

ANNUAL REPORT 2013

 Poczta Polska

Modernity is our priority



ANNUAL REPORT 2013

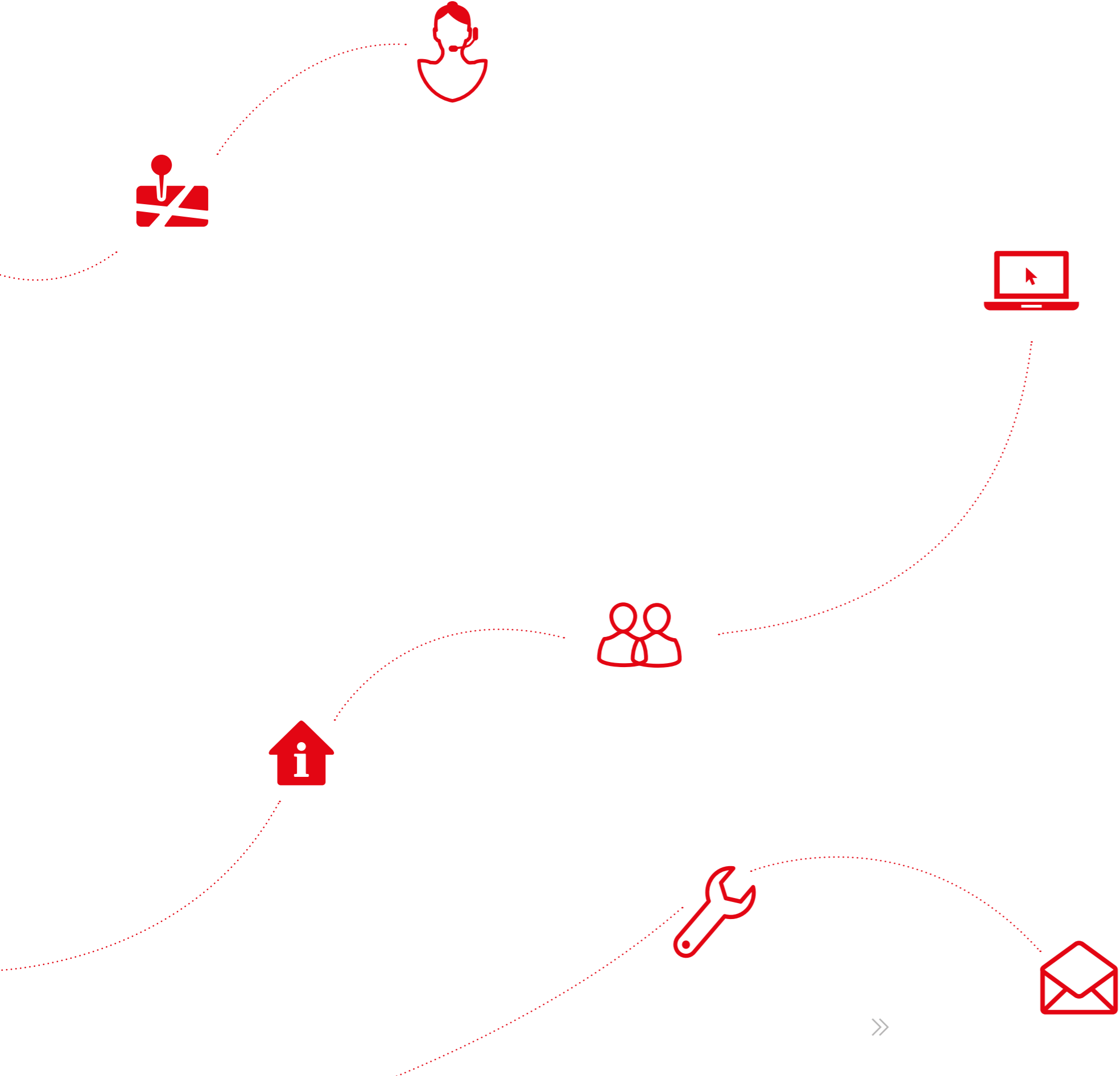




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“Our priority in 2013 was to make the Poczta Polska S.A. as close to the customer as possible. For this purpose, we created new modern units with access to full range of offers proposed by the Poczta Polska Group, meaning postal, banking and insurance services as well as e-post office solutions”.



Chairman of the Board of the Poczta Polska S.A.

Ladies and Gentlemen,

In 2013 there was a full release of the postal market. The Poczta Polska S.A. coped well in the changing market environment and may be proud of its many achievements, which I would like to share with you.

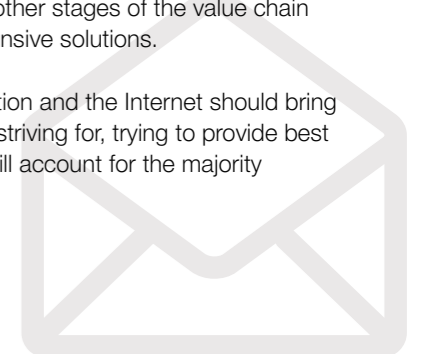
In 2013 the Poczta Polska S.A. won 2000 tenders. At that time we gained many new business and institutional customers. Among them there are largest on the Polish market companies from banking, insurance and energy branch, as well as international corporations and public institutions. This proved that the Poczta Polska S.A. has good prospects ahead and made it clear that it is worth putting extra effort in order to strengthen our company and gain new market segments in Poland.

Our priority in 2013 was to make the Poczta Polska S.A. as close to the customer as possible. For this purpose, we created new modern units with access to full range of offers proposed by the Poczta Polska Group, meaning postal, banking and insurance services as well as e-post office solutions.

At the end of 2013 we had 70 modern and customer-friendly units, which clearly shows what standards the Poczta Polska S.A. seeks and what it has already achieved. We also launched a cutting-edge digital platform for postal services in Europe, which allows taking advantage of the Poczta Polska S.A. offers without leaving one's desk or using only one's mobile phone. Modern solutions connected with progress in technology is the direction which we will still follow in order to keep up with the times and to create a company adapted to the needs and preferences of the next generations.

We are aware of the prospects which the dynamic development of e-commerce puts in front of us. However, we do perfectly well in this segment, serving 31% of the parcels sent by online shops. Nevertheless, we do not stop at this but we set the bar higher. We assume that services connected with e-commerce include not only letters and parcels. We should be also be able to offer services on other stages of the value chain and this is the direction we will follow creating comprehensive solutions.

Courier and e-commerce services as well as the digitization and the Internet should bring us the greatest profits in the future. That is what we are striving for, trying to provide best services also to the market of traditional letters, which still account for the majority of our revenues.



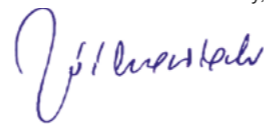
However, no success would have been possible if not the human capital, meaning the Poczta Polska S.A. employees. We do not save on investing in people, hoping it will result in measurable benefits in the future. In 2013 we completed major training projects in the area of the development of sales, management and specialized competencies, including, among others, inflationary pay rise. We have not conducted group redundancies but we implemented voluntary redundancy scheme as part of the restructuring process.

It is worth noting that year 2013, despite negative market trends, was the fourth in a row in which the Poczta Polska S.A. reported a positive financial result. Last year was also significant in terms of the scale of the investments we undertook. We allocated 250 million PLN compared to a total of 190 million PLN spent in 2011 and 2012, investing in logistics, IT solutions and sales network. This was another year of increased efficiency of the Poczta Polska S.A. – we managed to lower e.g. the cost of material as well as external services' consumption.

Last year was also a time that brought a change of judicial consignment provider. Namely, this area of responsibility was taken over by a competitive company. This shows that the Poczta Polska S.A. must change even faster to continue to be the only entity that is able to perform this type of order on a high level, according to the Poles' expectations.

I would like to assure you that we will make further efforts so that every customer of the Poczta Polska S.A. is satisfied with our services, and that all employees feel satisfied working in a solid, modern and profitable company. We are ready to fight on the free market and we strive to ensure that all customers associate the Poczta Polska S.A. with perfect service.

Sincerely,



Jerzy Józkowiak

Chairman of the Board of the Poczta Polska S.A.

Figures

The data at the end of 2013:



Number of post offices

7 871



In rural areas

3 888



In urban areas

3 983



Modern post offices

70



Number of employees of the Poczta Polska S.A.

82 633



The number of letters sent (in pieces)

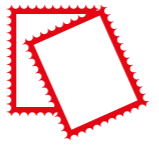
1.35 billion



Number of parcels and courier shipments sent

44 mln





Calendar 2013



Most significant achievements of the Poczta Polska in 2013:

January

The Poczta Polska S.A. opens the first outlet of the new type

- The Poczta Polska S.A. changes its outlets:
- professional service, easy access, friendly atmosphere
 - division into zones: postal (letters, parcels, deposits and withdrawals) banking and insurance (accounts, deposits, insurance), trade (e.g. cards or newspapers) and self-service (zone 24)
 - new corporate identity – logo, red and yellow colour.



March

OEC: The Poczta Polska S.A. can deliver letters and parcels faster

- The report of the Office of Electronic Communications indicates that the Poczta Polska S.A. improved speed and timeliness in all the service categories.

- In the category of economy parcels economy is close to 100%.

New stamps

- New stamp include, instead of the printed price, a symbol distinguishing economy and priority shipment and identifying weight and dimension category.



May

Electronic Confirmation of Acceptance

- Convenient alternative to the paper, to the traditional, paper form of receipt issued for registered letters and registered business consignments.

The Supervisory Board appointed the Management Board of the Poczta Polska S.A. of the second term of office.

- The new Board of Directors of the Poczta Polska S.A. consists of:
Jerzy Jan Józkwowiak – President of the Management Board, Ireneusz Piecuch – Vice President of the Management Board, Mariusz Zarzycki – Member of the Management Board, Janusz Piotr Wojtas – Member of the Management Board, Piotr Michalski – Member of the Management Board



The Poczta Polska S.A. opened an outlet with the "Obiekt bez barier" certification.

- In Stocer Rehabilitation Center in Konstancin-Jeziorna there is an outlet tailored to the needs of customers with disabilities and operated by the disabled.

July

Parcel insurance

- The Poczta Polska S.A. introduces a wide offer of insurance options for courier shipments and parcels. Development of parcel-courier services is one of the key elements of the strategy, aimed to increase the company's potential in this segment.

Postcard from your smartphone

- We launched a new service which customers can use to send photos taken on their own in the form of a postcard. A photograph taken with a smartphone, with the help of a special application, becomes an electronic postcard which then the postman delivers to the addressee in its traditional, paper form.



September

Electronic notification

- After providing the nearest outlet with one's phone number or e-mail address, the customer can receive information about notification in the form of an SMS or an e-mail.

November

MINI parcel – an innovative service introduced by the Poczta Polska S.A.

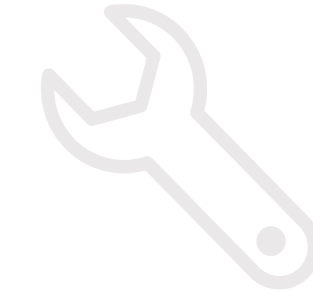
- A new service with a guaranteed delivery date is tailored to the needs of customers buying small items online whose weight does not exceed 2 kg.

- In the last months nearly 200 000 customers have taken advantage of this new service.

The tender for distribution machines has been settled.

- The Poczta Polska S.A. has settled a tender worth 48 million PLN for distribution machines sorting standard letter mail.

- The new machines will be installed in Wrocław, Pruszcz Gdański, Zabrze (2 machines), Lisi Ogon and Warsaw (3 machines).



February

The dynamic growth in the volume of courier shipments

- The increase in the number of shipments operated by Pocztex by nearly 70%.



The Neokartka

- The Poczta Polska S.A. provides a new service, owing to which it is possible to send postcards with the help of the Internet, which then reach the addressee in the traditional form.

- Since the middle of this year it has been possible to create the Neokartka on a smartphone or tablet.

The Poczta Polska S.A. opens first Postal Financial Zones

- Postal Financial Zones are separated, professional positions to sell banking and insurance products in post offices.

- By 2015, there will have been created 1 000 points for selling financial products: 640 Postal Financial Zones and 360 Microbranches of the Bank Pocztowy S.A.

April

Making a deposit into a PRIORITY bank account

- When making a deposit at the post office before 2pm, the money arrives on the recipient's bank account on the same day.

- Customers who have bank accounts in Bank Pocztowy S.A. receive the money in real time.

June

General Annual Meeting of the Poczta Polska S.A. approved the reports and granted discharge to The Management Board and the Supervisory Board.

- Reports for the year of 2012 were one of the points on the agenda during the meeting. They received positive opinions and they were approved by the Shareholder.

- During the meeting participants also decided on the allocation of the profit for 2012 and previous years, and granted discharge to all persons performing the function in the Poczta Polska S.A. in 2012.

August

The Poczta Polska S.A. available on smartphones

- Customers of the Poczta Polska S.A. can monitor their shipments with the help of their smartphones and an online mobile application. It allows continuous and remote access to information about shipments. This solution also locates the nearest post offices.



October

Envelo platform – stamps, letters and cards from now on available online at www.envelo.pl

- The online platform Envelo enables buying and printing postage stamps, sending letters or cards that the postman delivers in a paper form.

Pre-paid parcels. The Poczta Polska S.A. launches a package for e-business.

- The Poczta Polska S.A. introduces a new offer of pre-paid parcel packages for its customers.
- The PARCEL package is available at www.paczkaorzysci.pl. This is a new product addressed to entrepreneurs from the e-commerce branch.

The Poczta Polska is 455 years old.



December

A new offer for parcels – PARCEL EXTRA24, PARCEL24 and PARCEL48

- The Poczta Polska S.A. introduces changes in the offer of parcel and courier services.

- The main benefits for customers include guaranteed delivery time, free insurance and electronic monitoring

The Poczta Polska S.A.: almost 2000 won tenders in 2013.

- In 2013 the Poczta Polska S.A. won nearly 2000 tenders totalling more than 2.1 billion PLN





The Management Board of the Poczta Polska S.A.

1. JERZY JAN JÓŹKOWIAK

President of the Management Board
of the Poczta Polska S.A. since March 2011.

2. IRENEUSZ PIECUCH

Vice-president of the Management Board
of the Poczta Polska S.A. since July 2013.
Responsible for IT, the areas of strategy and international
cooperation.

3. PIOTR MICHALSKI

Member of the Management Board
of the Poczta Polska S.A. since July 2011.
Responsible for accounting and finance.

4. PAWEŁ WŁOCH

Member of the Management Board
of the Poczta Polska S.A. since 2009.
Elected by the employees of the company, responsible
for the quality of services and process management.

5. JANUSZ PIOTR WOJTAS

Member of the Management Board
of the Poczta Polska S.A. since June 2011.
Responsible for marketing, product policy and the sales
of postal and financial services.

6. MARIUSZ ZARZYCKI

Member of the Management Board
of the Poczta Polska S.A. since February 2011.
Responsible for the areas of investment and infrastructure,
operations and logistics.



The Supervisory Board of the Poczta Polska S.A.

1. MAREK SZCZEPAŃSKI

Chairman of the Supervisory Board,
(representative of the Minister responsible
for communications)

2. ARTUR KAWALER

Vice-chairman of Supervisory Board
of the Poczta Polska S.A.
(representative of the Minister responsible for public
finance)

3. KRZYSZTOF MAJEWSKI

Member of the Supervisory Board
of the Poczta Polska S.A.
(representative of the Minister responsible
for the Treasury)

4. ADAM WARPAS

Secretary to the Supervisory Board of the Poczta Polska S.A.
(elected by the employees of the Poczta Polska S.A.)

5. HALINA BĄK

Member of the Supervisory Board of the Poczta Polska S.A.
(elected by the employees of the Poczta Polska S.A.)



“Last year was the time which confirmed predictions regarding the postal market. On the one hand, there was a further decline in the traditional areas (...). On the other hand, it was also a period of intensive development of e-commerce.”



The Chairman of the Supervisory Board of the Poczta Polska S.A.



Ladies and Gentlemen,

The Poczta Polska S.A. started the year 2013 prepared for the full liberalization of the postal market. After its release, the revenue of the Poczta Polska S.A. from shipments of up to 50 grams, owing to the efficient acquisition of new customers, decreased only slightly. The Company maintained its high levels of quality of services provided, which is one of the key factors to success in a competitive postal market.

Last year was the time which confirmed predictions regarding the postal market. On the one hand, there was a further decline in the traditional areas – paper correspondence and financial services such as deposits or postal orders, caused by increasingly faster changes in the modes of communication. On the other hand, it was also a period of intensive development of e-commerce. The answer of the Poczta Polska S.A. to these phenomena are effectively implemented strategic projects. What is important, these measures have the full support of the Supervisory Board.

It is also worth noting that the banking segment in the Poczta Polska Group has developed significantly. A great success achieved by the Bank Pocztowy in 2013 was the net profit of 36 million PLN, which is the second highest result in the 24-year history of the Bank. The strategy of the Poczta Polska S.A. to 2018 assumes further development of financial services based on its own Bank, which already constitutes a strategic asset of the Poczta Polska S.A. Income streaming from modern banking and insurance offers is an important element of the restructuring of the Poczta Polska S.A. in the face of changes in the market of traditional financial services.

Further efforts are aimed at the intensive development of the Poczta Polska S.A., using, on the one hand, the potential that lies in its history (experience and infrastructure), on the other one – the opportunity that new technologies create (e-commerce, digital services). The Management Board of the company skilfully combines tradition with modernity. Therefore, I am convinced that in the coming years we will witness dynamic growth of the Poczta Polska Group.

Sincerely,

dr Marek Szczepański

Chairman of the Supervisory Board of the Poczta Polska S.A.





Independent auditor's report

To the Shareholders and the Supervisory Board of the Poczta Polska S.A.

We have audited the accompanying financial statements of the Poczta Polska S.A. with its registered office in Warsaw at ul. Stawki 2, which consists of an introduction to the financial statements, the balance sheet as on 31 December 2013, the profit and loss account, statement of changes in equity (funds), cash flow statement for the year January 1, 2013 to December 31, 2013 and additional information and notes.

The preparation of the financial statements and the report of the activities in accordance with the applicable provisions is the responsibility of the Company's Management Board.

The Management Board and the members of the Supervisory Board are obliged to ensure that the financial statements and the report of the activities meet the requirements set forth in the Act of September 29th, 1994 on Accounting (Journal of Laws of 2013 pos. 330), hereinafter referred to as the "Accounting Act".

Our responsibility is to express an opinion on compliance of the financial statements with accepted accounting principles (policy) and check whether it presents fairly, in all material respects, the financial position and results of operations of the Company. We also had to decide on the correctness of the books on which the report was based in our audit.

The audit was planned in accordance with the following:

- chapter 7 of the Accounting Act,
- national auditing standards issued by the National Chamber of Statutory Auditors.

The audit was planned and performed in such a way as to obtain a reasonable basis for expressing an opinion on the financial statements. The audit also included examining the accuracy of the Company's accounting and significant estimates principles (policy,) and checking – largely at random – evidence and accounting records supporting the amounts and disclosures in the financial statements, as well as evaluating the overall financial statement. We believe that our audit provides a basis for our opinion.

In our opinion, the financial statement, in all material respects:

- gives true and fair information necessary to assess the financial position of the Company as on 31 December 2013, as well as its financial results for the period from 1 January 2013 to 31 December 2013,
- has been prepared in accordance with the applicable accounting principles (policy) arising out of the Accounting Act and the regulations issued on the basis of the implementing rules, and based on properly maintained accounting records,
- is in compliance with the contents of the financial regulations and the Articles of Association of the Company.

The report of the Company's activities for the financial year 2013 is complete within the meaning of Art. 49 Paragraph 2 of the Law on Accounting and the information contained therein, derived from the audited financial statement, are consistent with it.

Anita Karaś-Kulicka
Head auditor conducting the audit
Auditor No. 10145

On behalf of Deloitte Polska Sp. z o.o. Sp. k – the entity authorized to audit financial statements included in the list of entities authorized, kept by NCS.A. at no. 73:

Zbigniew Adamkiewicz
Vice President of Deloitte Polska Sp. z o.o.
– General partner of Deloitte Polska Sp. z o.o Sp. k

Warsaw, 28 March 2014



About the Poczta Polska S.A.



The Poczta Polska S.A. is a limited company resulting from the commercialization of the public utility "Poczta Polska". The founder of the Company is the State Treasury, on whose behalf the Minister competent for communications – the Minister of Administration and Digitization – fulfils his responsibilities.

The company has been operating in the current legal form since 1 September 2009. The Company is based in Warsaw.

Until 2012 the Poczta Polska S.A. had been the public national operator. In connection with the liberalization of the postal market from 1 January 2013 to 31 December 2015, in accordance with the Postal Law introduced 23 November 2012 (Journal of Laws of 29 December 2012., Pos. 1529), it serves as the designated operator responsible for the provision of common postal services throughout the country.

The principal activity of the Poczta Polska S.A. is the provision of postal services including collection, transportation and delivery of various shipments, in the domestic and foreign markets, mainly:

- 1) letter mail, unrecorded shipments (i.e., ordinary letters, postcards), registered letters and securities, postal parcels
- 2) Pocztext domestic courier and EMS international courier services,
- 3) direct mail (addressed and unaddressed).

The Company has the right to issue, introduce and withdraw postage stamps, postcards and envelopes printed with a surcharge.

Another group of services the Poczta Polska S.A. provides to its customers are the financial ones. The Poczta Polska S.A. mediates customer deposits to bank accounts (e.g. paying bills), as well as the transfers of pension benefits granted by ZUS and KRUS. The Company provides delivery and payment of benefits in the form of cash transfers and transfers the funds to personal bank accounts of beneficiaries.

The Company, in collaboration with the companies of the Poczta Polska Group, mediates the provision of banking and insurance services, among other things, providing customers with:

- 1) personal bank accounts,
- 2) deposits and cash loans,
- 3) property and motor vehicle insurance.

In the area of financial services the Company also offers cash transfer services in the electronic form:

- 1) postal order (domestic or foreign), which can be given at any post office and in rural areas or areas of dispersed development – even to the postman; and on the Internet, too. The service is normally carried out within 1-3 working days after postage.
- 2) The Financial Express – a service that provides customers with the opportunity to receive money in a very short period of time (the fastest after 10 minutes from the moment of transferring it).

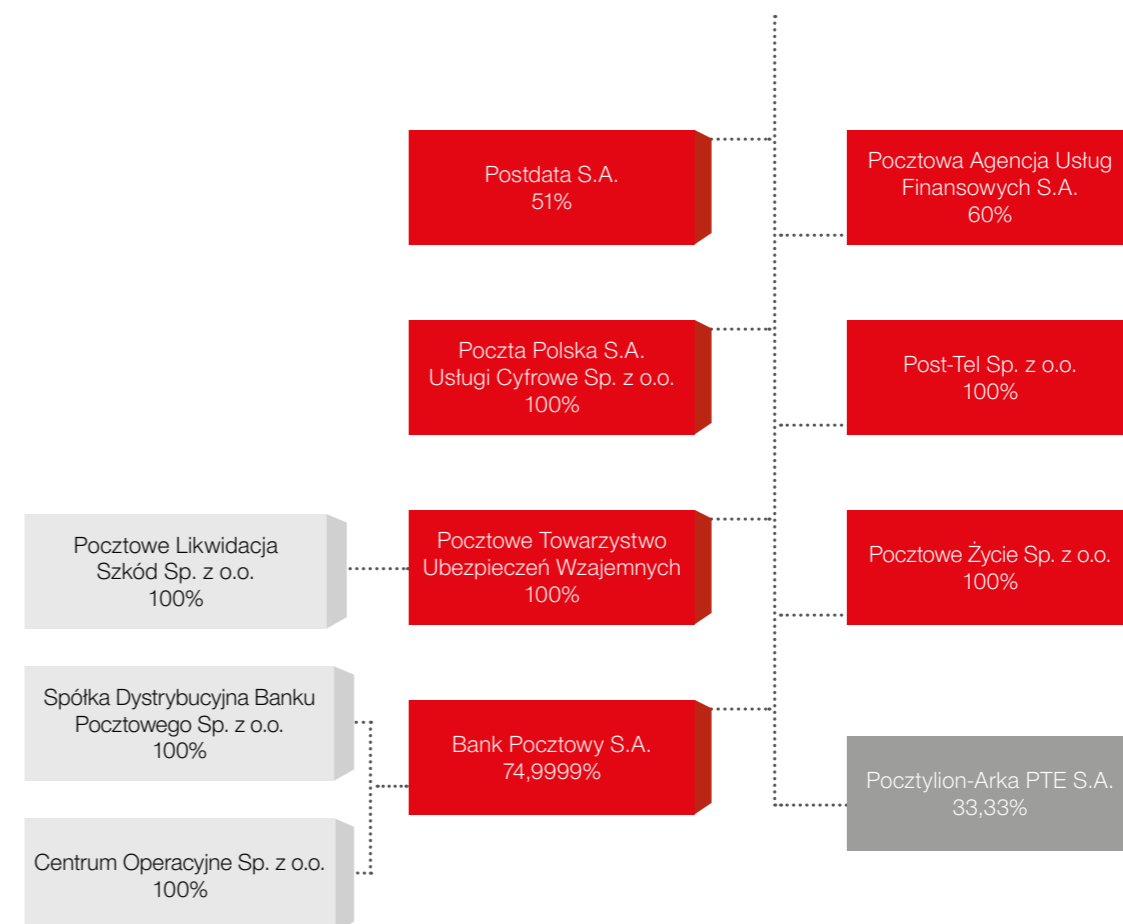
Moreover, the Poczta Polska S.A. provides services in terms of logistics, cash logistics and services to protect people and property. As part of this activity it offers customers services including pallet delivery, "cash processing" (collecting cash from the customer, counting it and transferring to the customer's bank account as well as supplying customers with cash). It also sells various kinds of commercial goods.

As on 31 December 2013, the Poczta Polska Group consists of: The Poczta Polska S.A. as a parent company and 6 subsidiaries, 3 subsidiaries indirectly, 1 interrelated unit and 1 remaining unit.

The Poczta Polska Group consists of the following entities:

- The Poczta Polska S.A. as a parent company,
- The Bank Pocztowy S.A. as a subsidiary together with daughter companies: Spółka Dystrybucyjna Banku Poczowego Sp. z o.o. and Centrum Operacyjne Sp. z o.o. – which are entities indirectly dependant on the Poczta Polska S.A.
- Postdata S.A. as a subsidiary,
- Post-Tel Sp. z o.o. as a subsidiary,
- Pocztowa Agencja Usług Finansowych S.A. (PAUF S.A.) as a subsidiary,
- The Poczta Polska S.A. Usługi Cyfrowe Sp. z o.o. (PPUC Sp. z o.o.) as a subsidiary,
- Pocztove Życie Sp. z o.o. as a subsidiary (the partnership agreement was concluded on 18 December 2013),
- Pocztove Towarzystwo Ubezpieczeń Wzajemnych (Pocztove TUW) as a remaining unit (which has not undergone consolidation) together with the daughter company: Pocztove Likwidacja Szkód Sp. z o.o., which is a subsidiary indirectly dependant on the Poczta Polska S.A.,
- Pocztylion-Arka PTE S.A., which, in the light of the Act, is the accounting interdependant unit.

Poczta Polska





Vision

The Poczta Polska S.A. is an effectively competing and profitable Capital Group, which is:

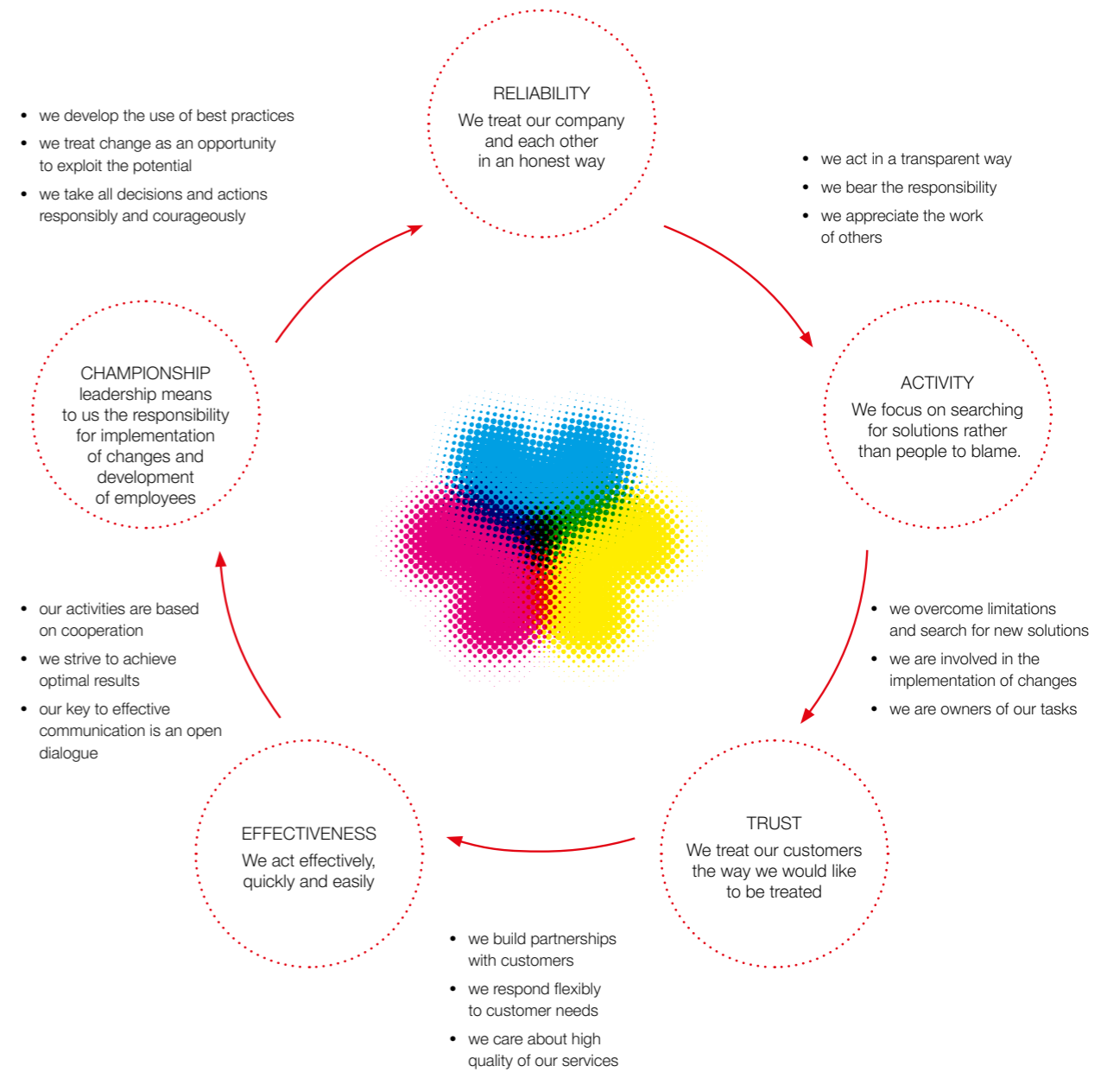
- a leader on the Polish postal market,
- a major player in the financial services market,
- a company with growing market shares in courier and logistics services
- market leader in the cash logistics services.

The Poczta Polska S.A. is building its competitive advantage based on:

- universal and profitable branch network,
- fully used logistic infrastructure,
- recognizable brand enjoying high social trust,
- friendly and efficient customer service aimed at preventing queues

- transparent and honest actions based on best practices of corporate governance,
- leadership, which at different levels of the organizational structure, drives changes and creates new quality in the Group's area of operations

The Poczta Polska S.A. sees its chance to become public on the stock exchange, which gives the possibility of raising the capital necessary for further development, motivation to improve things continuously and to enhance the transparency of activities. The Poczta Polska S.A. will be an attractive asset for investors who value stable investment.





Changes in the environment of the company

In 2013 there were significant changes in the external environment of the Company. With effect from 1 January 2013 a new act came into force changing the Postal Law, which adapted the internal rules of EU directives – there has been a liberalization of the postal market (abolition of the reserved area for the Poczta Polska S.A.). Implementation of the new legislation facilitated the functioning of the Company's competitors on the market and made it possible for existing

customers to use services of alternative operators. Increased competition has put pressure on prices. In addition, observed over the years market trends in the field of traditional postal and financial services (replacing traditional services with electronic substitutes: paper correspondence with electronic communications, and cash services with non-cash transactions) have intensified, resulting in decrease in the volume in these segments.



Traditional letter and financial services continue to dominate in the structure of the Company's revenues and, therefore, particularly important for the Poczta Polska S.A. was the optimization of Company's activities in these areas as well as initiatives supporting the development of the most promising strategic business segments: parcel-courier market, market of banking and insurance services as well as digital and hybrid services. In 2013 the Poczta Polska S.A. prepared a new range of services for each of the key markets in order to maintain a good competitive position in their respective market segments.

The implementation of the 2013 package of development and restructuring activities resulting from the strategy of the Poczta Polska S.A., despite difficult external conditions, made it possible to achieve second consecutive year of positive financial results. The Poczta Polska S.A. is going to face new market challenges and it is necessary to implement the designated scheme of changes in a consistent way. Effects of previous activities let us expect that strategic objectives of the Company will be accomplished, that is, achieving sustained profitability by the Company and the Poczta Polska Group.





Our services Areas

Letter services

In 2013 the Poczta Polska S.A. conformed with all the requirements of the new Postal Law, stating, among others, the conditions of access to infrastructure, changing regulations and implementing regulatory accounting.

From 1 January 2013, in connection with the full opening of the letter market, changes were made in the price list of universal postal services in the domestic market and price list of postal services in foreign postal services. The price list structure was simplified significantly. In the first one the number of weight divisions was reduced from six to three and in the second one there appeared a flat charge for first three weight divisions in each zone.

In order to maintain revenues and ensure liquidity, The Poczta Polska S.A. modified the portfolio of services, according to the new Postal Law and the requirements of the market:

- universal service (letters and parcels) was adapted to the requirements of the new Postal Law,
- there were introduced non-universal letter and direct mail services, including an offer for business customers (the portfolio of services includes: hybrid parcel, business consignment, eINFO: collecting and direct mail: profiled printing, marketing deliveries); offer for this segment is gradually developed to suit the changing needs of business customers
- Individual customers were offered convenient solutions concerning the delivery of letter mail (eINFO: notification) eINFO: delivery and e-services (including neokartka, neoznaczek, neolist, meaning a hybrid letter).

The key business activity of the Poczta Polska S.A., in response to the challenges of e-substitution and the forecasted decline in the letter market value, is the development of hybrid solutions and e-services (starting from 2012 when the hybrid shipment was introduced to the offer). In 2013 it launched new hybrid products as well as Envelo – a dedicated digital platform (run by the subsidiary: Poczta Polska S.A. Usługi Cyfrowe Sp. z o.o.). All products, due to their functional diversity and multitude of applications, will also be developed in 2014. The Poczta Polska S.A. offers a complete and comprehensive range of electronic and hybrid services. They are based on a secure and trusted communication platform allowing meeting customers' needs in terms of private and business communication and in relations between public authorities and citizens.

MINI parcel

MINI parcel is an innovative service of the Poczta Polska S.A. and was created in response to the needs of the market, combining the advantages of letter mail and parcel. It is designed for those who want to post correspondence, small items such as CDs, books and cosmetics, with a total weight up to 2 kg.

The biggest advantage of MINI parcel is guaranteed delivery time and the possibility of insurance of the goods to the value of 500 PLN. For this service there are two options of delivery time. The parcel can be given priority and then it can be delivered the next working day after the day of posting (D+1) provided it is posted to 3:00 p.m. The MINI parcel can be also given the economy status and can be delivered within three working days after the day of posting (D+3).



CHANGE



Courier services

In 2013, through the Poczta Polska S.A., Poles sent as many as 44 million parcels.

The Poczta Polska S.A. is currently the most popular logistic company within e-commerce industry. Almost 60% of companies from this segment take advantage of its services. These results are the effect of the flexible deals and product offensive of the Poczta Polska S.A. The company effectively implements a strategy of development of the most promising business segments. One of them is the e-commerce market, whose value in Poland in 2013 amounted to approx. 26 billion PLN (its share in the trade is growing at a very fast rate – from 3.8% in 2012 to 5.9% in the year of 2017). Even now, within hours, approx. 15 000 of shipments of goods purchased in online shops are being carried out.

Postal Services of PACZKA EXTRA24, PACZKA24 and PACZKA48 are implemented in terms of guaranteed delivery dates. Consignments posted by the service of PACZKA EXTRA24 and PACZKA24 (addressed to zone A) reach their recipients the next day. In addition, each

consignment sent by PACZKA24, directed to zone B, will be delivered no later than the second working day after the date of posting. Customer, selecting PACZKA48 service, has a guarantee that the shipment will be delivered no later than the next working day after posting. The parcel offer of the Poczta Polska S.A. includes:

Pocztex EXPRES24 and POCZTEX COURIER48

In 2013 the Poczta Polska S.A. made significant changes in its courier offer.

The new courier offer includes, among others, higher value of the sum insured for shipments included in the price of the service, up to 5 000 PLN for business customers and up to 1 000 PLN for the individual ones. Since January 2014 the Poczta Polska S.A. has provided a "door-to-door" courier service. Each shipment is collected by the Pocztex courier at the sender's door (by prior placing an order on the helpline or web page) without the need of posting it at the post office.

EMS courier

PocztexKorespondencja, documents and even goods – all these can be sent via an international courier service that delivers to almost 200 countries around the world. EMS courier will collect the shipment directly from the customer, or it is also possible to post it at the post office, and we guarantee that it will arrive on time to a specified address. Shipment can be additionally insured.

PACZKA EXTRA24:

- guaranteed next day delivery
- standard courier services available at the facility
- possible selection of both the day and the hour of delivery
- online application enabling easy shipment preparation
- online monitoring
- additional services (i.e. paying on delivery, checking the contents, return documents, delivered personally)
- insurance from 0.50 PLN (for individual customers) – for business customers 1 000 PLN price included
- two delivery attempts in the price.

PACZKA24 and PACZKA48

- guaranteed delivery: PACZKA24 – the next day in zone A, no later than the second day in zone B, PACZKA48 – no later than the second day after the date of posting

- online application enabling easy shipment preparation
- online monitoring
- additional services (i.e. paying on delivery, checking the contents, return documents, delivered personally)
- insurance from 0.50 PLN (for individual customers) – for business customers 1 000 PLN price included

Universal parcel

The Poczta Polska S.A. offers its customers universal postal parcels. They are characterized by a lower shipping price, without extensive range of additional options. These are up to 10 kg parcels with the possibility of declaring their value. They reach the recipient within one day (priority) or three days (economy).

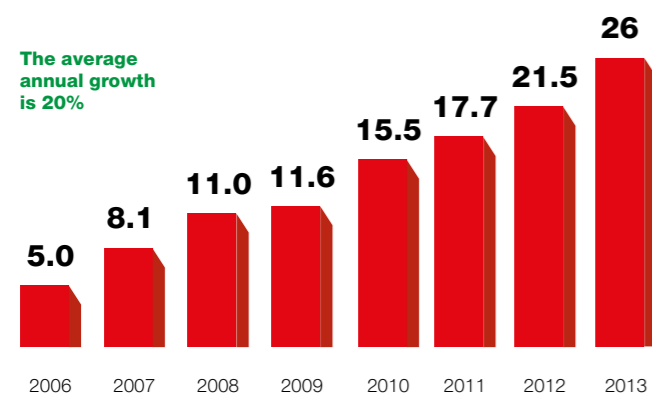
Foreign parcel

Foreign parcel is a shipment weighing up to 20 kilograms. For customers' convenience, it also has additional options – i.e. value declaration or confirmation of receipt. Parcel status can be checked in real time on the Internet.

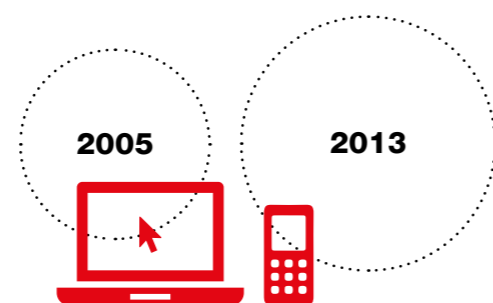
The development of e-commerce in Poland

A chance to develop parcel services, as well as other areas of activity of the Poczta Polska Group, is e-commerce.


The value of e-commerce market in Poland (bn PLN)



The increasing mobility of consumers.



The possibility of reaching both buyers and sellers.

 **14.8 million of Poles do their shopping on the Internet**
Over 40 thousand operators run sale on the Internet



E-services

The fast-growing e-commerce and broad access to fixed and mobile Internet impose dynamic changes on the postal market within digitalization. Therefore, postal companies increasingly put emphasis on commercial e-services and e-government. Postal business must change in order to provide customers with the most convenient access to online products.

Major e-services currently offered by the Poczta Polska S.A.:

ENVELO E-SERVICES PROVIDED

Envelo Platform

Envelo is an online platform for secure electronic mail correspondence. On Envelo, apart from the Neokartka, there are other services available:

- the Neoznaczek, meaning a postage stamp bought online and ready to print,
- the Neolist, meaning a letter posted online and delivered to the addressee in a traditional form, in an envelope.

Envelo platform also provides services for invoice issuers and receivers. Neofaktura allows sending all the invoices via the Internet, which are then delivered in an electronic or paper form. For volumes exceeding 100 000 pieces there is one bulk Neofaktura. The Envelo service offers customized solutions to individual customers and their needs.

A dedicated service is being created on the basis of this platform. The Neorachunki is a dedicated inbox for electronic Neofaktura recipients.

Envelo mobile application

Envelo is also a mobile application available for all users of IOS, Android and Windows Phone. Using the application it is possible to send the Neokartka from any place in the world, and also use the services of traditional mail:

- Search on the map a post office or a mailbox in selected location,
- Check the postal code,
- Order a courier from Pocztex and track the given shipment

ELECTRONIC NOTIFICATION

eINFO service: Notification, a so-called electronic notification, meaning information on registered consignment waiting to be collected. In order to take advantage of this solution, the customer submits a written order to the post office to receive electronic notifications. They choose one form of notification: an SMS or e-mail.

ELECTRONIC DELIVERY CONFIRMATION (eINFO: delivery)

An individual customer, posting a registered consignment or a parcel, can take advantage of the electronic delivery confirmation or return. It is enough to write a mobile phone number or e-mail address on the proof of postage. Information on the status of the shipment will be sent to the phone number or e-mail address at the time of its delivery or possible return.

SERVICE FOR E-COMMERCE

The Poczta Polska S.A. offers e-commerce.poczta-polska.pl service created for the e-commerce branch. In one place, e-customers can choose shipments according to their needs, order the service of returns, learn about the financial and insurance products or send the Neofaktura in the digital version.

ELECTRONIC SENDER

This is an online application to streamline the process of posting shipments. It allows generating postage documents and register books, and owing to recording in an electronic form it is possible to send files with information about posted shipments directly to the selected post office. A customer, after registering on the website: e-sender.poczta-polska.pl, receives a login and password for the application from which they are generated, among others, electronic register book and forms necessary for the implementation of the parcel services. This application allows automating and streamlining the shipment postage processes:

- generating and printing all documents connected with posting the shipment;
- creating an address book;
- generating detailed and definable reports,
- a comprehensive e-service of shipments:
 - forwarding given shipments (in electronic form) to the destination place,
 - receiving full information (in electronic form) confirming posting given shipments,
 - tracking shipments at every stage,
 - all records related to the handling of shipments in electronic form

- electronic communication between a customer and his customer care representative;
- data import regarding shipments:
 - from auction services,
 - from the customer's application (according to the IWD)
 - from xls, csv files (using ODBC drivers).

SHIPMENT TRACKING

The Poczta Polska S.A. monitors all registered consignments, domestic and foreign ones, as well as all courier parcels. Monitoring includes not only regular domestic and foreign mail both economy and priority. During the year, the Poczta Polska monitors nearly 600 million shipments.

Each customer can gather information about the shipment on a regular basis. In order to do this, it is necessary to enter the home page of the Poczta Polska S.A. and select the "Tracking". After opening the **sledzenie.poczta-polska.pl** web page, one should enter the number of the monitored shipment and check where it is. Tracking page also functions in an English version and the shipment can also be tracked with the help of Envelo application.



Financial services

Banking services

In 2013 the Poczta Polska S.A. implemented the strategy of development of modern financial services. It took the advantage of the distribution of banking and insurance products within their own network facilities. At the end of 2013, fixed sales network consisted of 221 Microbranches of the Bank Pocztowy S.A. and 268 Postal and Financial Zones. In addition, customers of the Poczta Polska S.A. were able to benefit from banking and insurance services in other post offices. At the same time, the Poczta Polska S.A. continued to create a mobile sales network of banking and insurance products.

TRADITIONAL FINANCIAL SERVICES

The most important changes in the area of traditional financial services are:

- Implementation of online payments to bank accounts,
- modification of Financial Express services (including sending notification to the customer via SMS)
- modification of postal services in domestic market (including sending a notification via SMS and e-mail)
- modernization of the interface of information exchange between the Poczta Polska S.A. and ZUS (Social Security),
- conducting cashless payment pilotage.

The development of the proposed banking and insurance services and modification of offers of traditional financial services are a response to changes in the market environment of the Company and the desire to meet the expectations of customers. The increase in sales of banking and insurance services compensates for the expected decline in revenue from traditional financial cash services (as a result of market trend associated with the replacement of cash transactions by the non-cash ones).

PAYMENT TO A BANK ACCOUNT

The Poczta Polska S.A. allows making cash deposits in a post office or to the postman, who next forwards the money to any bank account in Poland specified by the customer. Payment on the Priority bank account is transferred to the recipient on the same day, provided it was performed in any post office before 2 p.m. on a working day. Orders made after this time are executed the next day. Customers owning bank accounts in the Bank Pocztowy S.A. receive money on their accounts immediately after making the payment.

FINANCIAL EXPRESS

Financial Express is an easy, convenient and fast way to send money to any address in Poland.

It works perfectly in emergency situations when one needs to send a certain sum of money to somebody else. The recipient can pick up the money in any post office even after 10 minutes (except for subsidiaries and agencies) or have it delivered to the specified address within 6 and 24 hours.

The cash can be forwarded in two ways:

- via the Internet – using QUICK PAYMENT INTERNET PLATFORM – BANK TRANSFER or from the branch of the bank (if the bank is not listed on the Quick Payment Internet Platform)
- In the post office (except for agencies and branches) – by paying cash.

BANK PRODUCTS

Through strategic cooperation with the Poczta Polska S.A. in 2013 The Bank Pocztowy S.A. gained nearly 300 000 new customers. At the same time it focused on strengthening relationships with the existing ones, aiming at encouraging them to have a more active use of banking products. Individual customers of the Bank Pocztowy S.A. were presented a transparent offer covering a wide range of deposit and lending products. The Bank also offers insurance and investment products.

The main product used for acquiring new customers is the personal account. It is also a tool that enables the Bank to build good relationships with customers. The Bank, for the first time in four years, (September 2013) introduced changes to the offer of accounts (the scheme of fees and charges for personal accounts). It has maintained free accounts depending on the use of a payment card. A big advantage of having an account in the Bank Pocztowy S.A. is the possibility of paying bills free of charge in post offices and banks as well.

In order to encourage the customers to use banking services more actively in 2013 the bank introduced bonus plans: *Lubię Poczto!* (I like the Bank Pocztowy) and *Zarabiam z Poczto!* (I earn money with the Bank Pocztowy). They allowed customers to obtain specific financial bonuses for recommending the Bank to other people and for more active use of its products and services. In 2013 the Bank Pocztowy S.A. could be really proud of its results in consumer loans sales, reaching the levels of more than 100 million PLN in certain months.

The Bank Pocztowy S.A. in its development did not confine itself to the section of bank accounts and loans. In order to obtain stable individual customers' deposit, in 2013 the Bank extended its offer and launched progressive deposits "More And More", where the interest depends on the period of time the funds stay in the bank. In this framework the bank also offered deposits

of two- and three-year maturity, which will greatly contribute to the increase in the value of long-term deposits.

The offer created by the Bank Pocztowy S.A. for individual customers included the following product groups:

- personal accounts (Standard Postal Account and Nestor Postal Account)
- savings accounts (Postal Savings Account)
- term deposits,
- consumer loans (including cash loans for employees working in companies of Reduced Credit Risk, cash loans dedicated to the elderly, cash loans for the remaining retail customers, as well as revolving loans)
- mortgage loans (including home loans, mortgage loans and consolidation loans),
- protection and investment products

From the institutional point of view, the basis for the Bank's cooperation with the customers were their current accounts proposed, among others, within packages to the needs of specific customer segments.

Institutional customers were offered, among others:

- Postal Corporate Accounts – for the segment of microenterprises,
- Post Business Package – targeted for the SME segment and property managers,
- The HOUSE Postal Package and the MINI HOUSE Postal Package – dedicated to public benefit organizations and other non-profit ones.
- The Organisation Postal Package and the Small Organisation Postal Package – dedicated to public benefit organizations and other non-profit ones.

Within the deposit offer, the Bank proposed, among others, standard deposits and individually negotiated ones with a wide range of contractual terms, Corporate Saving Accounts (for micro-enterprises) and the Business Savings Accounts (for customers from the SME segment, Housing and Public Benefit Organizations).



Insurance services

Under the name of “Postal Insurance” the Poczta Polska S.A. offers its customers a comprehensive insurance package. These include car insurance – MTPL, Autocasco, assistance and accident insurance as well as the property one. Both employees of post offices and postmen deal with proper selection and sales of insurance policies. This offer is a result of the consistent implementation of the strategy by the Poczta Polska S.A., which implies an increase in revenue from the sale of banking and insurance products.

A new and attractive offer of car insurance – MTPL, Autocasco, assistance and accident insurance – was developed by the Poczta Polska S.A. together with the Postal Mutual Insurance Association (Pocztowe Towarzystwo Ubezpieczeń Wzajemnych) and My Insurance Company (Moje Towarzystwo Ubezpieczeń). Other property insurance products, mainly the ones concerning flats and

houses, are offered by Mutual Insurance Company Postal (Towarzystwo Ubezpieczeń Wzajemnych Pocztowe), an entity of the Poczta Polska Group.

“Postal Insurance” options are available, among others, in the 260 Postal Financial Zones. These are special places in post offices with support dedicated to the sale of insurance policies as well banking and insurance products. In the remaining outlets the Poczta Polska S.A. selected and trained its staff in order to handle this type of offer. There are already almost 7 000 employees who sell insurance products. Post offices are equipped with applications that enable selling insurance products online, during a single customer's visit. The driving force of insurance sales are postmen who have direct contact with customers at their place of residence. The Poczta Polska S.A. developed a special sales process tailored to the specific features of the postmen's work. The Company also created an application which can be used on mobile devices.



Logistics services

The Poczta Polska S.A. constantly develops and improves logistics offers, tailoring them flexibly to customers' expectations.

In 2009 we introduced a logistics offer and its main product, Pallet Shipment. Making such a decision, not without significance was the fact that the Company has extensive experience in handling postal deliveries. In order to ship cargoes, the Poczta Polska S.A. uses its own technical infrastructure. Its most important elements are the logistics platforms located all over the country and

connected by a special network. The Poczta Polska S.A. Fleet owns almost 6 000 cars with a capacity of 0.5 t to 24 t. All heavy rail vehicles are equipped with containers which ensures security of transported cargo.

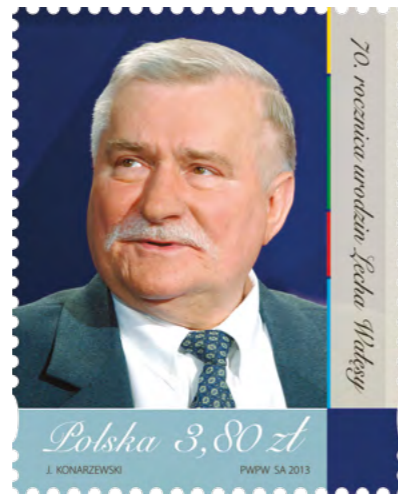
The Poczta Polska S.A. provides logistics services which include unitized cargo as well as part and full truck loads. Their standard delivery time is one working day after the day of posting. The transported cargo is insured. The product is equipped with many additional services.



Philately

The activities of the Poczta Polska S.A., in terms of issuing postage stamps and postcards printed with surcharge, are regulated by the Postal Law, according to which the Poczta Polska S.A. has the exclusive right to issue or withdraw postage stamps, postcards and envelopes printed with surcharge which form the subject of philately. A postage stamp, which has been inextricably linked with the Poczta Polska S.A. for centuries, combines many functions; it is used to pay postal service fee, it provides philatelic value and it is a collector's item (commemorative stamps). The year 2013 was full of many significant historical, cultural and social events. In order to emphasise their significance and to remind Poles of them, the Poczta Polska S.A. issued series of interesting stamps (26 topics in 2013). Stamps, envelopes and date stamps, issued in commemorative folders, gained in popularity not only among philatelists. Our "little works of art" were also admired by people from all over Europe and even the United States. However, the real "gem" of 2013 was the stamp issued to commemorate the 70th birthday of co-founder and the first leader of the "Solidarity", the President of Poland and Nobel Peace Prize winner, Lech Walesa, which had the honour to promote in the United States Congress during a meeting of the Jubilarian with the Polish American community as well as other persons from culture, business and influential American environment. In 2013 Krzysztof Penderecki celebrated his 80th birthday and the 50th anniversary of creative work. This anniversary was for the Poczta Polska S.A. a special occasion to express its highest appreciation for artistic achievements and contribution to the popularization of the most precious values expressed through music to our Polish master.

Noteworthy is also the stamp issued to commemorate 900 years of the chronicles of Gallus Anonymus, showing the first rulers of the Polish state from the Piast dynasty, according to drawings from the Polish Chronicle by



Marcin Bielski. Our stamp collections commemorate, among others, the 70th Tour de Pologne cycling race, the Polish Republic Flag Day, "Szczecin 2013 The Tall Ships' Races", Spiders protected in Poland and Walt Disney cartoon characters, "The Magical World of Disney" stamp series. Last year we celebrated the 455th anniversary of the Poczta Polska S.A. On this occasion, we issued a stamp, which has been named the world's most beautiful of all issued in 2013. It presents an oak trunk which was cut through, whose grains relate to the company's tradition and longevity in a symbolic way.

In 2013, the Poczta Polska S.A. introduced the first categorized stamps. The new stamps do not have prices printed on them and their nominal value has been replaced by a graphic symbol E, for economy delivery and P, for the priority one. There also appeared information about shipment weight category and its dimensions (size A and B). Categorized stamps with geometric patterns on them are used to pay for domestic deliveries whereas stamps with images of insects, for the registered ones. They were introduced to shorten and simplify the processes connected with posting letter mail, making it more convenient to the customers. One postage stamp can replace several different denominations, which facilitates service in institutions, distribution centres and shipping terminals.

In the year of 2013 the Poczta Polska S.A. expanded its range of services related to the personalization of the stamp and introduced "MójZNAKZEK" service dedicated primarily to business customers. Benefits for customers resulting from the introduction of the new product include a simple and easy way to mark individual postage fee, original way of advertising one's brand, products or services, and a souvenir commemorating important events.



Owing to MójZNAKZEK service each customer can design their own unique stamps. It is enough to select one of the templates and to choose an image of the stamp which is supposed to be there. This can be a company logo, photo or a picture. The Poczta Polska prints personalized stamps in 8- or 20-element sheets. This is a perfect way of distinguishing not only the business correspondence or trade offers but also invitations for weddings and other important ceremonies.

Responding to customers' needs the Poczta Polska S.A. introduced philatelic packages containing stamps stamped and withdrawn from the market, as well as philatelic folders dedicated to "The Magical World of Disney", "Woodstock Festival", "Szczecin 2013 The Tall Ships' Races" and "Polish Minerals". The Company also conducted some marketing and PR activities in order to promote philatelic products and services through the leaflet and poster campaigns in post offices as well as press and the Internet.

Promoting Polish stamps, the Poczta Polska S.A. took part in one of Europe's largest international philatelic exhibition in Germany – Essen and Sindelfingen. The fair, because of its reputation, enjoyed great interest of philatelists from all over the world. During these fairs the Poczta Polska S.A. sold philatelic items and its stand was very popular with visitors. The Poczta Polska S.A. also participated in the second edition of philatelic fairs in Warsaw – Warsaw Fila Expo.

In order to increase the access to philatelic services and products The Poczta Polska S.A. modernised the website of philatelic online shop, launched new philatelic shops with the full offer and professional service, whereas in self-service Trade Zones it prepared an exhibition of values and philatelic products in showcases specially tailored for this purpose.





Development



Strategy implementation

Achievements 2013



Revenues

5 945 billion PLN



Costs

5 880 billion PLN



Investments in human capital

217 mln PLN



Capital expenditures

250 mln PLN

Focus on a customer

In 2013 the Poczta Polska S.A. actively fought for large business customers. It introduced a comprehensive change to the sales model, basing on the implementation of:

- product policy, adjusting the range of services to customer requirements, including strategic customers' individual requirements,
- a new model of customer relationships based on offering business partnerships, improving service quality and customer service as well. It helped to reduce complaints about postal services and increase customer satisfaction.

Selected results of activities of the Poczta Polska S.A. in 2013 from the sales area:

- Winning the vast majority of public procurement proceedings on market of postal services

- Gaining new customers thanks to the good quality of services and flexibility of logistics solutions as well as adjusting the offer to consumers' expectations,
- Providing services to most operators in the banking, insurance and telecom sector as well as most respected companies on the e-commerce market.

The activities of the Poczta Polska S.A. taken in 2013 in particular allowed us to:

- obtain new business customers,
- maintaining strategic customers of the Poczta Polska S.A. in spite of the liberalization of the postal services market from the beginning of 2013,
- maintaining the position on the market of letter mail services.



New visualisation and new post offices

The network of post offices is one of the key assets of the Poczta Polska S.A. It is a source of competitive advantage. Implementation of the new network model improves the profitability of facilities, quality, customer service and a permanent change to the Company's image.

In 2013 we successfully implemented a new network model, which is supposed to change the post office in an attractive and friendly point of sale. It is always located close to customers and offers them attractive services. This new model is based on 4 types of facilities adapted to the local sales potential in a business and functional way.

The changes concerned 70 units of a new type, 11 automated 24h self-service zones, 150 self-service trade areas and 260 points of sale offering insurance and banking products (Postal Financial Zone).

The self-service zone is provided with:

- Postal Kiosk – a device for posting letters and parcels on one's own,
- Letter machine – a device for self-collection of mail,
- Internet Kiosk – providing access to the websites of the Poczta Polska S.A., the Bank Pocztowy S.A. and other entities of the Poczta Polska Group,
- ATM,
- CDM.

In 2014 the Poczta Polska S.A. plans to introduce a new model of branch network.

Facilities of the new network model are implemented in accordance with the refreshed brand identity of the Poczta Polska S.A. which is valid from the first quarter of 2013. The new visual identity system includes the traditional symbols and colours of the Poczta Polska S.A. Owing to the modern design, it is more responsive to the key values of the brand and is a reflection of the range of changes conducted by the Company. Successively, the following post offices went through rebranding process, not to mention cars whose look was supposed to contribute to the new visual standards, too.



New offers – courier services

The strategy of the Poczta Polska S.A. determines parcel, courier and logistics services as one of the pillars of the Company's development. This is related to the preparation of the new offer attracting business customers from e-commerce, which took place in 2013. It was introduced in January 2014, and another solution for the e-commerce was attached to the offer in June of the same year.

In 2013 the Company introduced a new offer and modification of existing products and services for the courier market (the market of courier, express and parcel shipments). This was done in order to maintain high quality standards and to adapt it to the needs of customers, mainly in the segment of e-commerce:

- electronic sender for individual customers – modern and interactive IT tool improving the process of posting shipments,

- a new service of MULTI PACZKA which in January 2014 was replaced by the new offer of packages with guaranteed delivery date: Paczka Ekstra24, Paczka24 oraz Paczka48,
- modification of the tracking system – extended information, the introduction of user-friendly names, mechanism of generating direct link to the status of your shipment.

Mobile application – remote access to information about shipments transmitted by the Poczta Polska S.A., about facility location as well as postal news. There has been a 12% increase in sales of parcels and courier shipments serviced by the Poczta Polska S.A., despite slower than expected market growth and greater price pressure from competitors (lowering margins). The highest increases were achieved in the case of Pocztext courier shipments (volume growth of 60%).



E-post office Envelo, other e-services

The Poczta Polska S.A. focuses on digital services. From October 2013 customers of the Poczta Polska S.A. can buy and print postage stamps online as well as send letters or cards which are later delivered by the postman in a traditional paper form. This is possible owing to an online platform operating under the name of Envelo. This is a tool which allows the use of postal services in any place and at any time. The Poczta Polska S.A. and Usługi Cyfrowe Sp. z o.o (Services Digital Ltd.) were responsible for this implementation.

Most important services offered by Envelo:

The **Neofaktura** enables sending all the issued invoices via the Internet. E-invoices posted that way are delivered to a special mail box on the Envelo platform, the **Neorachunki**, while those which are supposed to be delivered in a traditional way, will be automatically printed and put into envelopes, and then delivered to the mailbox by the postman. The service is primarily dedicated to business customers. Entrepreneurs sending over 100 000 pieces of correspondence are offered bulk Neofaktura. This solution is based on a system of Envelo platform. Dedicated portal suits individual customers' needs, i.e. management of a single shipment, varied correspondence templates.

Neoznaczek, or a postage stamp protected with a data matrix code. When purchasing online one can print it out on a piece of paper, self-adhesive label or directly on the envelope. This postage stamp can be downloaded from www.envelo.pl or received as an attachment to an e-mail. The Poczta Polska S.A. will soon propose a new functionality of this product, that is, the possibility of buying Neoznaczek for registered consignments.

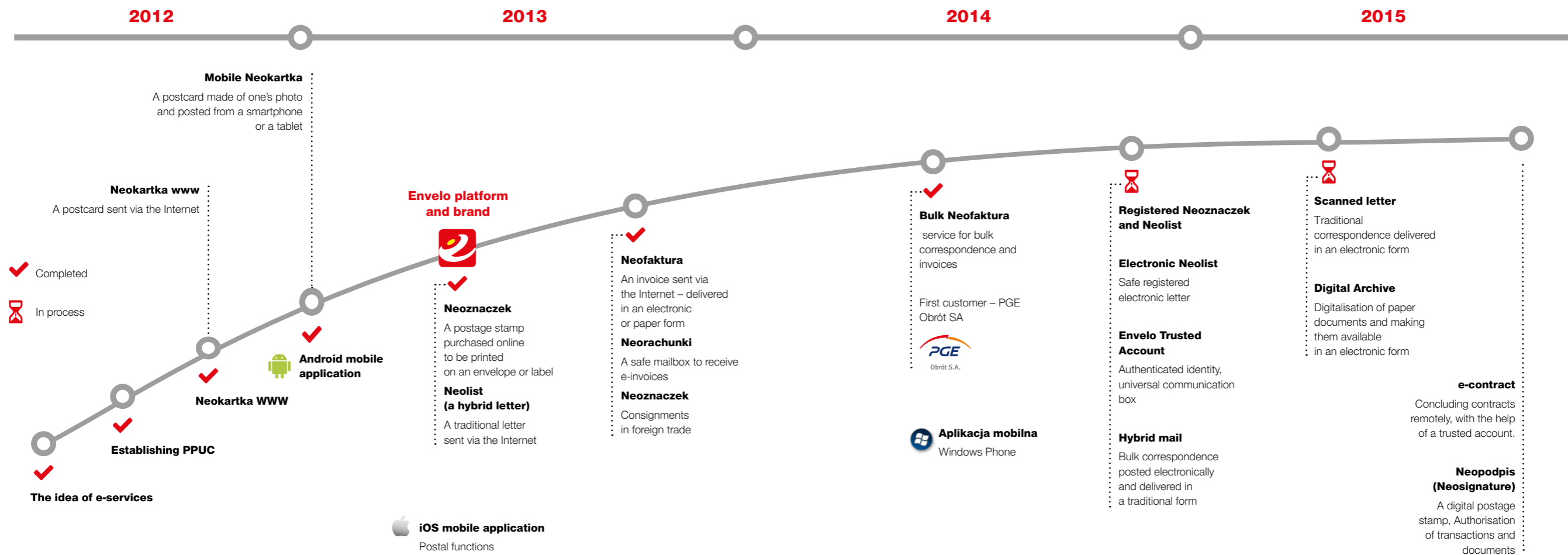
Neolist is an equivalent to the traditional letter which a user prepares and sends via Envelo platform. It is enough to type the letter or attach a PDF file, add the recipient and select the option – standard, economy or priority. The postman will deliver Neolist directly to the mailbox of a specified recipient, a company or an office.

Neokartka is a postcard sent through the Internet and delivered anywhere in the world in its printed form. The sender may attach a photograph taken by themselves or use the photo gallery available on Envelo platform. It is also possible to send Neokartka using the free application for mobile devices running on Android, iOS and Windows Phone. The future of Envelo is a full portfolio of digital services tailored to the various customer groups. It is possible to take advantage of this modern postal correspondence by the Internet channel (www.envelo.pl) and the mobile one, owing to the Envelo application.



Implementation of Envelo products in years 2012-2015

Timeline – Envelo



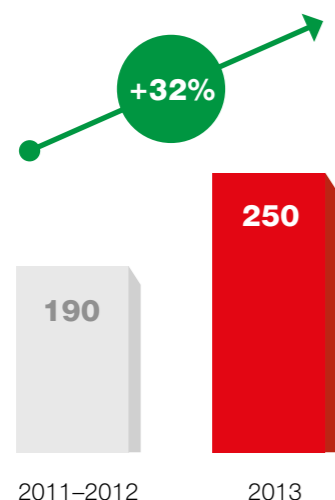
Investments

IT, machines, fleet

Economic situation of the Poczta Polska Group

The year 2013 was a turning point in expenditures on development. The Poczta Polska S.A. implemented effectively assumed investment plans. In subsequent years the Company plans to increase its investments.

capital expenditures (PLN)



In 2013 the Poczta Polska allocated 250 mln PLN for key investments:

- **LOGISTICS**
Fleet development
- **COMPUTERISATION**
Development of IT systems, purchasing necessary equipment
- **SALES NETWORK**
revitalization of the branch network, introducing Postal Financial Zones
- **CAPITAL INVESTMENTS**

The Poczta Polska S.A. plans to spend more than 1.3 billion PLN on investments (including equity investments) in the years 2014-2018.

The most important property investments conducted in 2013, in terms of:

- 1) logistics (postal and transport logistics system):
 - a) 1 128 vehicles of up to 3.5 t permissible maximum mass were obtained from leasing, 26 specialized vehicles for transporting money or valuables, 158 trucks with permissible maximum mass exceeding 3.5 tonnes;
- 2) IT investments:
 - a) implementing investments for business in terms of development, modification and building IT systems, among others, supporting financial services, Poczta 2000 (P2000), MRUm and MOPE, FinPost, e-Handel, ITSM and Contact Center,
 - b) replacing and complementing system infrastructure,
 - c) purchasing IT equipment for post offices (more than 6 000 devices);

- 3) sales network (postal network and property technical security):
 - a) revitalising 70 post offices to suit the new model,
 - b) introducing Postal Financial Zones (all together 260 points),
 - c) opening the 24h zone in 10 post offices.

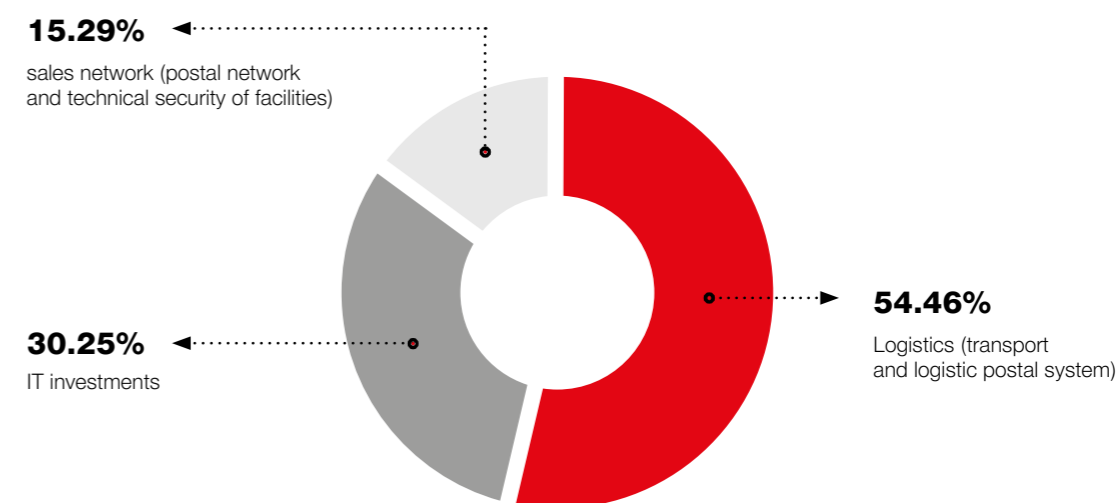
In terms of capital investment the Company spent 38.4 million PLN. These measures were intended primarily for the development of e-services (PPUC).

The Company's investment priorities for the coming years are:

- 1) Logistics:
 - a) implementing investment processes for new distributions centres and purchasing new sorting machines for WER in Warsaw, Zabrze, Wrocław, Lisi Ogon and Pruszcz Gdański,
 - b) acquiring new trucks of up to and over 3.5 t permissible maximum mass meant transporting money or valuables

- c) delivery of pallet trucks and other technology solutions for the development of logistics services;
- 2) Computerization:
 - a) the development and modification of critical business systems,
 - b) the purchase and implementation of tools to support its operations,
 - c) optimization of IT hardware resources,
 - d) exchanging and completing system infrastructure;
- 3) sales network (postal network and technical security of facilities):
 - a) adaptation of the next post offices to the new network model, in which some of them will have 24 self-service zone,
 - b) implementation in the next post offices of Postal Financial Zones, enabling the provision of banking and insurance services,
 - c) capital investment – the development of areas of digital services and financial services through the recapitalization of the Poczta Polska Group entities.

Expenditures on fixed assets of the Poczta Polska in 2013 amounted to 210.6 million PLN (total investment for the Poczta Polska in 2013 amounts to approx. 250 million PLN)



Development and restructuring areas of support



- 4) Introducing changes in the Financial Services Development Division, within which we separated the function responsible for the integrity of the Poczta Polska Group's strategy and creating the policy of financial development, as well as the function responsible for managing the sales of banking and insurance services and Postal Financial Zones.
- 5) Establishing Business Services Division – a result of the changes enabled lowering the operating costs of business units of the Poczta Polska S.A. and the Poczta Polska Group Companies and taking measures which aim at strengthening its position in the Business Process Outsourcing market.
- 6) Preparing the Division of Information Technology and Telecommunications to start operating in 2014 – a new form of organization in the IT area which will increase the effectiveness of the implemented processes to support the users of the systems by making the functioning of the area's subordinate to strategic business objectives of the Company.

In the area of asset management:

- 1) We reduced material costs supervised by the infrastructure, the highest savings were achieved in the cost of consumables (8% decrease), electricity (7% decrease) and cleaning (5% decrease).
- 2) We reduced by half most decision-making paths and improved processes supported by the Infrastructure Division to other organizational units – this allowed us to improve the timeline's rate of all services provided by the Infrastructure Division (improving the rates of execution of Service Desk orders).
- 3) We continued conducting purchase centralization process, which reduced by 14% the number of cases with a simultaneous increase in the scale of purchases by 11%, compared to the previous year. We also reduced the duration of the purchasing procedures by 33%.
- 4) We introduced further property management area regulations and created database covering all (over 5 000.) properties used by the Company.
- 5) We implemented uniform standards in the management of over 2 100 dwellings of the Poczta Polska S.A., replaced all the contracts so that they are compliant with the standards, unified the rules for rent payment and created a uniform base of dwellings.

In 2013 we implemented a new organizational structure in selected areas of the Company:

- 1) Establishing Infrastructure Division – the result of changes enabled simplification of the structure and separation of dedicated resources to support key processes, i.e., supply, administration, procurement and property management. The purpose of these changes was to improve the quality of service provided by the Poczta Polska S.A. business units and to optimise the costs.
- 2) Establishing Logistics Operations Division – the result of the changes improved logistics processes and further development of services offered in this area and strengthened the Company's position in the logistics market. The purpose of adopted changes was also to simplify the organizational structure, increase efficiency and adapt to the requirements and needs of the Company.
- 3) Establishing Sales Division – the result of changes in service coordination, improved sales and customer operations and specified the responsibility for key processes and value chain of the Poczta Polska S.A. (including, among others, the sale of services and the management of postal outlets).

In the area of IT in 2013 we prepared an update of the IT Strategy in the form of an IT Transformation Program. The aim of the program was to subordinate the operation area to the Company's strategic business objectives. In addition to activities related to the development and implementation of new technological solutions, we made intensive efforts in order to increase the effectiveness of the processes to support the users of the systems. Within the Program we also developed a new organization in IT area, IT and Telecommunications Division, which, together with the new management model and the demand for IT services, started functioning from 1 January 2014.

In 2013 we continued the implementation of modernization measures that reduce the technological gap as well as adjustment of the technological tools available to the Poczta Polska S.A., to the market standards.

In the area of operations and logistics:

- 1) we supplemented the fleet with over 1 500 cars, 2 600 of which were branded with a new logo. We also

introduced Vehicle Monitoring System (with monitoring devices installed with 100% of the vehicles covered by the contract, that is, 4 745 vehicles, which represent 94% of all used by the Company) and optimized business in the area of fuel issuance and technical support,

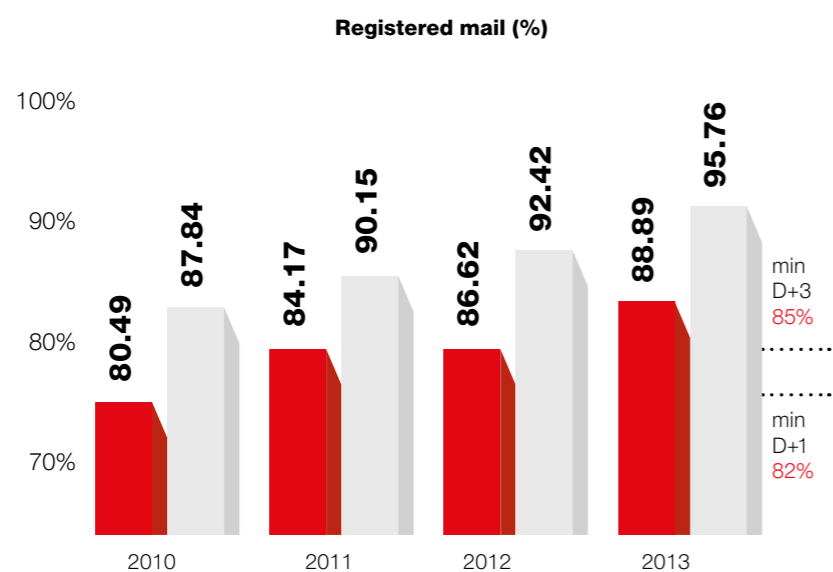
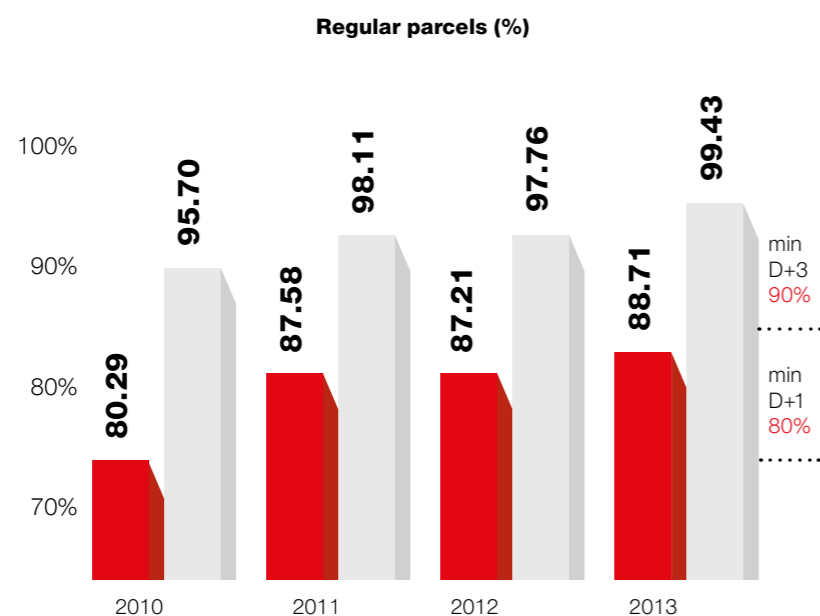
- 2) we concluded a contract for the purchase of 8 letter sorting machines and started the construction of a new WER terminal in Kielce. We also completed the design work for the new terminal WER in Szczecin and Białystok, conducted a review of operational processes in Warsaw WER using Lean Sigma methodology as a first step in the process of model development in all locations of WER. We developed and implemented a guidebook for logistics operations according to the principles of operational processes as well as a similar guidebook for drivers (couriers),
- 3) we changed the rules of postal communication by switching to dynamic planning of transport between our distribution centres.



Increased service quality

Increased service quality

The Poczta Polska S.A. provides increasingly higher standard of timeliness, which is one of the key factors for success in the competitive postal market



■ Economy ■ Priority

Source: the Poczta Polska S.A. www.poczta-polska.pl

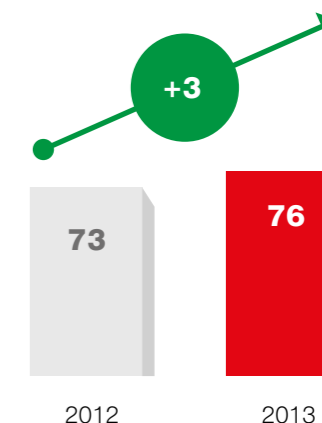
The Poczta Polska S.A. conducts a comprehensive program of changes in the Company, including, among others, process, organizational and technological changes. It consistently improves the quality index of the services provided. In 2013, all the parameters of the timeliness of letter and parcel delivery have improved again, exceeding the minimum standards set out in the regulations.

Increased satisfaction of the Poczta Polska S.A. customers

Actions taken by the Company have produced measurable benefits. They helped to improve organization of work in post offices and evaluation of the service quality by customers. Over the past three years the number of complaints decreased by 30%. Results of research conducted¹ by independent institutes confirm the improvement of customers' opinion on the operation of the Poczta Polska S.A.

¹ Source: TNS Poland, editions December 2012 and December 2013.

In 2013 the customer satisfaction index of individual services of the Company was 76 points and increased by 3 points compared to 2012.



Improvement has also been noticed in quarterly surveyed customer opinion concerning the perception of the Poczta Polska S.A. as a well-managed company – there was an increase of 3 percentage points in relation to the results of 2012¹.

¹ Source: CBOS, December 2013 edition, the study of individual clients.

Almost 2 000 won tenders

As part of the contracts, the Company, among others, will take care of delivery of the posted correspondence, parcels and courier shipments as well as financial services. The largest customers include, among others, PGNiG, NBP and Social Security (ZUS).

The Poczta Polska S.A. is effective in the competition for business and institutional customers. Intensive sales activities of the Company in the market bring quick results. Among the leading customers there are both

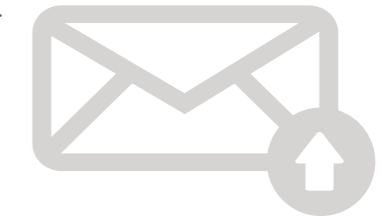
private companies and large units of state administration. The company increases its market share by offering measurable business benefits, including competitive market rates and developed logistics system, including Poland's largest network of branches and delivery service. An important argument in the decision on cooperation is the fact that the Company has recently broadened its offer of courier and e-services. The company also puts emphasis on activities in the Poczta Polska Group.



Growth challenges of the Poczta Polska S.A.

In the fourth quarter of 2013 the decision was made to the disadvantage of the Poczta Polska S.A. for providing services to the Ministry of Justice with regard to items of correspondence for the years 2014–2015. The Ordering Party applied the price as the only criterion for selection, and entrusted service to competitors. The Company was a designated operator and submitted an offer including the implementation of universal services under the contract – in accordance with the terms and conditions required by the law to provide these services and approved by the market regulator pricing terms (price list and discounts policy). Regardless of any legal action, in December 2013 the Poczta Polska S.A. launched a dedicated program “Challenges of Growth 2014.”

It includes several dozen additional revenue and cost initiatives that will help to eliminate significant negative financial effects (from the perspective of financial results of the Company planned for 2014), resulting from the loss of a contract for providing services to the Ministry of Justice. This will help to find additional revenue (in particular in the areas of e-commerce, financial services and logistics, thanks to the activation of sales channels and marketing actions) and, where possible, to improve operational processes and reduce the Company's cost. The “Growth Challenges of the Poczta Polska S.A.” program was approved by the Supervisory Board on 5th February 2014.



Awards and prizes

The Poczta Polska S.A. has been appreciated, winning prizes and awards in the field of innovative services, philately and promotional activities. The most important successes of the Company for 2013 include:



- retaining the right to use the title “Teraz Polska” (to June 2016) for special editions (philatelic brochures)

- winning the 3rd place in an international competition organized by PostEurope for a Europe stamp (the main topic of this competition were postal vehicles)
- awarding “Polska Jakość 2013” to Pocztex, which belongs to the Poczta Polska Group.

Strategy up to 2018

In 2013 the activities of the Poczta Polska S.A. were determined by the Company's strategy – “Strategic Directions of the Poczta Polska S.A. until 2017”, adopted in December 2012. It was updated at the end of 2013. We adopted the title of “Strategic Directions of the Poczta Polska S.A. until 2018”. It is a comprehensive document containing a plan for changes in the Company, which defines the company's vision and values for all employees, sets the strategic objectives and identifies the key trends and ways to introduce them.

The targets for the coming years cover 4 perspectives: financial, customer, processes and resources. The key perspective for the Company is the financial one as well as all profitability connected with the Poczta Polska Group and the Company itself.


The primary strategic objective is therefore to achieve sustainable profitability of the Company and to maintain


a stable level of assumed values of the strategic financial objectives for the coming years.


In addition to the Company's strategy explicit goals and courses of action, equally important are strongly interrelated development and restructuring activities. Based on the analysis of market trends and competitive potential of the Poczta Polska S.A. we defined business areas critical for its future. The first of these are letter services, which, despite the forecasted decline in the value of the market due to the digitization of communication, are still the primary area. The chance of development is in broadening the offer of e-services as services added to the traditional ones. In addition, there are two prospective business areas: modern financial (banking and insurance) services and courier as well as logistics services. The Poczta Polska S.A. wants to prove its potentials in those areas which results from the development of branch and logistics network.





Priorities for the Poczta Polska S.A. for the following years:


1.  Achievement of strategic financial objectives up to 2018


2.  Further consistent implementation of the strategy of the Company and the Poczta Polska Group – development in the courier service market and modern, financial and e-services.


3.  Public offering of the Company

4.  Modernization – eliminating technological gaps and initiating effective investment processes

5.  Changing the remuneration system, the introduction of assessment system and management by objectives

6.  The implementation of a new model of branch network, improving customer service and rebranding of the Poczta Polska S.A.

7.  Permanent change of the organizational culture based on a system of shared values

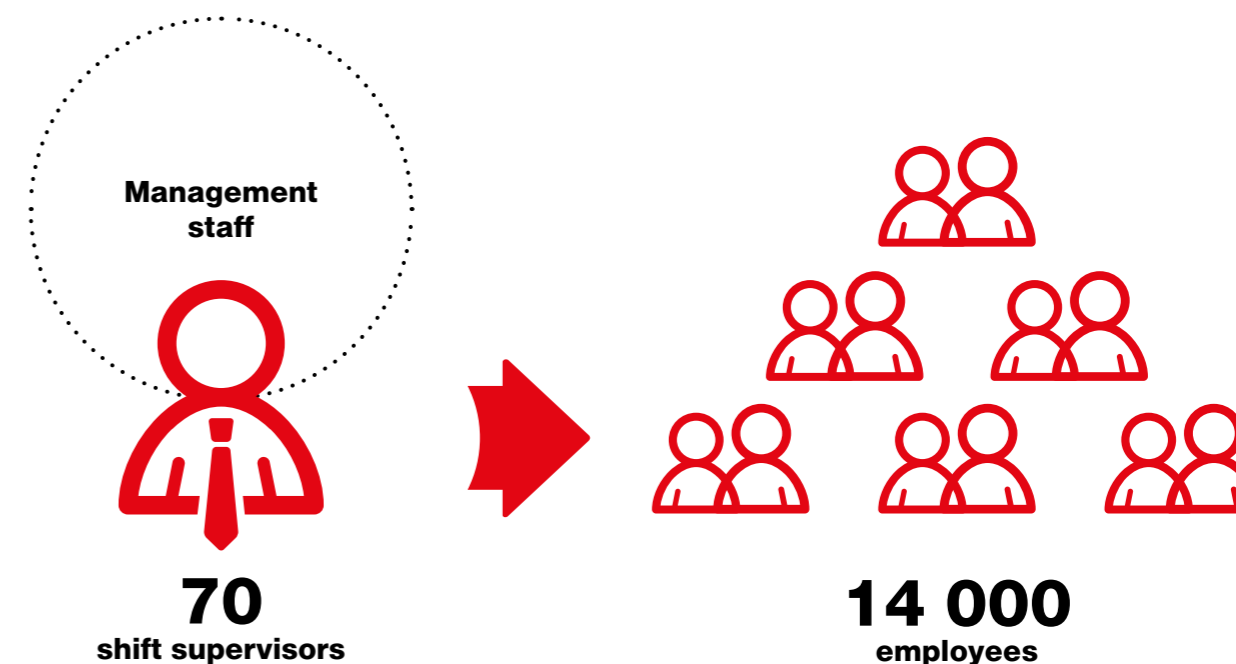
8.  The Poczta Polska S.A. for future generations – the operation of the Company in accordance with the spirit of corporate social responsibility



“Management by Values” programme

“Management by Values” is one of the key elements which the Poczta Polska S.A. implemented as part of its strategy. This was to change the existing organizational culture. This process was initiated by the dissemination of new attitudes and wide and open communication. In 2013 we continued the implementation of this process. In order to do that we created a group of over 70 shift supervisors which included employees representing a complete cross-section of roles in the organization.

We also introduced a formula of cascade communications which improved relations between employees and management staff. In total, in 2013 over 14 000 employees took part in this process.





Employees

The year 2013 was the time of consistent implementation of the Strategic Directions of the Company and the consequent HR Policy. Measures taken in the management of human resources aimed at supporting business through the development of employees, improved work efficiency and restructuring of employment.

Introducing organisational changes was part of the Company's restructuring program. Processes

implemented in the Company have been optimised. This resulted in the decrease in employment in all professional groups.

In 2013 the Management Board of the Poczta Polska S.A. introduced two rounds of Voluntary Redundancy Scheme in order to mitigate the negative social impact of restructuring activities (like in 2012). 4 090 (3 894.5 FTE) persons benefitted from the program. Performing two rounds of Voluntary Redundancy Scheme



allowed a gradual and consistent implementation of HR policy within employment optimisation assumed for 2013.

The need to improve the practical managerial skills and, planned for 2014, introduction of a system to assess employees' attitudes and performance (DIALOG system), were the reason for organizing workshops for executives. This proprietary and unique program of training workshops was fully adjusted to the specificity of the Poczta Polska S.A. and requirements of the DIALOG system. Altogether over 4 500 persons employed on managerial positions and DIALOG coordinators were covered by the program.

In addition, it is worth mentioning that 2013 was a turning point due to the introduction of the MBO test system for managerial staff (goal setting and clearing according to the defined KPI).

In 2013 we completed development programs supporting the implementation of the Strategic Directions.

In particular, this was about the development of the business orientation, activation of sales process, improvement of customer service as well as the quality of services provided. There were more than 198 000 training-to-person items completed, meaning 50 000 more than in 2012. The training was conducted in the form of e-learning. This modern method enabled the effective training of large groups of employees at much lower cost than traditional training. It also allowed modern training management in the Company. This method was used to train more than 5 000 employees.

The increase in the number of trainings was the result of carefully planned and conducted major training projects concerning development of sales, managerial and specialist skills. The structure of expenditures for these trainings reflects the development priorities of the Company:

- 1) training for sales staff – 51%
- 2) obligatory training – 15%
- 3) management training – 11%
- 4) management by values – 2%
- 5) other specialized training – 21%.



In 2013, in order to improve the efficiency of expenditures on professional development of employees, the Company introduced a system of internal training. In order to perform that, it was necessary to create training staff. In total, in 2013, there were over 470 persons who took part in trainings preparing them to the role of internal coaches.

The Company conducts an active dialogue and builds relationships with the social partners. In **order to ensure transparency in their mutual relations**, in 2013 we organized a meeting with trade unions. **During that time we discussed matters important from the point of view of employer and employees. Issues presented there, among others**, concerned strategic directions of the Poczta Polska S.A., organizational changes and financial situation of the Company. An important element of the dialogue with employees was also the job evaluation process and, developed on its basis, the concept of the new remuneration system for employees of the Poczta Polska S.A.





Corporate social responsibility

1. The Poczta Polska S.A. is the largest postal operator in the country. This is the key Polish employer who, for many years, has been engaged in the activities of corporate social responsibility (CSR) going beyond the organizational duties. Since August 2013, past and future projects in the area of corporate social responsibility are controlled by the resolution "CSR Strategy for the years 2014 – 2017" introduced by the Poczta Polska Management Board.
2. The aim of the CSR projects is the implementation of company's strategy, building a corporate culture based on the Values of the Poczta Polska S.A., promoting local communities and improving attitudes and behaviour of employees. Changes and new solutions should be introduced with the view of corporate social responsibility. CSR strategy is to be present in all projects implemented for the benefits of employees, customers, society and the natural environment.

The strategy set the leading course of actions taken for each year of its implementation. In 2013 the Poczta Polska S.A. conducted the project aiming at increasing the availability of services for a group of customers with disabilities (inter alia, due to declared by the Parliament the Year of People with Disabilities).

CSR 2013 r. – the Poczta Polska S.A. friendly to people with disabilities

- 1) "Facilities without barriers" – the first three post offices (Konstancin-Jeziorna, Tarnowskie Góry, Inowrocław) received a certificate confirming their adaptation to the needs of people with disabilities. The certificate was awarded by the Integration Foundation, which has also created recommendations

for further design principles of facilities friendly to people with disabilities.

- 2) **Videophones** – in June 2013 we started installation of equipment to facilitate communication between customers who speak sign language and employees of the Poczta Polska S.A. The first videophone appeared in the facility adjacent to the Deaf Institute in Warsaw. The second one was installed in Gdansk.
- 3) **Zone of priority and education** – it is dedicated to elderly people and those entitled to special treatment (people with disabilities, pregnant women and seniors). The main objective of the project is education, which includes, among others, the use of self-service devices installed in post offices and banking and insurance services offered by the Poczta Polska Group. An element of this zone is also kid's corner. A pilot and education priority zone was established in one of Warsaw's post offices. In 2014, the project will be continued in selected locations in the whole country.
- 4) **Educating seniors and preventing digital exclusion** – the action was conducted in selected post offices in Warsaw in the week following the Senior Day (20th October). Education concerned the use of modern facilities located in 24h self-service zones.



One of the elements of CSR strategies of the Poczta Polska S.A. is the activity of the Foundation established by the Company, "Poczty Dar", which has the status of a public benefit organization. Its mission is to facilitate the development of individual people who need support, in particular by ensuring equal opportunities in education and health, implemented in four areas:

- 1) education – organizing and financing scholarship programs promoting talented children and young people,
- 2) the protection of life and health – in-kind or financial support for the purchase of medicines and treatment as well as rehabilitation equipment,
- 3) social assistance – directed to the employees of the Poczta Polska S.A. who are victims of natural disasters, for example, floods or fires,
- 4) participation in events, programs and social campaigns – cooperation and supporting initiatives of other NGOs.

The Poczty Dar Foundation is managed by the employees of the Company on the basis of corporate volunteering.

Events organized or subsidized by the Foundation in 2013:

- 1) **Message to the Future Scholarship Program** – in 2013, as part of the III edition of the Message to the Future scholarship program, in order to meet the needs of children and young people from low-income families displaying higher than average skills and abilities, as well as showing special achievements in science, sports, culture and social activities, the Foundation funded 80 scholarships, including two for outstanding students studying abroad. A total amount of scholarships awarded amounted to 289 667 PLN.
- 2) **The protection of life and health** – the Foundation donated 64 910 PLN in 2013, including individual in-kind support and financial help:
 - for the purchase of medicines and rehabilitation equipment – the amount of 19 880 PLN,

- to finance home rehabilitation (329 hours of rehabilitation) – the amount of 19 960 PLN,
- to co-finance the costs of rehabilitation camps – the amount of 25 070 PLN.

- 3) **programs and social campaigns** – to support programs, social campaigns and educational campaigns carried out in cooperation with other NGOs, the Foundation donated financial aid worth 26 250 PLN, including:
 - a) co-financing the scholarship program of the Dzieło Nowego Tysiąclecia Foundation, including seven children for the school year 2013/14,
 - b) co-financing the organization of the 11th Outdoor Air Painting Workshop for People with Disabilities, arranged by the Polish Association for the Mentally Handicapped Kolo in Koszalin
 - c) supporting the organisation of the "Gotujemy się do pracy", social integration and culinary workshops organized by the Res Sacra Miser Association for the Support of Persons with Disabilities based in Gościeradów and Occupational Therapy Workshop at DPS in Gościeradów.

The Poczta Polska S.A. also conducts activities that include elements of CSR. Among these are projects dedicated to staff (training and competence development programs, sports and integration events), customers (increasing the availability and computerization of postal services), society (sponsoring cultural events) and the natural environment (re-use of parcel packaging, fleet).





Results of the Poczta Polska S.A.

Selected financial data in a comparative approach

		Accounting approach				Comparative approach ¹			
		2013	2012	Change 2013-2012 mIn PLN	%	2013	2012	Change 2013-2012 mIn PLN	%
Revenues	mIn PLN	5 945.3	6 161.6	-216.2	-3.5	5 945.3	6 161.6	-216.2	-3.5
Costs	mIn PLN	5 879.6	6 050.6	-171.0	-2.8	5 777.4	6 050.6	-273.2	-4.5
Business Result ³	mIn PLN	56.8	91.2	-34.3	-37.7	159.1	91.2	67.9	74.4
Gross profit	mIn PLN	65.7	111.0	-45.2	-40.8	168.0	111.0	57.0	51.4
Net profit ²	mIn PLN	37.0	88.8	-51.8	-58.4	119.8	88.8	31.0	34.9
Disposable income ²	mIn PLN	28.2	72.6	-44.4	-61.1	98.6	72.6	26.0	35.9
EBITDA	mIn PLN	221.2	268.2	-47.0	-17.5	323.4	268.2	55.3	20.6

¹ Excluding the effect of the HR Policy from the results of 2013 (inflationary pay rise).

² In terms of comparative approach for the net results and profit available for 2013 estimated value was presented.

³ Business results – pre-tax profit after excluding profit on sale of real estate and real estate investments.



PROFITABILITY



Results account

mIn PLN	Accounting approach				Comparative approach ¹			
	2013	2012	Change 2013-2012	%	2013	2012	Change 2013-2012	%
Revenues	5 945.3	6 161.6	-216.2	-3.5	5 945.3	6 161.6	-216.2	-3.5
Net revenues from sales of products, goods and materials	5 819.7	6 014.2	-194.5	-3.2	5 819.7	6 014.2	-194.5	-3.2
Revenues from sales of services plus a margin on sales of goods and materials	5 736.5	5 879.2	-142.7	-2.4	5 736.5	5 879.2	-142.7	-2.4
Other operating revenue	75.6	89.8	-14.2	-15.8	75.6	89.8	-14.2	-15.8
Financial revenues	50.1	57.6	-7.5	-13.0	50.1	57.6	-7.5	-13.0
Costs	5 879.6	6 050.6	-171.0	-2.8	5 777.4	6 050.6	-273.2	-4.5
Core business operating costs	5 808.6	5 974.2	-165.6	-2.8	5 706.3	5 974.2	-267.9	-4.5
Core business operating costs without purchase value of sold goods and materials	5 725.4	5 839.2	-113.8	-1.9	5 623.1	5 839.2	-216.1	-3.7
Other operating costs	58.6	67.0	-8.3	-12.5	58.6	67.0	-8.3	-12.5
Financial costs	12.4	9.4	3.0	31.9	12.4	9.4	3.0	31.9
Pre-tax profit	65.7	111.0	-45.2	-40.8	168.0	111.0	57.0	51.4
Profit on sale	11.1	39.9	-28.9	-72.2	113.3	39.9	73.4	183.7
Other operating profit	17.0	22.9	-5.9	-25.7	17.0	22.9	-5.9	-25.7
Profit on financial operations	37.7	48.2	-10.5	-21.8	37.7	48.2	-10.5	-21.8
Net profit²	37.0	88.8	-51.8	-58.4	119.8	88.8	31.0	34.9
Disposable income (loss to cover)²	28.2	72.6	-44.4	-61.1	98.6	72.6	26.0	35.9

¹ Excluding the effect of the HR Policy from the results of 2013 (inflationary pay rise).

² In terms of comparative approach for the net results and profit available for 2013 estimated value was presented.

Assets

mIn PLN	31 XII 2013	31 XII 2012	Change 2013-2012		Structure	
			mIn PLN	%	31 XII 2013	31 XII 2012
Fixed assets	2 214.5	2 149.9	64.7	3.0	45.6%	43.3%
Intangible assets	96.7	82.6	14.2	17.1	2.0%	1.7%
Tangible fixed assets	1 636.5	1 593.3	43.2	2.7	33.7%	32.1%
Long-term receivables	3.1	2.6	0.5	21.5	0.1%	0.1%
Long-term investments	263.2	230.9	32.3	14.0	5.4%	4.7%
Long-term accruals	214.9	240.5	-25.6	-10.6	4.4%	4.8%
Current assets	2 644.2	2 813.3	-169.1	-6.0	54.4%	56.7%
Stock	31.2	45.6	-14.4	-31.5	0.6%	0.9%
Short-term receivables	618.3	580.2	38.1	6.6	12.7%	11.7%
Short-term investments	1 854.2	2 081.5	-227.3	-10.9	38.2%	41.9%
Short-term accruals	140.5	106.0	34.5	32.5	2.9%	2.1%
ASSETS TOTAL	4 858.7	4 963.2	-104.5	-2.1	100.0%	100.0%



Liabilities

mIn PLN	31 XII 2013	31 XII 2012	Change 2013–2012		Structure	
			mIn PLN	%	31 XII 2013	31 XII 2012
Equity fund	1 279.5	1 176.9	102.6	8.7	26.3	23.7
Initial Capital (share fund)	774.1	774.1	0.0	0.0	15.9%	15.6%
Supplementary capital	402.7	313.2	89.6	28.6	8.3%	6.3%
Net profit (loss) from previous years	74.4	17.0	57.4	337.7	1.5%	0.3%
Net profit (loss) from financial year	37.0	88.8	-51.8	-58.4	0.8%	1.8%
Deductions from net profit during the financial year (negative value)	-8.7	-16.2	7.5	46.2	-0.2%	-0.3%
Liabilities and provisions for liabilities	3 579.3	3 786.3	-207.1	-5.5	73.7%	76.3%
Provisions for liabilities	743.6	847.0	-103.3	-12.2	15.3%	17.1%
Long-term liabilities	85.4	42.6	42.8	100.5	1.8%	0.9%
Short-term liabilities	2 183.2	2 335.1	-151.9	-6.5	44.9%	47.0%
Accruals	567.0	561.6	5.4	1.0	11.7%	11.3%
TOTAL LIABILITIES	4 858.7	4 963.2	-104.5	-2.1	100.0%	100.0%

Sales profitability indicators

	Accounting approach		Comparative approach ¹	
	2013	2012	2013	2012
Gross margin on sales; Gross profit / revenues from sales	1.13%	1.85%	2.89%	1.85%
Net return on sales; Net profit / revenues from sales	0.64%	1.48%	2.06%	1.48%

¹ Excluding the effect of the HR Policy from the results of 2013 (inflationary pay rise).

Indicators of asset productivity

	2013	2012
Fixed asset turnover ratio; Revenues from sales / fixed assets	2.63	2.80
Current asset turnover ratio; Revenues from sales / current assets;	2.20	2.14
Total assets turnover ratio; revenues from sales / total assets	1.20	1.21

Selected indicators of profitability

	Accounting approach		Comparative approach ¹	
	2013	2012	2013	2012
The gross turnover profitability; Gross profit / total revenues	1.11%	1.80%	2.82%	1.80%
ROA – return on assets; Net profit / average annual total assets balance	0.75%	1.99%	2.44%	1.99%
ROE – return on equity; Net profit / average annual equity balance	3.01%	7.81%	9.75%	7.81%

¹ Excluding the effect of the HR Policy from the results of 2013 (inflationary pay rise).



Asset financing indicators

	2013	2012
Assets to equity coverage indicator; Equity fund / total assets	0.26	0.24
Coverage of fixed assets to equity indicator; Equity fund / fixed assets	0.58	0.55
Coverage of fixed assets by equity indicator; Equity fund + provisions for liabilities + long-time liabilities) / fixed assets	0.95	0.96
The coverage of current assets to short-term capital indicator; (short-term liabilities + accruals) / current assets	1.04	1.03

Financial liquidity indicator

	2013	2012
Current liquidity indicator (3rd degree); Current assets / short-term liabilities	1.21	1.20
Quick liquidity ratio (2nd degree); (current assets – stock) / short-term liabilities	1.20	1.19
Cash ratio (1st degree); Short-term investments / short-term liabilities	0.85	0.89

Cash flow statement

mIn PLN	2013	2012	Change 2013–2012	
			mIn PLN	%
A Cash flow from operations				
I net profit	37.0	88.8	-51.8	-58.4
II Adjustment of net result	-114.3	954.3	-1 068.6	-112.0
III Net cash from operating activities	-77.3	1 043.1	-1 120.4	-107.4
B Cash flow from investment activities				
I Cash receipts	57.0	76.1	-19.2	-25.2
II Expenditures	146.5	23.2	123.3	532.5
III Net cash flows from investment activities	-89.5	53.0	-142.5	-269.0
C Cash flow from financial activities				
I Cash receipts	0.0	13.6	-13.6	-100.0
II Expenditures	60.5	42.3	18.1	42.9
III Net cash flows from financial activities	-60.5	-28.8	-31.7	-110.3
D Total net cash flow (A.III + B.III + C.III)	-227.3	1 067.3	-1 294.7	-121.3
E Balance sheet change in cash	-227.3	1 067.1	-1 294.4	-121.3
F Cash at the beginning of the period	2 081.5	1 014.4	1 067.1	105.2
G Cash at the end of the period (F+D)	1 854.2	2 081.7	-227.6	-10.9





Results of the Poczta Polska Group

Selected financial data

		Accounting approach				Comparative approach ¹			
		2013	2012 ²	Change 2013–2012 mIn PLN	%	2013	2012 ²	Change 2013–2012 mIn PLN	%
Revenues	mIn PLN	6 509.4	6 736.0	-226.6	-3.4	6 509.4	6 736.0	-226.6	-3.4
Costs	mIn PLN	6 422.3	6 585.1	-162.8	-2.5	6 320.1	6 585.1	-265.0	-4.0
Business Result ³	mIn PLN	84.7	136.0	-51.3	-37.7	186.9	136.0	50.9	37.5
Gross profit	mIn PLN	93.5	155.7	-62.2	-39.9	195.7	155.7	40.0	25.7
Net profit ⁴	mIn PLN	44.0	110.1	-66.1	-60.0	126.7	110.1	16.6	15.1
Disposable income (loss to cover) ⁴	mIn PLN	35.3	93.9	-58.6	-62.4	105.6	93.9	11.7	12.5

¹ Excluding the effect of the HR Policy from the results of 2013 (inflationary pay rise).

² Comparable data after taking into account adjustments resulting from changes in accounting policies.

³ Business results – pre-tax profit after excluding profit on sale of real estate and real estate investment in the Poczta Polska S.A.

⁴ In terms of comparative approach for the net results and profit available for 2013 estimated value was presented.

Profit and loss account

mIn PLN	2013	2012 ¹	Change 2013–2012	
			mIn PLN	%
Revenues	6 509.4	6 736.0	-226.7	-3.4
Net revenues from sales of products, goods and materials	6 317.0	6 543.9	-226.8	-3.5
Net revenues from sales of products	6 174.0	6 330.7	-156.7	-2.5
Net revenues from sales of goods and materials	143.0	213.1	-70.1	-32.9
Other operating costs	85.8	96.5	-10.6	-11.0
Financial revenue	106.5	95.7	10.8	11.3
Costs	6 422.3	6 585.1	-162.7	-2.5
Core business operating costs	6 229.4	6 408.8	-179.4	-2.8
Other operating costs	61.9	72.8	-11.0	-15.0
Financial costs	131.1	103.5	27.6	26.7
Profit (loss) on shares in subsidiaries under the equity method	6.5	4.8	1.7	35.5
Pre-tax profit	93.5	155.7	-62.2	-39.9
Profit on sale	87.7	135.1	-47.4	-35.1
Other operating profit	24.0	23.6	0.3	1.4
Profit on financial operations	-24.6	-7.8	-16.8	-215.6
net profit	44.0	110.1	-66.1	-60.0
Disposable income (loss to cover)	35.3	93.9	-58.6	-62.4

¹ Comparable data after taking into account adjustments resulting from changes in accounting policies.



Assets

mIn PLN	31 XII 2013	31 XII 2012 ¹	Change 2013–2012		Structure	
			mIn PLN	%	31 XII 2013	31 XII 2012
Fixed assets	7 296.5	6 587.3	709.2	10.8	65.4%	60.5%
Intangible assets	135.2	106.5	28.7	26.9	1.2%	1.0%
Tangible fixed assets	1 684.4	1 640.2	44.2	2.7	15.1%	15.1%
Long-term receivables	3.5	3.1	0.4	12.9	0.0%	0.0%
Long-term investments	5 219.2	4 565.1	654.1	14.3	46.8%	41.9%
Long-term accruals	254.2	272.4	-18.2	-6.7	2.3%	2.5%
Current assets	3 853.9	4 300.8	-446.9	-10.4	34.6%	39.5%
Stock	31.9	46.8	-14.9	-31.8	0.3%	0.4%
Short-term receivables	561.4	504.5	56.9	11.3	5.0%	4.6%
Short-term investments	3 107.6	3 638.3	-530.7	-14.6	27.9%	33.4%
Short-term accruals	153.0	111.2	41.8	37.6	1.4%	1.0%
ASSETS TOTAL	11 150.4	10 888.1	262.3	2.4	100.0%	100.0%

¹ Comparable data after taking into account adjustments resulting from changes in accounting policies.

Liabilities

mIn PLN	31 XII 2013	31 XII 2012 ¹	Change 2013–2012		Structure	
			mIn PLN	%	31 XII 2013	31 XII 2012
Equity fund	1 439.5	1 334.2	105.3	7.9	12.9%	12.3%
Initial Capital (share fund)	774.1	774.1	0.0	0.0	6.9%	7.1%
Supplementary capital	399.1	307.3	91.8	29.9	3.6%	2.8%
Revaluation capital	-1.0	3.3	-4.3	-130.3	0.0%	0.0%
Other reserve capital	166.4	140.4	26.0	18.5	1.5%	1.3%
Net profit (loss) from previous years	65.6	15.2	50.4	331.6	0.6%	0.1%
Net profit (loss) from financial year	44.0	110.1	-66.1	-60.0	0.4%	1.0%
Deductions from net profit during the financial year (negative value)	-8.7	-16.2	7.5	46.3	-0.1%	-0.1%
Minority capital	101.9	98.3	3.6	3.6	0.9%	0.9%
Liabilities and provisions for liabilities	9 609.0	9 455.6	153.4	1.6	86.2%	86.8%
Provisions for liabilities	771.6	878.7	-107.1	-12.2	6.9%	8.1%
Long-term liabilities	646.6	708.4	-61.8	-8.7	5.8%	6.5%
Short-term liabilities	7 547.4	7 247.0	300.4	4.1	67.7%	66.6%
Accruals	643.4	621.4	22.0	3.5	5.8%	5.7%
TOTAL LIABILITIES	11 150.4	10 888.1	262.4	2.4	100.0%	100.0%

¹ Comparable data after taking into account adjustments resulting from changes in accounting policies.



Selected indicators of profitability

	Accounting approach		Comparative approach ¹	
	2013	2012	2013	2012
The gross turnover profitability; Gross profit / total revenues	1.44%	2.31%	3.01%	2.31%
ROA – return on assets; Net profit/assets in total	0.40%	1.13%	1.15%	1.13%
ROE – return on equity; Net profit/ equity	3.17%	8.56%	9.13%	8.56%
Total asset turnover ratio; Net revenues from sales / total assets	0.57	0.67	0.57	0.67

¹ Excluding the effect of the HR Policy from the results of 2013 (inflationary pay rise)

Indicators of asset financing

	2013	2012
Assets to equity coverage indicator; Equity fund/total assets	0.13	0.13
Coverage of fixed assets to equity indicator; Equity fund/fixed assets	0.13	0.13
Coverage of fixed assets by equity indicator; Equity fund + provisions for liabilities + long-time liabilities) / fixed assets	0.42	0.40
The coverage of current assets to short-term capital indicator; (short-term liabilities + accruals) / current assets	1.97	2.16

Sales profitability indicator

	Accounting approach		Comparative approach ¹	
	2013	2012	2013	2012
Gross margin on sales; Gross profit / revenues from sales	1.48%	2.38%	3.10%	2.38%
Net return on sales; Net profit / revenues from sales	0.70%	1.68%	2.01%	1.68%

¹ Excluding the effect of the HR Policy from the results of 2013 (inflationary pay rise)

Financial liquidity indicator

	2013	2012
Current liquidity indicator (3rd degree); Current assets / short-term liabilities	0.55	0.50
Quick liquidity ratio (2nd degree); (current assets – stock) / short-term liabilities	0.55	0.50
Cash ratio (1st degree); Short-term investments / short-term liabilities	0.46	0.40

Indicators of asset productivity

	2013	2012
Indicator of productivity of fixed assets; Revenues from sales / fixed assets	0.91	1.01
Indicator of productivity of current assets; Revenues from sales/current assets	1.55	2.00





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