation (EBITDA LIFO)	678	491	38.1
444	694	545	27.3	Profit/(Loss) from operations plus depreciation and amortization (EBITDA)	694	545	27.3
293	496	292	69.9	Profit/(Loss) from operations under LIFO	496	292	69.9
267	512	346	48.0	Profit/(Loss) from operations	512	346	48.0
88	45	48	-6.3	CAPEX	45	48	-6.3
1 329	1 344	1 381	-2.7	Sales of products (thousand tonnes)	1 344	1 381	-2.7

In the I quarter of 2013 petrochemical segment's profit from operations of the ORLEN Group amounted to PLN 512 million and was higher by PLN 166 million (y/y).

Impact of valuation of inventories in the I quarter of 2013 decreased the operating result by PLN (-) 38 million (y/y).

Positive impact of macroeconomic environment connected mainly with improving petrochemical margins (y/y) increased the segment's operating result by PLN 216 million (y/y).

The impact of lower sales volumes particularly in the area of polyolefins due to unfavorable market conditions and fertilizers as the result of adverse weather conditions was partially offset by the improvement in the situation on plastics market and decreased segment's operating result by PLN (-) 20 million (y/y).

Positive impact of other factors of PLN 8 million (y/y) concerned mainly lower amortisation and depreciation expenses as a result of recognized impairment allowances of assets in Unipetrol Group.

In the I quarter of 2013 the segment's capital expenditures ("CAPEX") decreased by PLN (-) 3 million (y/y) and amounted to PLN 45 million.

The most significant investments realized in this period comprised of: modernization works on Ammonia Installation in Anwil S.A. and reconstruction of pirolytic furnace at Olefin's Installation as well as replacement of the reactor at a Sulfuric Acid Plant in Unipetrol Group.

Segment commentary – Upstream Segment

Table 8

Q4 2012	Q1 2013	Q1 2012	change %	Item, PLNm	3 months 2013	3 months 2012	change %
1	2	3	4=(2-3)/3	5	6	7	8=(6-7)/7
0	0	0	-	Segment revenues, including:	0	0	-
0	0	0	-	Sales revenues from external customers	0	0	-
0	0	0	-	Sales revenues from transactions with other segments	0	0	-
-9	-6	-5	20.0	Segment expenses	-6	-5	20.0
0	0	0	-	Other operating revenues/expenses, net	0	0	-
-9	-5	-4	-25.0	Profit/(Loss) from operations plus depreciation and amortization (EBITDA)	-5	-4	-25.0
-9	-6	-5	-20.0	Profit/(Loss) from operations	-6	-5	-20.0
74	55	13	323.1	CAPEX	55	13	323.1

Unconventional projects

Under unconventional projects at the end of the I quarter of 2013 5 drillings were performed, including 3 vertical and 2 horizontal.

In the I quarter of 2013 under the Lublin Shale Project 1 vertical drilling was completed in April 2013 and preparatory works were performed to start subsequent drillings. At the same time analyzes of data obtained during previous operations were performed. Additionally, preparatory works to fracturing process and production tests on previously carried out horizontal drilling were realized.

In the I quarter of 2013, after positive decision of the Ministry of the Environment, the acquisition process of 2 concessions Wołomin and Wodynie-Luków was completed, acquired in 2012 from ExxonMobil Exploration and Production Poland.

Under projects Mid-Poland Unconventionals and Hrubieszów Shale, according to the schedule, preparatory works are performed for the acquisition of 2D seismic data planned for the II and for the III quarter of 2013.

Total capital expenditures ("CAPEX") concerning unconventional projects in the I quarter of 2013 amounted to PLN 33 million.

Conventional projects

Under conventional projects at the end of the I quarter of 2013 1 exploration and prospecting drilling was performed.

In the I quarter of 2013 under the Kambr Project held jointly with Kuwait Energy Company preparations for drilling on the Latvian zone of Baltic Sea shelf were conducted. Drilling works start-up using semi-submersible platform is planned for the II quarter of 2013. The project is realized through holding company ORLEN International Exploration and Production Company BV (OIEPCo).

In the I quarter of 2013 as part of the project implemented on the Polish Lowland area near Sieraków in cooperation with PGNiG, the preparatory work for conducting a second exploration drilling was carried out.

Under the Karbon Project in the Lublin Region in the I quarter of 2013 preparatory works were performed for the acquisition of 2D seismic data and drilling of exploration well.

Total capital expenditures ("CAPEX") concerning conventional projects in the I quarter of 2013 amounted to PLN 21 million.

Segment commentary – Corporate Functions

Table 9

Q4 2012	Q1 2013	Q1 2012	change %	Item, PLNm	3 months 2013	3 months 2012	change %
1	2	3	4=(2-3)/3	5	6	7	8=(6-7)/7
89	76	76	-	Segment revenues, including:	76	76	-
29	19	22	-13.6	Sales revenues from external customers	19	22	-13.6
60	57	54	5.6	Sales revenues from transactions with other segments	57	54	5.6
-320	-248	-241	2.9	Segment expenses	-248	-241	2.9
12	4	5	-20.0	Other operating revenues/expenses, net	4	5	-20.0
-187	-140	-131	-6.9	Profit/(Loss) from operations plus depreciation and amortization (EBITDA)	-140	-131	-6.9
-219	-168	-160	-5.0	Profit/(Loss) from operations	-168	-160	-5.0
74	9	11	-18.2	CAPEX	9	11	-18.2

Net corporate functions costs in the I quarter of 2013 reached comparable level (y/y).

Capital expenditures ("CAPEX") of corporate functions in the I quarter of 2013 amounted to PLN 9 million and mainly related to costs of projects realized in IT area.

Interim condensed consolidated financial statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for 3 months ended
31 March 2013 and 31 March 2012

Table 10

Q4 2012	Q1 2013	Q1 2012	change %	Item, PLNm	3 months 2013	3 months 2012	change %
1	2	3	4=(2-3)/3	5	6	7	8=(6-7)/7
31 245	27 472	29 248	-6.1	Sales revenues	27 472	29 248	-6.1
-29 758	-25 821	-26 981	-4.3	Cost of sales	-25 821	-26 981	-4.3
1 487	1 651	2 267	-27.2	Gross profit on sales	1 651	2 267	-27.2
-1 026	-956	-937	2.0	Distribution expenses	-956	-937	2.0
-443	-358	-367	-2.5	General and administrative expenses	-358	-367	-2.5
221	72	132	-45.5	Other operating revenues	72	132	-45.5
-977	-68	-156	-56.4	Other operating expenses	-68	-156	-56.4
-738	341	939	-63.7	Profit/(Loss) from operations	341	939	-63.7
347	126	827	-84.8	Financial revenues	126	827	-84.8
-281	-351	-233	50.6	Financial expenses	-351	-233	50.6
66	-225	594	-	Financial revenues and expenses	-225	594	-
-1	0	-1	-	Share in profit from investments accounted for under equity method	0	-1	-
-673	116	1 532	-92.4	Profit/(Loss) before tax	116	1 532	-92.4
222	29	-288	-	Income tax expense	29	-288	-
-451	145	1 244	-88.3	Net profit/(loss)	145	1 244	-88.3
				Items of other comprehensive income:			
0	-7	0	-	which will not be reclassified into profit or loss under certain conditions:	-7	0	-
0	-9	0	-	Fair value measurement of investment property as at the date of reclassification	-9	0	-
0	2	0	-	Deferred tax	2	0	-
78	120	-144	-	which will be reclassified into profit or loss:	120	-144	-
-20	23	112	-79.5	Hedging instruments	23	112	-79.5
-62	101	-235	-	Foreign exchange differences on subsidiaries from consolidation	101	-235	-
4	-4	-21	-81.0	Deferred tax	-4	-21	-81.0
-78	114	-144	-	Total items of other comprehensive income	114	-144	-
-529	259	1 100	-76.5	Total net comprehensive income	259	1 100	-76.5
-451	145	1 244	-88.3	Net profit/ (loss) attributable to:	145	1 244	-88.3
-276	149	1 260	-88.2	equity holders of the parent	149	1 260	-88.2
-175	-4	-16	-75.0	non-controlling interest	-4	-16	-75.0
-529	259	1 100	-76.5	Total comprehensive income attributable to:	259	1 100	-76.5
-347	277	1 149	-75.9	equity holders of the parent	277	1 149	-75.9
-182	-18	-49	-63.3	non-controlling interest	-18	-49	-63.3
-0.65	0.35	2.95	-88.1	Net profit/(loss) and diluted net profit/(loss) per share attributable to equity holders of the parent (in PLN per share)	0.35	2.95	-88.1

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2013 and 31 December 2012**

Table 11

31.03.2013	Item, PLNm	31.12.2012	change %
1	2	3	4=(1-3)/3
	ASSETS		
24 719	Property, plant and equipment	24 744	-0.1
122	Investment property	117	4.3
1 372	Intangible assets	1 447	-5.2
97	Perpetual usufruct of land	98	-1.0
12	Investment accounted for under equity method	12	0.0
41	Financial assets available for sale	41	0.0
284	Deferred tax assets	297	-4.4
26	Other non-current assets	55	-52.7
26 673	Total non-current assets	26 811	-0.5
16 657	Inventories	15 011	11.0
8 845	Trade and other receivables	8 075	9.5
83	Other short-term financial assets	368	-77.4
125	Income tax receivables	90	38.9
1 311	Cash and Cash equivalents	2 211	-40.7
20	Non-current assets classified as held for sale	65	-69.2
27 041	Total current assets	25 820	4.7
53 714	Total assets	52 631	2.1
	EQUITY AND LIABILITIES		
1 058	Share capital	1 058	0.0
1 227	Share premium	1 227	0.0
-52	Hedging reserve	-73	-28.8
3	Revaluation reserve	6	-50.0
192	Foreign exchange differences on subsidiaries from consolidation	81	137.0
24 328	Retained earnings	24 180	0.6
26 756	Total equity attributable to equity holders of the parent	26 479	1.0
1 808	Non-controlling interest	1 828	-1.1
28 564	Total equity	28 307	0.9
6 666	Loans, borrowings and debt securities	7 678	-13.2
657	Provisions	660	-0.5
676	Deferred tax liabilities	672	0.6
15	Deferred income	16	-6.3
155	Other non-current liabilities	171	-9.4
8 169	Total non-current liabilities	9 197	-11.2
12 601	Trade and other liabilities	12 656	-0.4
3 208	Loans, borrowings and debt securities	1 295	147.7
54	Income tax liabilities	83	-34.9
765	Provisions	803	-4.7
256	Deferred income	168	52.4
97	Other financial liabilities	122	-20.5
16 981	Total current liabilities	15 127	12.3
25 150	Total liabilities	24 324	3.4
53 714	Total equity and liabilities	52 631	2.1

CONSOLIDATED STATEMENT OF CASH FLOWS
for 3 months ended
31 March 2013 and 31 March 2012

Table 12

Q4 2012	Q1 2013	Q1 2012 ¹⁾	change %	Item, PLNm	3 months 2013	3 months 2012 ¹⁾	change %
1	2	3	4=(2-3)/3	5	6	7	8=(6-7)/7
Cash flows – operating activities							
-451	145	1 244	-88.3	Net profit/(loss)	145	1 244	-88.3
Adjustments for:							
1	0	1	-	Share in profit from investments accounted for under equity method	0	1	-
577	538	579	-7.1	Depreciation and amortisation	538	579	-7.1
-26	61	-388	-	Foreign exchange loss/(gain)	61	-388	-
80	66	87	-24.1	Interest net	66	87	-24.1
751	-42	36	-	(Profit)/Loss on investing activities	-42	36	-
185	56	152	-63.2	Change in provisions	56	152	-63.2
-222	-29	288	-	Income tax expense	-29	288	-
-98	-4	-181	-97.8	Income tax (paid)	-4	-181	-97.8
-130	-49	-142	-65.5	Other adjustments	-49	-142	-65.5
-288	-2 085	-1 528	36.5	Change in working capital:	-2 085	-1 528	36.5
1 608	-1 566	-1 778	-11.9	inventories	-1 566	-1 778	-11.9
1 405	-584	-662	-11.8	receivables	-584	-662	-11.8
-3 301	65	912	-92.9	liabilities	65	912	-92.9
379	-1 343	148	-	Net cash provided by/(used in) operating activities	-1 343	148	-
Cash flows – investing activities							
-982	-527	-548	-3.8	Acquisition of property, plant and equipment and intangible assets	-527	-548	-3.8
17	91	11	727.3	Disposal of property, plant and equipment and intangible assets	91	11	727.3
-82	0	-10	-	Acquisition of shares	0	-10	-
0	0	0	-	Disposal of shares	0	0	-
-8	0	-17	-	Acquisition of securities and deposits	0	-17	-
0	12	8	50.0	Disposal of securities and deposits	12	8	50.0
-220	274	0	-	(Outflows)/Proceeds from loans granted	274	0	-
-33	17	0	-	Other	17	0	-
-1 308	-133	-556	-76.1	Net cash (used in)/provided by investing activities	-133	-556	-76.1
Cash flows – financing activities							
878	2 994	2 768	8.2	Proceeds from loans and borrowings received ²⁾	2 994	2 768	8.2
0	0	1 000	-	Debt securities issued	0	1 000	-
-1 494	-2 328	-3 698	-37.0	Repayments of loans and borrowings ²⁾	-2 328	-3 698	-37.0
0	0	-750	-	Redemption of debt securities	0	-750	-
-107	-81	-93	-12.9	Interest paid	-81	-93	-12.9
-7	-7	-7	0.0	Payments of liabilities under finance lease agreements	-7	-7	0.0
-6	0	0	-	Dividends paid to non-controlling shareholders	0	0	-
0	-2	-2	0.0	Other	-2	-2	0.0
-736	576	-782	-	Net cash (used in)/provided by financing activities	576	-782	-
-1 665	-900	-1 190	-24.4	Net (decrease) in cash and cash equivalents	-900	-1 190	-24.4
3	0	-3	-	Effect of exchange rate changes on cash and cash equivalents	0	-3	-
3 873	2 211	5 409	-59.1	Cash and cash equivalents, beginning of the period	2 211	5 409	-59.1
2 211	1 311	4 216	-68.9	Cash and cash equivalents, end of period	1 311	4 216	-68.9

1) Restated data.

2) The decrease in proceeds/repayments of loans and borrowings by PLN 1,015 million for 3 months period ended 31 March 2012 due to implementation of presentation of net change in overdraft.

Operating data

PRODUCTION
for 3 months ended
31 March 2013 and 31 March 2012

Table 13

Production (‘000 tonnes)	Q1 2013	Q1 2012	change %	Q1 2013	share %	Q1 2013	share %	Q1 2013	share %
1	2	3	4=(2-3)/3	5	6=5/total segment	7	8=7/total segment	9	10=9/total segment
Refining Segment	ORLEN Group	ORLEN Group		PKN ORLEN S.A.		Unipetrol Group		ORLEN Lietuva	
Crude oil throughput	7 003	6 655	5.2	3 504	-	896	-	2 501	-
Light distillates [gasoline, LPG]	1 536	1 454	5.6	595	21.4	209	22.1	757	31.2
Medium distillates [diesel oil, light heating oil, JET A-1 fuel]	3 108	3 070	1.2	1 562	56.1	410	43.3	1 129	46.5
Heavy fractions [heavy heating oil, asphalt, oils]	1 121	955	17.4	444	16.0	69	7.3	508	20.9
Other	246	205	20.0	182	6.5	258	27.3	35	1.4
Total products	6 011	5 684	5.8	2 783	-	946	-	2 429	-

Production (‘000 tonnes)	Q1 2013	Q1 2012	change %	Q1 2013	share %	Q1 2013	share %	Q1 2013	share %	Q1 2013	share %
1	2	3	4=(2-3)/3	5	6=5/total segment	7	8=7/total segment	9	10=9/total segment	11	12=10/total segment
Petrochemical Segment	ORLEN Group	ORLEN Group		PKN ORLEN S.A.		Unipetrol Group		BOP		Anwil Group	
Monomers [ethylene, propylene]	122	140	-12.9	218	44.0	179	22.9	-	-	-	-
Polymers [polyethylene, polypropylene]	224	225	-0.4	-	-	133	17.0	91	100.0	-	-
Aromas [benzene, toluene, paraxylene, ortoxylene]	101	93	8.6	49	9.9	52	6.7	-	-	-	-
Fertilizers [CANWIL, ammonium nitrate, ammonium sulphate, other]	293	358	-18.2	-	-	1	0.1	-	-	292	56.8
Plastics [PVC, PVC processing]	107	102	4.9	-	-	-	-	-	-	110	21.4
PTA	152	133	14.3	152	30.6	-	-	-	-	-	-
Other	562	599	-6.2	77	15.5	417	53.3	-	-	112	21.8
Total products	1 561	1 650	-5.4	496	-	782	-	91	-	514	-
Total production	7 572	7 334	3.2	3 279	-	1 728	-	91	-	514	-

SALES
for 3 months ended
31 March 2013 and 31 March 2012

Table 14

Q4 2012	Q1 2013	Q1 2012	change %	Sales ('000 tonnes)	3 months 2013	3 months 2012	change %
4	4	5	6=(4-5)/5	7	8	9	10=(8-9)/9
6 087	5 581	5 111	9.2	Refining Segment	5 581	5 111	9.2
1 389	1 336	1 166	14.6	Light distillates [gasoline, LPG]	1 336	1 166	14.6
2 651	2 475	2 381	3.9	Medium distillates [diesel oil, light heating oil, JET A-1 fuel]	2 475	2 381	3.9
1 291	1 061	863	22.9	Heavy fractions [heavy heating oil, asphalt, oils]	1 061	863	22.9
756	709	701	1.1	Other	709	701	1.1
1 867	1 659	1 732	-4.2	Retail Segment	1 659	1 732	-4.2
703	624	672	-7.1	Light distillates [gasoline, LPG]	624	672	-7.1
1 164	1 035	1 060	-2.4	Medium distillates [diesel oil, light heating oil]	1 035	1 060	-2.4
7 954	7 240	6 843	5.8	Refining + Retail Segment	7 240	6 843	5.8
1 329	1 344	1 381	-2.7	Petrochemical Segment	1 344	1 381	-2.7
133	129	135	-4.4	Monomers [ethylene, propylene]	129	135	-4.4
229	201	218	-7.8	Polimers [polyethylene, polypropylene]	201	218	-7.8
106	100	92	8.7	Aromats [benzene, toluene, paraxylene, ortoxylyene]	100	92	8.7
305	291	367	-20.7	Fertilizers [CANWIL, ammonium nitrate, ammonium sulphate, other]	291	367	-20.7
98	114	99	15.2	Plastics [PVC, PVC granulates]	114	99	15.2
109	137	141	-2.8	PTA	137	141	-2.8
349	372	329	13.1	Other	372	329	13.1
9 283	8 584	8 224	4.4	ORLEN Capital Group - Total	8 584	8 224	4.4