



**UNIPETROL, a.s.**  
SEPARATE QUARTERLY REPORT

**FOR THE 3<sup>RD</sup> QUARTER**

**2017**

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



Table of content

<b>QUARTERLY CONDENSED SEPARATE FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION.....</b>	<b>4</b>
<b>Separate statement of profit or loss and other comprehensive income .....</b>	<b>4</b>
<b>Separate statement of financial position .....</b>	<b>5</b>
<b>Separate statement of changes in equity.....</b>	<b>6</b>
<b>Separate statement of cash flows.....</b>	<b>7</b>
<b>EXPLANATORY NOTES TO THE QUARTERLY CONDENSED SEPARATE FINANCIAL STATEMENTS .....</b>	<b>8</b>
<b>1. Description of the Company .....</b>	<b>8</b>
<b>2. Principles of preparation of the financial statements .....</b>	<b>9</b>
<b>3. Other notes.....</b>	<b>9</b>
3.1. Revenues .....	9
3.2. Operating expenses .....	9
3.3. Finance income and finance costs .....	9
3.4. Tax expense .....	10
3.5. Other financial assets .....	10
3.6. Retained earnings and dividends .....	10
3.7. Provisions.....	10
3.8. Other financial liabilities .....	10
3.9. Methods applied in determining fair values (fair value hierarchy) .....	10
3.10. Guarantees.....	10
3.11. Related party transactions .....	11
3.12. Contingent liabilities .....	11
3.13. Accounting principles .....	11
3.14. Changes in Group structure.....	12
3.15. Subsequent events after the reporting date .....	12
3.16. Approval of the financial statements.....	12
<b>REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION FOR SHAREHOLDERS OF UNIPETROL, a.s. ....</b>	<b>13</b>

**UNAUDITED QUARTERLY CONDENSED SEPARATE  
FINANCIAL STATEMENTS**

**FOR THE 9 AND 3 MONTHS ENDED 30 SEPTEMBER**

**2017**

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

QUARTERLY 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

	Note	9 MONTHS ENDED 30/09/2017 (unaudited)	3 MONTHS ENDED 30/09/2017 (unaudited)	9 MONTHS ENDED 30/09/2016 (unaudited)	3 MONTHS ENDED 30/09/2016 (unaudited)
<b>Statement of profit or loss</b>					
Revenues	3.1.	109	35	101	34
Cost of sales	3.2.	(60)	(20)	(56)	(20)
<b>Gross profit on sales</b>		<b>49</b>	<b>15</b>	<b>45</b>	<b>14</b>
Administrative expenses	3.2.	(73)	(27)	(70)	(28)
Other operating income		14	14	-	-
Other operating expenses		(2)	(1)	(1)	(1)
<b>Profit/(loss) from operations</b>		<b>(12)</b>	<b>1</b>	<b>(26)</b>	<b>(15)</b>
Finance income	3.3.	139	22	83	30
Finance costs	3.3.	(82)	(3)	(6)	(3)
<b>Net finance income</b>		<b>57</b>	<b>19</b>	<b>77</b>	<b>27</b>
<b>Profit before tax</b>		<b>45</b>	<b>20</b>	<b>51</b>	<b>12</b>
Tax expense	3.4.	(9)	(6)	(11)	(2)
<b>Net profit</b>		<b>36</b>	<b>14</b>	<b>40</b>	<b>10</b>
<b>Total net comprehensive income</b>		<b>36</b>	<b>14</b>	<b>40</b>	<b>10</b>
Net profit and diluted net profit per share attributable to equity owners of the parent (in CZK per share)		0.20	0.08	0.22	0.06

The separate financial statements are to be read in conjunction with the notes forming part of the separate financial statements set out on pages 8-12.

Separate statement of financial position

	Note	30/09/2017 (unaudited)	31/12/2016 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		22	9
Investment property		1 163	1 163
Shares in related parties		17 512	17 579
		<b>18 697</b>	<b>18 751</b>
<b>Current assets</b>			
Trade and other receivables		162	124
Other financial assets	3.5.	6 855	9 203
Cash and cash equivalents		2 502	2 552
		<b>9 519</b>	<b>11 879</b>
<b>Total assets</b>		<b>28 216</b>	<b>30 630</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		18 133	18 133
Revaluation reserve		503	503
Retained earnings		7 770	9 239
<b>Total equity</b>		<b>26 406</b>	<b>27 875</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Provisions	3.7.	50	50
Deferred tax liabilities		107	106
		<b>157</b>	<b>156</b>
<b>Current liabilities</b>			
Trade and other liabilities		181	115
Current tax liabilities		8	1
Other financial liabilities	3.8.	1 464	2 483
		<b>1 653</b>	<b>2 599</b>
<b>Total liabilities</b>		<b>1 810</b>	<b>2 755</b>
<b>Total equity and liabilities</b>		<b>28 216</b>	<b>30 630</b>

The separate financial statements are to be read in conjunction with the notes forming part of the separate financial statements set out on pages 8-12.

Separate statement of changes in equity

	Share capital	Revaluation reserve	Retained earnings	Total equity
(unaudited)				
01/01/2017	18 133	503	9 239	27 875
Net profit	-	-	36	36
<b>Total net comprehensive income</b>	-	-	<b>36</b>	<b>36</b>
Dividends	-	-	(1 505)	(1 505)
<b>30/09/2017</b>	<b>18 133</b>	<b>503</b>	<b>7 770</b>	<b>26 406</b>
(unaudited)				
01/01/2016	18 133	503	10 193	28 829
Net profit	-	-	40	40
<b>Total net comprehensive income</b>	-	-	<b>40</b>	<b>40</b>
Dividends	-	-	(1 001)	(1 001)
<b>30/09/2016</b>	<b>18 133</b>	<b>503</b>	<b>9 232</b>	<b>27 868</b>

The separate financial statements are to be read in conjunction with the notes forming part of the separate financial statements set out on pages 8-12.

Separate statement of cash flows

	9 MONTHS ENDED 30/09/2017 (unaudited)	3 MONTHS ENDED 30/09/2017 (unaudited)	9 MONTHS ENDED 30/09/2016 (unaudited)	3 MONTHS ENDED 30/09/2016 (unaudited)
<b>Cash flows from operating activities</b>				
<b>Profit before tax</b>	<b>45</b>	<b>20</b>	<b>51</b>	<b>12</b>
Adjustments for:				
Foreign exchange (gain)/loss	18	4	(1)	-
Interest and dividends, net	(135)	(21)	(66)	(15)
(Profit)/Loss on investing activities	53	(14)	3	3
Change in working capital	(8)	(19)	(45)	(57)
<i>receivables</i>	(37)	(36)	(29)	(48)
<i>liabilities</i>	29	17	(16)	(9)
Income tax (paid)	(2)	-	8	-
<b>Net cash used in operating activities</b>	<b>(29)</b>	<b>(30)</b>	<b>(50)</b>	<b>(57)</b>
<b>Cash flows from investing activities</b>				
Dividends received	88	-	30	-
Interest received	55	22	43	17
Proceeds/(Outflows) from loans granted	1 361	2 559	(1 170)	(841)
Proceeds/(Outflows) from cash pool assets	972	45	98	(1 260)
Other	-	-	-	1
<b>Net cash from/used in investing activities</b>	<b>2 476</b>	<b>2 626</b>	<b>(1 000)</b>	<b>(2 084)</b>
<b>Cash flows from financing activities</b>				
Proceeds/(Outflows) from cash pool liabilities	(1 018)	161	(109)	(153)
Dividends paid	(1 468)	(1 465)	(969)	(969)
Other	(4)	(1)	(3)	-
<b>Net cash used in financing activities</b>	<b>(2 491)</b>	<b>(1 305)</b>	<b>(1 081)</b>	<b>(1 122)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(44)</b>	<b>1 291</b>	<b>(2 131)</b>	<b>(3 263)</b>
Effect of exchange rate changes on cash and cash equivalents	(6)	(2)	-	(2)
Cash and cash equivalents, beginning of the period	2 552	1 213	5 435	6 569
<b>Cash and cash equivalents, end of the period</b>	<b>2 502</b>	<b>2 502</b>	<b>3 304</b>	<b>3 304</b>

The separate financial statements are to be read in conjunction with the notes forming part of the separate financial statements set out on pages 8-12.

## EXPLANATORY NOTES TO THE QUARTERLY CONDENSED SEPARATE FINANCIAL STATEMENTS

### 1. DESCRIPTION OF THE COMPANY

#### Establishment of the Company

UNIPETROL, a.s. (the "Company", "Unipetrol") 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 (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 30 September 2017 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%
PAULININO LIMITED*	36 313 562	3 631 356 200	20.02%
Investment funds and other minority shareholders	30 794 703	3 079 470 300	16.99%
	<b>181 334 764</b>	<b>18 133 476 400</b>	<b>100%</b>

\* According to the excerpt from the records of the book-entered shares of the Company as of 31 May 2017.

#### Statutory and supervisory bodies

Members of the statutory and supervisory bodies as at 30 September 2017 were as follows:

	Position	Name
<b>Board of Directors</b>	Chairman	Andrzej Mikołaj Modrzejewski
	Vice-chairman	Mirosław Kastelik
	Vice-chairman	Krzysztof Zdziarski
	Member	Tomáš Herink
	Member	Andrzej Kozłowski
	Member	Robert Dominik Małek
<b>Supervisory Board</b>	Chairman	Wojciech Jasiński
	Vice-chairman	Ivan Kočármik
	Member	Grażyna Baka
	Member	Zdeněk Černý
	Member	Jacek Marek Kosuniak
	Member	Zbigniew Leszczyński
	Member	Rafał Maciej Pasięka
	Member	Krzystian Pater

Changes in the Board of Directors during the 9 months ended at 30 September 2017 were as follows:

Position	Name	Change	Date of change
Member	Tomáš Herink	Elected to the office	14 March 2017
Member	Lukasz Piotrowski	The office expired	11 June 2017

Changes in the Supervisory Board during the 9 months ended at 30 September 2017 were as follows:

Position	Name	Change	Date of change
Member	Bogdan Dzudzewicz	Resigned from the office	with effect as of 18 January 2017
Member	Piotr Kearney	Resigned from the office	with effect as of 30 June 2017
Member	Rafał Maciej Pasięka	Elected to the office	with effect as of 7 June 2017
Vice-chairman	Sławomir Jędrzejczyk	Reelected to the office as a member	with effect as of 2 July 2017
Member	Jacek Marek Kosuniak	Elected to the office	with effect as of 2 July 2017
Member	Sławomir Jędrzejczyk	Resigned from the office	with effect as of 29 July 2017



## 2. PRINCIPLES OF PREPARATION OF THE FINANCIAL STATEMENTS

### 2.1. Statement of compliance and general principles of preparation

These condensed separate 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 separate financial statements of the Company as at and for the year ended 31 December 2016.

These condensed separate 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 Company will not be able to continue as a going concern in the foreseeable future.

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

### 2.2. Information concerning the seasonal or cyclical character of the Company's operations in the period presented

The Company does not experience any material seasonal or cyclical character of its operations.

## 3. OTHER NOTES

### 3.1. Revenues

	9 MONTHS ENDED 30/09/2017	3 MONTHS ENDED 30/09/2017	9 MONTHS ENDED 30/09/2016	3 MONTHS ENDED 30/09/2016
Fees for use of lands	87	29	86	29
Other services	22	6	15	5
	<b>109</b>	<b>35</b>	<b>101</b>	<b>34</b>

### 3.2. Operating expenses

#### Cost of sales

	9 MONTHS ENDED 30/09/2017	3 MONTHS ENDED 30/09/2017	9 MONTHS ENDED 30/09/2016	3 MONTHS ENDED 30/09/2016
Cost of services sold	(60)	(20)	(56)	(20)
	<b>(60)</b>	<b>(20)</b>	<b>(56)</b>	<b>(20)</b>

#### Cost by nature

	9 MONTHS ENDED 30/09/2017	3 MONTHS ENDED 30/09/2017	9 MONTHS ENDED 30/09/2016	3 MONTHS ENDED 30/09/2016
External services	(46)	(15)	(42)	(15)
Employee benefits	(59)	(17)	(57)	(21)
Taxes and charges	(14)	(4)	(14)	(5)
Other	(16)	(12)	(14)	(8)
<b>Operating expenses</b>	<b>(135)</b>	<b>(48)</b>	<b>(127)</b>	<b>(49)</b>
Administrative expenses	73	27	70	28
Other operating expenses	2	1	1	1
<b>Cost of sales</b>	<b>(60)</b>	<b>(20)</b>	<b>(56)</b>	<b>(20)</b>

### 3.3. Finance income and finance costs

#### Finance income

	9 MONTHS ENDED 30/09/2017	3 MONTHS ENDED 30/09/2017	9 MONTHS ENDED 30/09/2016	3 MONTHS ENDED 30/09/2016
Interest	37	17	23	11
Dividends received	88	-	30	-
Income from guarantee given	14	5	16	5
Other	-	-	14	14
	<b>139</b>	<b>22</b>	<b>83</b>	<b>30</b>

#### Finance costs

	9 MONTHS ENDED 30/09/2017	3 MONTHS ENDED 30/09/2017	9 MONTHS ENDED 30/09/2016	3 MONTHS ENDED 30/09/2016
Impairment to financial investment in PARAMO, a.s.	(67)	-	-	-
Net foreign exchange loss	(10)	(2)	(2)	(1)
Other	(5)	(1)	(4)	(2)
	<b>(82)</b>	<b>(3)</b>	<b>(6)</b>	<b>(3)</b>

### 3.4. Tax expense

	9 MONTHS ENDED 30/09/2017	3 MONTHS ENDED 30/09/2017	9 MONTHS ENDED 30/09/2016	3 MONTHS ENDED 30/09/2016
Current income tax	(8)	(8)	(2)	-
Deferred income tax	(1)	2	(9)	(2)
	<b>(9)</b>	<b>(6)</b>	<b>(11)</b>	<b>(2)</b>

### 3.5. Other financial assets

	30/09/2017	31/12/2016
Loans granted	192	1 565
Cash pool	6 663	7 638
	<b>6 855</b>	<b>9 203</b>

### 3.6. Retained earnings and dividends

In accordance with appropriate Czech law, dividends can be paid from unconsolidated profits of the parent company. On 7 June 2017 the Annual General Meeting of Unipetrol decided to allocate the amount of CZK 1 505 million for dividend payment (representing CZK 8.30 per each Company's share). The dividend payment date was 7 September 2017.

### 3.7. Provisions

	Non-current		Current		Total	
	30/09/2017	31/12/2016	30/09/2017	31/12/2016	30/09/2017	31/12/2016
Environmental provision	50	50	-	-	50	50
	<b>50</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>50</b>

### 3.8. Other financial liabilities

	30/09/2017	31/12/2016
Cash pool	1 464	2 483
	<b>1 464</b>	<b>2 483</b>

### 3.9. Methods applied in determining fair values (fair value hierarchy)

Methods applied in determining fair value have been described in the separate financial statements as at and for the year ended 31 December 2016 in note 20.3. As compared to the previous reporting period, the Company has not changed valuation methods concerning derivative instruments and investment property.

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, which are directly or indirectly observable (so called Level 2) or unobservable market data (so called Level 3).

	30/09/2017		31/12/2016	
	Level 2	Level 3	Level 2	Level 3
Financial assets				
Investment property	-	1 163	-	1 163

During the 9 months ended 30 September 2017 and year 2016 there were no transfers in the Company between Levels 1, 2 and 3 of the fair value hierarchy.

### 3.10. Guarantees

Based on the Company's request, the bank guarantees relating to the security of customs debt, excise tax at customs offices and other purposes were issued. The total amount of guarantees related to excise tax amounted to CZK 1 909 million as at 30 September 2017 (31 December 2016: CZK 1 936 million) and for other purposes amounted to CZK 104 million (31 December 2016: CZK 82 million).

Furthermore UNIPETROL, a.s. issued a guarantee for the company UNIPETROL RPA, s.r.o. in favour of ČEPRO, a.s. to ensure the excise tax in the amount of CZK 150 million and in favour of UNIPETROL RPA, s.r.o. in the amount of CZK 2 850 million.



**3.14. Changes in Group structure**

**Merger between UNIPETROL RPA, s.r.o. and ČESKÁ RAFINÉRSKÁ, a.s.**

The merger by amalgamation of UNIPETROL RPA, s.r.o. and ČESKÁ RAFINÉRSKÁ, a.s was approved by the companies' General Meetings with legal succession of UNIPETROL RPA, s.r.o. on 21 September 2016. The legal effects of the merger came into force as at 1 January 2017.

In 9 months ended 30 September 2017 there were no other changes in Group structure.

**3.15. Subsequent events after the reporting date**

The Company's management is not aware of any events that have occurred since the end of the reporting period that would have any material impact on the financial statements as at 30 September 2017.

**3.16. Approval of the financial statements**

The foregoing financial report for the period ended 30 September 2017 was authorized for issue by the Board of Directors on 18 October 2017.

Signature of statutory representatives



Andrzej Mikołaj Modrzejewski

Chairman of the Board of Directors



Miroslaw Kastelik

Vice-chairman of the Board of Directors

## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

For shareholders of UNIPETROL, a.s.

Having its registered office at: Na Pankráci 127, 140 00 Praha 4

### Introduction

We have reviewed the accompanying separate statement of financial position of UNIPETROL, a.s. as of 30 September 2017 and the related separate statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Financial Reporting Standards as adopted by European Union and for such internal control as management determines is necessary to enable the preparation of interim financial information that are free from material misstatement, whether due to fraud or error. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of UNIPETROL, a.s. as of 30 September 2017 and of its financial performance and cash flows for the nine-month period then ended in accordance with International Financial Reporting Standards as adopted by European Union.

### Other Matters

Corresponding figures as at 30 June 2016 and 30 September 2016 and for the periods then ended were not subject to review of interim financial information. The separate financial statements of UNIPETROL, a.s. for the year ended 31 December 2016 were audited by another auditor who expressed an unmodified opinion on those statements on 13 March 2017.

In Prague on 18 October 2017

Audit firm:

Deloitte Audit s.r.o.  
registration no. 079



Statutory auditor:

Martin Tesař  
registration no. 2030

