



UNIPETROL, a.s.
CONSOLIDATED REPORT

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

FOR THE I QUARTER

2015

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**UNAUDITED CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

FOR THE 3 MONTHS ENDED 31 MARCH

2015 

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

A. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

Consolidated statement of profit or loss and other comprehensive income

	Note	FOR 3 MONTHS ENDED 31/03/2015 (unaudited)	FOR 3 MONTHS ENDED 31/03/2014 (unaudited, restated*)
Statement of profit or loss			
Revenues	5.2.	23 975	28 691
Cost of sales	5.3.	(20 634)	(27 968)
Gross profit		3 341	723
Distribution expenses		(555)	(517)
Administrative expenses		(299)	(317)
Other operating income	5.6.	17	1 313
Other operating expenses	5.6.	(78)	(217)
Profit from operations		2 426	985
Finance income	5.7.	360	81
Finance costs	5.7.	(418)	(155)
Net finance costs		(58)	(74)
Profit before tax		2 368	911
Tax expense	5.8.	(373)	26
Net profit		1 995	937
Other comprehensive income			
items which will be reclassified into profit or loss under certain conditions			
<i>Hedging instruments</i>		(411)	154
<i>Foreign exchange differences on subsidiaries from consolidation</i>		(1)	-
<i>Deferred tax</i>		78	(29)
		(334)	125
Total net comprehensive income		1 661	1 062
Net profit/(loss) attributable to		1 995	937
<i>equity owners of the parent</i>		1 995	938
<i>non-controlling interest</i>		-	(1)
Total comprehensive income attributable to		1 661	1 062
<i>equity owners of the parent</i>		1 661	1 063
<i>non-controlling interest</i>		-	(1)
Net profit/(loss) and diluted net profit/(loss) per share attributable to equity owners of the parent (in CZK per share)		11,00	5,17

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 8-17.

* Changes in disclosure of comparative period are described in Note 3.

Consolidated statement of financial position

	Note	31/03/2015 (unaudited)	31/12/2014 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		18 590	18 893
Investment property		419	419
Intangible assets		2 156	1 792
Financial assets available for sale		1	1
Deferred tax assets		982	1 039
Other non-current assets		27	29
		22 175	22 173
Current assets			
Inventories		11 006	10 320
Trade and other receivables		12 917	12 506
Other financial assets	5.9.	485	1 764
Current tax receivables		81	72
Cash and cash equivalents		2 950	1 682
		27 439	26 344
Total assets		49 614	48 517
EQUITY AND LIABILITIES			
EQUITY			
Share capital		18 133	18 133
Statutory reserves		1 666	2 703
Hedging reserve		205	538
Revaluation reserve		10	10
Foreign exchange differences on subsidiaries from consolidation		17	18
Retained earnings		10 101	7 069
Total equity attributable to equity owners of the parent		30 132	28 471
Non-controlling interest		(9)	(9)
Total equity		30 123	28 462
LIABILITIES			
Non-current liabilities			
Loans, borrowings	5.10.	2 000	4 000
Provisions	5.11.	458	457
Deferred tax liabilities		411	203
Other non-current liabilities		164	185
		3 033	4 845
Current liabilities			
Trade and other liabilities		14 418	13 582
Loans, borrowings	5.10.	416	350
Current tax liabilities		15	8
Provisions	5.11.	974	782
Deferred income		317	76
Other financial liabilities	5.12.	318	412
		16 458	15 210
Total liabilities		19 491	20 055
Total equity and liabilities		49 614	48 517

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 8-17.

Consolidated statement of changes in equity

	Equity attributable to equity owners of the parent							Non-controlling interest	Total equity
	Share capital	Statutory reserves	Hedging reserve	Foreign exchange differences on subsidiaries from consolidation	Revaluation reserve	Retained earnings	Total		
(unaudited)									
1 January 2015	18 133	2 703	538	18	10	7 069	28 471	(9)	28 462
Net profit	-	-	-	-	-	1 995	1 995	-	1 995
Items of other comprehensive income	-	-	(333)	(1)	-	-	(334)	-	(334)
Total net comprehensive income	-	-	(333)	(1)	-	1 995	1 661	-	1 661
Transfer of statutory reserves to retained earnings	-	(1 037)	-	-	-	1 037	-	-	-
31 March 2015	18 133	1 666	205	17	10	10 101	30 132	(9)	30 123
(unaudited)									
1 January 2014	18 133	2 643	(190)	18	10	7 695	28 309	(9)	28 300
Net profit / (loss)	-	-	-	-	-	938	938	(1)	937
Items of other comprehensive income	-	-	125	-	-	-	125	-	125
Total net comprehensive income	-	-	125	-	-	938	1 063	(1)	1 062
Allocation of profit	-	10	-	-	-	(10)	-	-	-
31 March 2014	18 133	2 653	(65)	18	10	8 623	29 372	(10)	29 362

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 8-17.

Consolidated statement of cash flows

	Note	FOR 3 MONTHS ENDED 31/03/2015 (unaudited)	FOR 3 MONTHS ENDED 31/03/2014 (unaudited)
Cash flows - operating activities			
Net profit		1 995	937
Adjustments for:			
Depreciation and amortisation	5.3.	471	626
Foreign exchange loss		-	1
Interest and dividends, net		19	31
(Profit)/Loss on investing activities		(151)	94
Change in provisions		200	290
Tax expense	5.8.	373	(25)
Income tax (paid)		(35)	(44)
Gain on bargain purchase		-	(1 186)
Other adjustments		570	(46)
Change in working capital		(104)	(6 390)
<i>inventories</i>		(687)	(1 309)
<i>receivables</i>		(415)	(2 174)
<i>liabilities</i>		998	(2 907)
Net cash provided by/(used in) operating activities		3 338	(5 712)
Cash flows - investing activities			
Acquisition of property, plant and equipment and intangible assets		(401)	(501)
Disposal of property, plant and equipment and intangible assets		1	2
Acquisition of share in Česká rafinérská		-	(547)
Cash acquired in acquisition of share in Česká rafinérská		-	141
Settlement of financial derivatives		279	(78)
Proceeds/(Outflows) from loans granted		6	11
Other		2	(54)
Net cash used in investing activities		(113)	(1 026)
Cash flows - financing activities			
Change in loans and borrowings		(1 921)	4 567
Proceeds/(Outflows) from cash pool liabilities		-	2 561
Interest paid		(33)	(15)
Other		(2)	(1)
Net cash provided by/(used in) financing activities		(1 956)	7 112
Net increase in cash and cash equivalents		1 269	374
Effect of exchange rate changes		(1)	-
Cash and cash equivalents, beginning of the period		1 682	1 117
Cash and cash equivalents, end of the period		2 950	1 491

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 8-17.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. THE PARENT COMPANY AND STRUCTURE OF THE CONSOLIDATED GROUP

Establishment of the parent company

UNIPETROL, a.s. (the "Company", "parent", "parent company") is a joint stock company established by the National Property Fund of the Czech Republic by a foundation agreement dated 27 December 1994. The Company was registered in the Register of Companies at the Regional Commercial Court in Prague on 17 February 1995. The Company is listed and registered on the Prague Stock Exchange.

Identification number of the Company

616 72 190

Registered office of the Company

UNIPETROL, a.s.
Na Pankráci 127
140 00 Praha 4
Czech Republic

Principal activities

The Company operates as a holding company covering and administering a group of companies (hereinafter the "Group"). The principal business activities of the Group include oil and petroleum products processing, production of commodity chemicals, polymer materials, mineral lubricants, plastic lubricants, road and insulation bitumen, special refinery and petrochemical products. Furthermore, the Group is engaged in the distribution of fuels and operation of gas stations.

In addition to these principal activities, the Group is engaged in other activities that are necessary to support the principal activities, such as production, distribution and sale of heat and electricity, operation of railway tracks and railway transportation, advisory services relating to research and development, environmental protection, software and hardware advisory services and other services.

Ownership structure

The shareholders as at 31 March 2015 are as follows:

	Number of shares	Nominal value of shares (in CZK)	Share in share capital
POLSKI KONCERN NAFTOWY ORLEN S.A.	114 226 499	11 422 649 900	62,99%
J&T Group *	42 976 339	4 297 633 900	23,70%
Investment funds and other minority shareholders	24 131 926	2 413 192 600	13,31%
	181 334 764	18 133 476 400	100%

* As of 19 March 2014 (last available data) - According to notification received on 31 March 2014 J&T Group holds 23,70% share of votes through following companies: PAULININO LIMITED, EGNARO INVESTMENTS LIMITED, LEVOS LIMITED, LCE COMPANY LIMITED, NEEVAS INVESTMENT LIMITED, UPRECHT INVESTMENT LIMITED, MUSTAND INVESTMENT LIMITED.

Consolidated group structure

The subsidiaries and jointly controlled entities forming the consolidated group of UNIPETROL, a.s., and the parent company's interest in the capital of subsidiaries and jointly controlled entities held either directly by the parent company or indirectly by the consolidated subsidiaries is presented in the consolidated financial statements of the Group as at and for the year ended 31 December 2014. There were no changes in the structure of the Group in the period ended at 31 March 2015.

Statutory and supervisory bodies

Members of the statutory and supervisory bodies as at 31 March 2015 were as follows:

	Position	Name
Board of Directors	Chairman	Marek Świtajewski
	Vice-chairman	Piotr Wielowieyski
	Member	Martin Durčák
	Member	Miroslaw Kastelik
	Member	Andrzej Kozłowski
	Member	Lukasz Piotrowski
Supervisory Board	Chairman	Dariusz Jacek Krawiec
	Vice-chairman	Ivan Kočárník
	Vice-chairman	Sławomir Jędrzejczyk
	Member	Piotr Kearney
	Member	Zdeněk Černý
	Member	Krystian Pater
	Member	Rafał Sekuła
	Member	Piotr Chełmiński
Member	Bogdan Dzdżewicz	

Changes in the board of directors in the 3 months ended at 31 March 2015 were as follows:

Position	Name	Change	Date of change
Vice-chairman	Piotr Wielowieyski	Re-elected into the office	28 March 2015

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1. Statement of compliance and general principles of preparation

The consolidated financial statements of the Company for the period ended at 31 March 2015 comprise the Company and its subsidiaries (together referred as the "Group") and the Group's interest in jointly controlled entities.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2014.

These condensed consolidated interim financial statements have been prepared on a going concern basis. As at the date of approval of the statements there is no indication that the Group will not be able to continue as a going concern in the foreseeable future.

The financial statements, except for statement of cash flows, were prepared on the accrual basis of accounting.

2.2. Applied accounting principles and IFRS amendments

These interim condensed consolidated financial statements were prepared according to accounting principles described in note 3 in the consolidated financial statements of the Group as at and for the year ended 31 December 2014.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and main uncertainties were the same as those presented in note 4 in the consolidated financial statements as at and for the year ended 31 December 2014.

During the III quarter of 2014 the Group implemented changes in management of operating activities in order to improve their effectiveness and integration. The organizational structure was adjusted by implementation of changes in competences of the particular Management Board members. As a result the presentation of the Group's operating segments was updated including merger of refining and petrochemical segment into integrated operating segment: Downstream. As a consequence, the segments' comparative data were adjusted for the 3 months of 2014. Detailed information is presented in note 4.

Starting from 1 January 2015 the Group unified presentation of the cash flow hedge instruments' settlement. Consequently, the result of settlement of foreign currency forwards designated as hedge accounting instruments is included in operating part of the statement of profit or loss and other comprehensive income, not financial part as previously. Detailed information is presented in note 3.

The Group intends to adopt new standards, amendments and interpretations to existing standards that have been published but are not effective as at the date of preparation of these interim condensed consolidated financial statements after their acceptance by the European Commission in accordance with their effective date. The possible impact of new standards, amendments and interpretations on the Group's future consolidated financial statements was described in the note 3.2 of the consolidated financial statements of the Group as at and for the year ended 31 December 2014.

2.3. Functional currency and presentation currency of financial statements and methods applied to translation of financial data for consolidation purposes

2.3.1. Functional and presentation currency

These consolidated financial statements are presented in Czech crown (CZK), which is the Group's presentation currency. All financial information presented in CZK has been rounded to the nearest million.

2.3.2. Methods applied to translation of data for consolidation purposes

Financial statements of foreign entities, for consolidation purposes, are translated into CZK using the following methods:

- assets and liabilities of each presented statement of financial position are translated at the closing rate published by the Czech National bank ("CNB") at the end of the reporting period;
- respective items of statement of profit or loss and other comprehensive income and statement of cash flows are translated at average exchange rates published by the CNB.

All resulting exchange differences are recognized in equity, as foreign exchange differences on revaluation of subsidiaries. These differences are recognized in profit or loss in the period in which the foreign operation is disposed.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate prevailing at the balance sheet date.

Currency	Average exchange rate for the reporting period ended		Exchange rate as at the end of reporting period	
	31/03/2015	31/03/2014	31/03/2015	31/12/2014
CZK/EUR	27,624	27,441	27,530	27,730
CZK/USD	24,550	20,038	25,586	22,797

2.4. Information on seasonality and cyclicity of Group's operations

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

3. CHANGES IN DISCLOSURE OF COMPARATIVE PERIOD

Starting from 1 January 2015 the Group unified presentation of the cash flow hedge instruments' settlement. Consequently, the result of settlement of foreign currency forwards designated as hedge accounting instruments is included in operating part of the statement of profit or loss and other comprehensive income, not financial part as previously. The management believes that unified presentation provides users of the financial statements with better information concerning operations of the Group.

The changes in the consolidated statement of profit or loss for 3 months ended 31 March 2014 are presented in the following table:

	previously stated	presentation of results from foreign currency forwards	FOR 3 MONTHS ENDED 31/03/2014 (unaudited, restated)
Statement of profit or loss			
Revenues	28 809	(118)	28 691
Cost of sales	(27 972)	4	(27 968)
Gross profit on sales	837	(114)	723
Distribution expenses	(517)	-	(517)
Administrative expenses	(317)	-	(317)
Other operating income	1 313	-	1 313
Other operating expenses	(217)	-	(217)
Profit/(loss) from operations	1 099	(114)	985
Finance income	86	(4)	82
Finance costs	(273)	118	(155)
Net finance income/(costs)	(188)	114	(74)
Profit before tax	911	-	911
Tax credit	26	-	26
Net profit	937	-	937

4. OPERATING SEGMENTS

The operating activities of the Group are divided into the following segments:

- the downstream segment which includes integrated refining, petrochemical and energy production activities,
- the retail segment which includes sale at petrol stations,

and corporate functions which are reconciling items and include activities related to management, administration and other support functions as well as remaining activities not allocated to separate operating segments.

Allocation of subsidiaries into the operating activities is presented in the consolidated financial statements of the Group as at and for the year ended 31 December 2014. There were no material changes in allocation of subsidiaries into the operating segments during the 3 months ended 31 March 2015.

Revenues and operating result by operating segments for the 3 months ended 31 March 2015

	Downstream Segment	Retail Segment	Corporate Functions	Adjustments	Total
Total external revenues	21 949	2 001	25	-	23 975
Transactions with other segments	1 684	21	70	(1 775)	-
Total segment revenue	23 633	2 022	95	(1 775)	23 975
Operating expenses	(21 183)	(1 968)	(112)	1 775	(21 488)
Other operating income	14	2	1	-	17
Other operating expenses	(76)	(2)	-	-	(78)
Segment operating profit/(loss)	2 388	54	(16)	-	2 426
Net finance costs					(58)
Profit before tax					2 368
Tax expense					(373)
Net profit					1 995
Depreciation and amortisation	(383)	(81)	(7)	-	(471)
EBITDA	2 771	135	(9)	-	2 897
Additions to non-current assets	210	19	64	-	292

4. OPERATING SEGMENTS (CONTINUED)

for the 3 months ended 31 March 2014

	Downstream Segment	Retail Segment	Corporate Functions	Adjustments	Total
Total external revenues	26 201	2 468	22	-	28 691
Transactions with other segments	2 170	52	137	(2 359)	-
Total segment revenue	28 371	2 520	159	(2 359)	28 691
Operating expenses	(28 474)	(2 494)	(193)	2 359	(28 802)
Other operating income	1 283	7	23	-	1 313
Other operating expenses	(198)	(19)	-	-	(217)
Segment operating profit/(loss)	982	14	(11)	-	985
Net finance costs					(74)
Profit before tax					911
Tax credit					26
Net profit					937
Depreciation and amortisation	(526)	(79)	(21)	-	(626)
EBITDA	1 508	93	9	-	1 611
Additions to non-current assets	229	24	8	-	262

for the 3 months ended 31 March 2014 - published data for the I quarter 2014

	Refining Segment	Petrochemical Segment	Retail Segment	Corporate Functions	Adjustments	Total
Total external revenues	15 478	10 841	2 468	22	-	28 809
Transactions with other segments	7 281	549	52	137	(8 019)	-
Total segment revenue	22 759	11 390	2 520	159	(8 019)	28 809
Operating expenses	(23 264)	(10 874)	(2 494)	(193)	8 019	(28 806)
Other operating income	1 219	64	7	23	-	1 313
Other operating expenses	(134)	(62)	(19)	(0)	-	(217)
Segment operating profit/(loss)	580	516	14	(11)	-	1 099
Net finance costs						(188)
Profit before tax						911
Tax credit						26
Net profit						937

Impact of new segment division, subsidiaries allocation and restatement on data presented in the I quarter 2014

for the 3 months ended 31 March 2014

	Downstream Segment	Refining Segment	Petrochemical Segment	Retail Segment	Corporate Functions	Adjustments	Total
Total external revenues	26 201	(15 478)	(10 841)	-	-	-	(118)
Transactions with other segments	2 170	(7 281)	(549)	-	-	5 660	-
Total segment revenue	28 371	(22 759)	(11 390)	-	-	5 660	(118)
Operating expenses	(28 474)	23 264	10 874	-	-	(5 660)	4
Other operating income	1 283	(1 219)	(64)	-	-	-	-
Other operating expenses	(198)	134	62	-	-	-	-
Segment operating profit/(loss)	982	(580)	(516)	-	-	-	(114)
Net finance income							114
Profit / (loss) before tax							-
Tax credit (expense)							-
Net profit / (loss)							-

Assets by operating segments

	31/03/2015	31/12/2014
Downstream Segment	40 420	38 138
Retail Segment	5 894	5 835
Segment assets	46 314	43 973
Corporate Functions	4 319	5 355
Adjustments	(1 019)	(811)
	49 614	48 517

5. OTHER NOTES

5.1. Acquisition of additional stake in ČESKÁ RAFINÉRSKÁ, a.s.

Acquisition of 32,445% stake in Česká rafinérská from Eni

On 3 July 2014 UNIPETROL, a.s. ("Unipetrol") exercised its pre-emptive right and accepted the offer from Eni International B.V. ("Eni"), based on which Unipetrol will acquire from Eni 303 301 shares of ČESKÁ RAFINÉRSKÁ, a.s. ("Česká rafinérská") amounting to 32,445% of the Česká rafinérská's share capital ("Transaction"). The acquisition price for the shares in the amount of EUR 30 million, subject to additional adjustments before Transaction completion, will be financed from own financial sources of Unipetrol.

Transaction is an opportunistic acquisition with the aim to gain full control over Česká rafinérská, be a sole decision-maker regarding capital investments, perform deeper restructuring of the company, further increase security of petrochemical feedstock supplies for continuation of Unipetrol's petrochemical business development, as well as strengthen long-term presence of Unipetrol Group on the Czech market.

On 19 December 2014 the Czech Competition Office (CCO) issued a merger clearance for UNIPETROL, a.s. to take over the 32,445% in ČESKÁ RAFINÉRSKÁ, a.s. from Eni International B.V. Since the merger clearance was granted without any commitments or objections, UNIPETROL, a.s. did not appeal the CCO decision. SČS - Unie nezávislých petrolejářů, z.s. (UNIE) appealed the CCO merger clearance decision on 5 January 2015; UNIE claimed that its right to appeal is stemming from a judgment of Regional Court in Prague in Litvínovská uhelná, a.s. case.

In a decision dated 30 March 2015, Chairman of CCO concluded that UNIE did not have right to appeal the CCO decision from 19 December 2014 and dismissed the UNIE appeal. Following the decision of Chairman of CCO, CCO declared that their merger clearance dated 19 December 2014 came into effect on 6 January 2015. Completion of the Transaction is scheduled to take place on 30 April 2015.

Based on the completion of the Transaction Unipetrol's stake on the Česká rafinérská's share capital will increase from 67,555% to 100%.

Unipetrol currently treats its investment in Česká rafinérská as joint operation. After completion of the Transaction, Unipetrol, would obtain control over Česká rafinérská and would adopt full method of consolidation.

The impact will be calculated after completion of the Transaction based on the accounting principles described under point 3.4.4 Business combinations and 3.4.14.1 Goodwill in Group accounting principles and policies presented in consolidated financial statements of the Group as at and for the year ended 31 December 2014.

5.2. Revenues

	FOR 3 MONTHS ENDED 31/03/2015	FOR 3 MONTHS ENDED 31/03/2014
Revenues from sales of finished goods and services, net	22 516	27 350
Revenues from sales of merchandise and raw materials, net	1 459	1 341
	23 975	28 691

5.3. Operating expenses

Cost of sales

	FOR 3 MONTHS ENDED 31/03/2015	FOR 3 MONTHS ENDED 31/03/2014
Cost of finished goods and services sold	(19 234)	(26 686)
Cost of merchandise and raw materials sold	(1 400)	(1 282)
	(20 634)	(27 968)

Cost by nature

	FOR 3 MONTHS ENDED 31/03/2015	FOR 3 MONTHS ENDED 31/03/2014
Materials and energy	(16 422)	(23 952)
Cost of merchandise and raw materials sold	(1 400)	(1 282)
External services	(1 971)	(1 865)
Employee benefits	(642)	(647)
Depreciation and amortisation	(471)	(626)
Taxes and charges	(118)	(91)
Other	(163)	(291)
	(21 187)	(28 754)
Change in inventories	(379)	(265)
Operating expenses	(21 566)	(29 019)
Distribution expenses	555	517
Administrative expenses	299	317
Other operating expenses	78	217
Cost of sales	(20 634)	(27 968)

5.4. Write down of inventories to net realisable value

	FOR 3 MONTHS ENDED 31/03/2015	FOR 3 MONTHS ENDED 31/03/2014
Increase	(108)	(130)
Decrease	651	4

5.5. Impairment allowances on assets

	FOR 3 MONTHS ENDED 31/03/2015	FOR 3 MONTHS ENDED 31/03/2014
Property, plant and equipment		
Recognition	(72)	(76)
Reversal	1	2
Receivables		
Recognition	(1)	(7)
Reversal	-	21

5.6. Other operating income and expenses

Other operating income

	FOR 3 MONTHS ENDED 31/03/2015	FOR 3 MONTHS ENDED 31/03/2014
Profit on sale of non-current non-financial assets	1	1
Reversal of receivables impairment allowances	-	21
Reversal of impairment allowances of property, plant and equipment and intangible assets	1	2
Penalties and compensations earned	4	7
Gain on bargain purchase	-	1 186
Other	11	96
	17	1 313

The line „gain on bargain purchase” relates to the settlement of ČESKÁ RAFINÉRSKÁ, a.s. shares acquisition - additional information is presented in note 5 in the consolidated financial statements as at and for the year ended 31 December 2014.

In the 3 months ended 31 March 2015 and 31 March 2014 in the line „Other” the revaluation of receivables from the CO₂ grant is included in amount of CZK 7 million and CZK 84 million respectively.

Other operating expenses

	FOR 3 MONTHS ENDED 31/03/2015	FOR 3 MONTHS ENDED 31/03/2014
Loss on sale of non-current non-financial assets	-	(1)
Recognition of provisions	(1)	(50)
Recognition of receivables impairment allowances	(1)	(7)
Recognition of impairment allowances of property, plant and equipment and intangible assets	(72)	(76)
Other	(4)	(83)
	(78)	(217)

In the 3 months ended 31 March 2015 and 31 March 2014 in the line „Other” the CO₂ provision update is included in amount of CZK 1 million and CZK 78 million respectively.

5.7. Finance income and finance costs

Finance income

	FOR 3 MONTHS ENDED 31/03/2015	FOR 3 MONTHS ENDED 31/03/2014
Interest	10	12
Settlement and valuation of financial instruments	350	69
	360	81

Finance costs

	FOR 3 MONTHS ENDED 31/03/2015	FOR 3 MONTHS ENDED 31/03/2014
Interest	(21)	(35)
Foreign exchange loss surplus	(269)	(68)
Settlement and valuation of financial instruments	(116)	(44)
Other	(12)	(8)
	(418)	(155)

Borrowing cost capitalized in the 3 months ended 31 March 2015 and 31 March 2014 amounted to less than CZK 1 million.

5.8. Tax expense

	FOR 3 MONTHS ENDED 31/03/2015	FOR 3 MONTHS ENDED 31/03/2014
Current income tax	(30)	(39)
Deferred income tax	(343)	65
	(373)	26

5.9. Other financial assets

	31/03/2015	31/12/2014
Cash flow hedge instruments		
<i>foreign currency forwards</i>	67	15
<i>commodity swaps</i>	368	872
Derivatives not designated as hedge accounting		
<i>foreign currency forwards</i>	9	23
<i>commodity swaps</i>	-	165
Loans granted	-	6
Cash pool	34	36
Receivables from settled financial derivatives	7	647
	485	1 764

5.10. Loans, borrowings

	Long-term		Short-term		Total	
	31/03/2015	31/12/2014	31/03/2015	31/12/2014	31/03/2015	31/12/2014
Bank loans	-	-	406	327	406	327
Borrowings	2 000	4 000	10	23	2 010	4 023
	2 000	4 000	416	350	2 416	4 350

During the 3 months ended 31 March 2015 the Group repaid CZK 2 000 million out of total CZK 4 000 million mid-term loan received from its majority shareholder of POLSKI KONCERN NAFTOWY ORLEN S.A. under a loan agreement entered into on 12 December 2013.

5.11. Provisions

	Long-term		Short-term		Total	
	31/03/2015	31/12/2014	31/03/2015	31/12/2014	31/03/2015	31/12/2014
Environmental provision	351	350	-	-	351	350
Jubilee bonuses and retirement benefits provision	71	71	5	5	76	76
Provisions for legal disputes	7	7	19	19	26	26
Provision for CO ₂ emission	-	-	899	707	899	707
Other provision	29	29	51	51	80	80
	458	457	974	782	1 432	1 239

Provision on CO₂ allowances was created for estimated CO₂ emissions in the period ended 31 March 2015 and 31 December 2014.

5.12. Other financial liabilities

	31/03/2015	31/12/2014
Cash flow hedge instruments		
<i>foreign currency forwards</i>	13	55
<i>commodity swaps</i>	168	169
Derivatives not designated as hedge accounting		
<i>foreign currency forwards</i>	21	-
<i>commodity swaps</i>	-	155
Cash pool	33	33
Liabilities from settled financial derivatives	83	-
	318	412

5.13. Methods applied in determining fair values of financial instruments (fair value hierarchy)

Fair value of shares quoted on active markets is determined based on market quotations (so called Level 1). In other cases, fair value is determined based on other input data, apart from market quotations, which are directly or indirectly possible to observe (so called Level 2) and data to valuation, which aren't based on observable market data (Level 3).

The Group measures derivative instruments at fair value using valuation models for financial instruments based on generally available exchange rates, interest rates, forward and volatility curves for currencies and commodities quoted on active markets. As compared to the previous reporting period the Group has not changed valuation methods concerning derivative instruments.

The fair value of derivative instruments is based on discounted future cash flows of the transactions, calculated based on the difference between the forward rate and the transaction. Forward exchange rate is not modelled as a separate risk factor, but is derived from the relevant spot rate and forward interest rate for foreign currencies in relation to CZK.

Derivative instruments are presented as assets, when their valuation is positive and as liabilities, when their valuation is negative. Gains and losses resulting from changes in fair value of derivative instruments, for which hedge accounting is not applicable, are recognized in a reporting period profit or loss.

Derivative instruments presented as financial assets in amount of CZK 444 million as at 31 March 2015 (CZK 1 075 million as at 31 December 2014) and derivative instruments presented as financial liabilities in amount of CZK 202 million as at 31 March 2015 (CZK 379 million as at 31 December 2014) belong to Level 2 as defined by IFRS. The carrying amount of remaining financial assets and liabilities approximates their fair value.

Investment property

As at 31 March 2015 and 31 December 2014 the Group possessed under non-financial assets the investment property, the fair value of which was estimated depending on the characteristics based on the comparison or revenue approach and was classified as the Level 2 and 3 defined by IFRS 7.

In the period ended 31 March 2015 and the comparative period in the Group there were no transfers between Levels 1, 2 and 3.

5.14. Finance lease payments

As at 31 March 2015 and 31 December 2014 the Group was party to finance lease agreements as a lessee related mainly to machinery and equipment as well as means of transportation.

	31/03/2015	31/12/2014
Future minimum lease payments	1	1
Present value of minimum lease payments	1	1
	2	2

5.15. Future liabilities resulting from signed investment contract

As at 31 March 2015 and as at 31 December 2014 the value of future liabilities resulting from signed investment contracts Group amounted to CZK 562 million and CZK 459 million.

5.16. Retained earnings and dividends

Dividends

In accordance with appropriate Czech law, dividends can be paid from unconsolidated profit of the parent company. The decision regarding appropriation of the 2014 profit will be made on the annual general meeting of shareholders, which will be held in May/June 2015.

5.17. Contingent liabilities

Contingent liabilities and commitments related to Purchase of shares of PARAMO, a.s are described in the consolidated financial statements of the Group as at and for the year ended 31 December 2014.

During the 3 months ended 31 March 2015 there were no material changes in relation to these issues. The next court hearing is scheduled for 30 April 2015.

Transportation contracts

The transportation of crude oil supplies through pipelines for UNIPETROL RPA, s.r.o. is provided by MERO ČR, a.s. and TRANSPETROL, a.s. via ČESKÁ RAFINÉRSKÁ, a.s. As at 31 December 2014, ČESKÁ RAFINÉRSKÁ, a.s. held a contract for transportation with TRANSPETROL, a.s., covering years 2014, 2015 and 2016. Due to complicated and lengthy negotiations, there is no framework transportation contract in place with MERO ČR, a.s. Transportation of crude oil is provided by MERO ČR, a.s. on a regular basis with no disruptions; transportation is based on conditions and transportation tariff of the previous contract.

The Group management does not expect any impact on the business activities caused by non-existence of long-term contract with MERO ČR, a.s. The effect on financial statements is currently not measurable.

5.18. Guarantees

Based on the Group's request the bank guarantees relating to the security of customs debt, excise tax at customs offices and other purposes were issued. The total balance of guarantees related to excise tax amounted to CZK 1 968 million as at 31 March 2015 (31 December 2014: CZK 1 521 million) and to other purposes amounted to CZK 38 million (31 December 2014: CZK 31 million).

The Group is the beneficiary of guarantees amounted CZK 1 493 million as at 31 March 2015 (31 December 2014: CZK 1 464 million).

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

Claims regarding reward for employees' intellectual work

The claims are described in the consolidated financial statements of the Group as at and for the year ended 31 December 2014.

During the three months ended 31 March 2015 there were no material changes in relation to the issue.

Claims on compensation of damages filed by I.P. – 95, s.r.o. against UNIPETROL RPA, s.r.o.

The claims are described in the consolidated financial statements of the Group as at and for the year ended 31 December 2014.

During the three months ended 31 March 2015 there were no material changes in relation to the issue.

Tax proceeding

UNIPETROL RPA, s.r.o., acting as a legal successor of CHEMOPETROL a.s., is a party in a tax proceeding related to validity of investment tax relief for 2005. UNIPETROL RPA, s.r.o. claims the return of income tax paid in 2006 for the fiscal year 2005 by CHEMOPETROL a.s. The claim concerns unused investment relief attributable to CHEMOPETROL a.s. The total value of claim amounts to approximately CZK 325 million.

a) UNIPETROL RPA, s.r.o. complaint for unlawful intervention

The complaint is described in the consolidated financial statements of the Group as at and for the year ended 31 December 2014. On 9 February 2015 UNIPETROL RPA, s.r.o. filed another petition with the Czech Constitutional Court claiming that by the decisions of the Czech Supreme Administrative Court its right for a fair trial was breached.

b) UNIPETROL RPA, s.r.o. complaint for dismissal of the tax authority decisions

The complaint is described in the consolidated financial statements of the Group as at and for the year ended 31 December 2014. On 8 April 2015 UNIPETROL RPA, s.r.o. filed a cassation appeal to the Czech Supreme Administrative Court against the Regional Court in Usti nad Labem decision dated 25 February 2015.

5.20. Related parties

Material transactions concluded by the Group Companies with related parties

In the 3 months ended 31 March 2015 and 31 March 2014 there were no transactions concluded by the Group with related parties on other than arm's length terms.

Transactions with key management personnel

In the 3 months ended 31 March 2015 and 31 March 2014 the Group companies did not grant to key management personnel and their relatives any advances, loans, guarantees and commitments, or other agreements obliging them to render services to Group companies and related parties.

In 3 months ended 31 March 2015 and 31 March 2014 there were no significant transactions concluded with members of the Board of Directors, Supervisory Board, their spouses, siblings, descendants, ascendants or their other relatives.

Transactions with related parties concluded by key management personnel of the Group companies

In the 3 months ended 31 March 2015 and 31 March 2014 members of the key management personnel of the parent company and the Group companies submitted statements that they have not concluded any transactions with related parties.

Transactions and balances of settlements of the Group companies with related parties:

Parent and ultimate controlling party

During 2015 and 2014 a majority (62,99%) of the Company's shares were in possession of POLSKI KONCERN NAFTOWY ORLEN S.A. (PKN Orlen).

for 3 months ended	PKN Orlen		Joint operations		Entities under control or significant influence of PKN Orlen	
	31/03/2015	31/3/2014	31/03/2015	31/3/2014	31/03/2015	31/3/2014
Sales	33	420	443	552	1 454	1 451
Purchases	13 878	17 694	688	684	434	748
Finance costs	20	20	-	-	6	12

5.20. Related parties (continued)

	PKN Orlen		Joint operations		Entities under control or significant influence of PKN Orlen	
	31/03/2015	31/12/2014	31/03/2015	31/12/2014	31/03/2015	31/12/2014
Long term receivables	-	-	3	6	-	-
Short term financial assets	-	-	-	-	34	36
Trade and other receivables	34	112	272	292	814	570
Trade and other liabilities, including loans and borrowings	5 870	6 272	288	358	206	211

5.21. Subsequent events after the reporting date

The Group's management is not aware of any events that have occurred since end of the reporting period that would have any material impact on the financial statements as at 31 March 2015.

QUARTERLY FINANCIAL INFORMATION
UNIPETROL, a.s.

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

FOR THE I QUARTER

2015 

B. INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

Separate statement of profit or loss and other comprehensive income

	FOR 3 MONTHS ENDED 31/03/2015 (unaudited)	FOR 3 MONTHS ENDED 31/03/2014 (unaudited)
Statement of profit or loss		
Revenues	42	37
Cost of sales	(26)	(19)
Gross profit on sales	16	18
Administrative expenses	(43)	(46)
Other operating income	-	22
Loss from operations	(27)	(6)
Finance income	55	64
Finance costs	(22)	(24)
Net finance income	33	40
Profit before tax	6	34
Tax expense	-	(4)
Net profit	6	30
Total net comprehensive income	6	30
Net profit and diluted net profit per share (in CZK per share)	0,03	0,17

Separate statement of financial position

	31/03/2015 (unaudited)	31/12/2014 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	9	9
Investment property	1 156	1 156
Shares in related parties	14 542	14 542
Other non-current assets	48	1 472
	15 755	17 179
Current assets		
Trade and other receivables	124	165
Other financial assets	12 919	15 058
Current tax receivables	13	12
Cash and cash equivalents	1 687	516
	14 743	15 751
Total assets	30 498	32 930
EQUITY AND LIABILITIES		
EQUITY		
Share capital	18 133	18 133
Statutory reserves	1 719	1 719
Revaluation reserve	503	503
Retained earnings	6 337	6 331
Total equity	26 692	26 686
LIABILITIES		
Non-current liabilities		
Loans, borrowings	2 000	4 000
Deferred tax liabilities	113	113
	2 113	4 113
Current liabilities		
Trade and other liabilities	137	135
Loans, borrowings	8	21
Other financial liabilities	1 548	1 975
	1 693	2 131
Total liabilities	3 806	6 244
Total equity and liabilities	30 498	32 930

Separate statement of changes in equity

	Share capital	Statutory reserves	Revaluation reserve	Retained earnings	Total equity
(unaudited)					
1 January 2015	18 133	1 719	503	6 331	26 686
Net profit	-	-	-	6	6
Total net comprehensive income	-	-	-	6	6
31 March 2015	18 133	1 719	503	6 337	26 692
(unaudited)					
1 January 2014	18 133	1 673	503	6 050	26 359
Net profit	-	-	-	30	30
Total net comprehensive income	-	-	-	30	30
31 March 2014	18 133	1 673	503	6 080	26 389

Separate statement of cash flows

	FOR 3 MONTHS ENDED 31/03/2015 (unaudited)	FOR 3 MONTHS ENDED 31/03/2014 (unaudited)
Cash flows - operating activities		
Net profit	6	30
Adjustments for:		
Foreign exchange loss	1	-
Interest and dividends, net	(33)	(41)
Tax expense	-	4
Income tax (paid)	(1)	(6)
Change in working capital	63	39
<i>receivables</i>	59	36
<i>liabilities</i>	4	3
Net cash provided by operating activities	36	26
Cash flows - investing activities		
Acquisition of shares in ČESKÁ RAFINÉRSKÁ, a.s.	-	(547)
Interest received	41	39
Proceeds/(Outflows) from loans granted	4 517	(3 977)
Proceeds/(Outflows) from cash pool granted	(960)	-
Other	1	98
Net cash provided by / (used in) investing activities	3 599	(4 387)
Cash flows - financing activities		
Proceeds/(Outflows) from loans and borrowings	(2 000)	4 547
Proceeds/(Outflows) from cash pool received	(426)	(57)
Interest paid	(33)	(4)
Other	(2)	-
Net cash provided by / (used in) financing activities	(2 461)	4 486
Net increase in cash and cash equivalents	1 174	125
Effect of exchange rate changes	(3)	-
Cash and cash equivalents, beginning of the period	516	158
Cash and cash equivalents, end of the period	1 687	283

The foregoing financial report for the period ended 31 March 2015 was authorized for issue by the Board of Directors on 21 April 2015.

Signature of statutory representatives



Marek Świtajewski

Chairman of the Board of Directors



Mirosław Kastelik

Member of the Board of Directors