



UNIPETROL, a.s.
CONSOLIDATED REPORT

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

FOR THE III QUARTER

2014



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**UNAUDITED CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

FOR THE 9 AND 3 MONTH PERIOD ENDED 30 SEPTEMBER

2014 

**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 financial position

	NOTE	30/09/2014 (unaudited)	31/12/2013 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		19 012 713	23 176 695
Investment property		427 198	427 482
Intangible assets		1 800 012	1 747 567
Financial assets available for sale		522	522
Deferred tax assets		1 144 893	258 655
Other non-current assets		31 892	53 226
		22 417 230	25 664 147
Current assets			
Inventories		13 206 090	10 705 258
Trade and other receivables		15 346 905	12 393 157
Other financial assets	5.2.	817 625	48 725
Current tax receivables		50 363	70 095
Cash and cash equivalents		1 133 104	1 116 747
		30 554 087	24 333 982
Total assets		52 971 317	49 998 129
EQUITY AND LIABILITIES			
EQUITY			
Share capital		18 133 476	18 133 476
Statutory reserves		2 701 991	2 643 849
Hedging reserve		105 196	(190 291)
Revaluation reserve		9 897	9 897
Foreign exchange differences on subsidiaries from consolidation		17 572	17 139
Retained earnings		6 483 823	7 694 071
Total equity attributable to equity owners of the parent		27 451 955	28 308 141
Non-controlling interest		(10 503)	(8 913)
Total equity		27 441 452	28 299 228
LIABILITIES			
Non-current liabilities			
Loans, borrowings and debt securities	5.3.	4 000 000	2 000 000
Provisions	5.4.	442 601	433 126
Deferred tax liabilities		214 029	226 309
Other non-current liabilities		185 686	202 335
		4 842 316	2 861 770
Current liabilities			
Trade and other liabilities		16 501 413	17 312 597
Loans, borrowings and debt securities	5.3.	2 838 959	506 631
Current tax liabilities		24 972	18 545
Provisions	5.4.	567 416	541 455
Deferred income		160 552	108 696
Other financial liabilities	5.5.	594 237	349 207
		20 687 549	18 837 131
Total liabilities		25 529 865	21 698 901
Total equity and liabilities		52 971 317	49 998 129

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 8-21.

Consolidated statement of profit or loss and other comprehensive income

	NOTE	FOR 9 MONTHS ENDED 30/09/2014 (unaudited)	FOR 3 MONTHS ENDED 30/09/2014 (unaudited)	FOR 9 MONTHS ENDED 30/09/2013 (unaudited)	FOR 3 MONTHS ENDED 30/09/2013 (unaudited)
Statement of profit or loss					
Revenues	5.6.	95 290 477	34 041 411	74 344 715	24 858 694
Cost of sales	5.7.	(90 844 377)	(31 665 602)	(72 422 851)	(23 941 707)
Gross profit on sales		4 446 100	2 375 809	1 921 864	916 987
Distribution expenses		(1 574 970)	(545 617)	(1 462 837)	(489 060)
Administrative expenses		(940 941)	(319 009)	(866 504)	(275 498)
Other operating income	5.10.	1 496 930	100 573	98 846	33 717
Other operating expenses	5.10.	(5 016 902)	(129 948)	(188 938)	(25 666)
Profit/(loss) from operations		(1 589 783)	1 481 808	(497 569)	160 480
Finance income	5.11.	755 462	594 991	845 871	209 128
Finance costs	5.11.	(1 116 341)	(603 494)	(1 153 486)	(515 022)
Net finance costs		(360 879)	(8 503)	(307 615)	(305 894)
Profit/(loss) before tax		(1 950 662)	1 473 305	(805 184)	(145 414)
Tax expense	5.12.	796 966	(74 159)	99 080	15 728
Net profit/(loss)		(1 153 696)	1 399 146	(706 104)	(129 686)
Other comprehensive income					
items which will be reclassified into profit or loss under certain conditions					
<i>Hedging instruments</i>		364 799	279 417	(400)	53 988
<i>Foreign exchange differences on subsidiaries from consolidation</i>		433	216	14 175	(1 524)
<i>Other</i>		-	-	(3)	-
<i>Deferred tax</i>		(69 312)	(53 089)	80	(10 254)
		295 920	226 544	13 852	42 210
Total net comprehensive income		(857 776)	1 625 690	(692 252)	(87 476)
Net profit/(loss) attributable to equity owners of the parent		(1 153 696)	1 399 146	(706 104)	(129 686)
<i>non-controlling interest</i>		(1 152 106)	1 399 100	(703 976)	(128 578)
		(1 590)	46	(2 128)	(1 108)
Total comprehensive income attributable to equity owners of the parent		(857 776)	1 625 690	(692 252)	(87 476)
<i>non-controlling interest</i>		(856 186)	1 625 644	(690 124)	(86 368)
		(1 590)	46	(2 128)	(1 108)
Net profit/(loss) and diluted net profit/(loss) per share attributable to equity owners of the parent (in CZK per share)		(6,35)	7,72	(3,89)	(0,72)

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 8-21.

Consolidated statement of cash flows

	FOR 9 MONTHS ENDED 30/09/2014 (unaudited)	FOR 3 MONTHS ENDED 30/09/2014 (unaudited)	FOR 9 MONTHS ENDED 30/09/2013 (unaudited, restated*)	FOR 3 MONTHS ENDED 30/09/2013 (unaudited, restated*)
Cash flows - operating activities				
Net profit/(loss)	(1 153 696)	1 399 146	(706 104)	(129 686)
Adjustments for:				
Depreciation and amortisation	1 758 398	500 497	1 773 468	576 222
Foreign exchange (gain)/loss	(12 124)	(11 979)	(765)	(631)
Interest and dividends, net	82 936	25 335	188 690	62 444
(Profit)/Loss on investing activities	4 320 107	(387 968)	(24 129)	470 403
Change in provisions	712 104	164 664	596 861	113 788
Tax expense	(796 966)	74 159	(99 080)	(15 728)
Income tax (paid)	(89 906)	(6 323)	(169 981)	(79 230)
Gain on bargain purchase	(1 185 693)	-	-	-
Other adjustments	(500 212)	(133 477)	(178 529)	(62 611)
Change in working capital	(5 850 744)	(1 387 897)	(3 001 119)	570 687
<i>inventories</i>	(2 339 289)	(984 838)	(1 022 378)	(952 090)
<i>receivables</i>	(2 289 917)	1 109 248	(1 189 044)	489 265
<i>liabilities</i>	(1 221 538)	(1 512 307)	(789 697)	1 033 512
Net cash provided by/(used in) operating activities	(2 715 796)	236 157	(1 620 688)	1 505 658
Cash flows - investing activities				
Acquisition of property, plant and equipment and intangible assets	(1 489 525)	(669 492)	(1 044 450)	(381 214)
Disposal of property, plant and equipment and intangible assets	6 098	610	27 106	7 749
Acquisition of share in Česká rafinérská	(547 182)	-	-	-
Cash acquired in acquisition of share in Česká rafinérská	140 991	-	-	-
Settlement of financial derivatives	370 892	431 905	(54 207)	(375 858)
Proceeds/(Outflows) from loans granted	29 172	11 281	21 861	11 184
Other	(31 968)	(5 553)	(18 951)	603
Net cash used in investing activities	(1 521 522)	(231 249)	(1 068 641)	(737 536)
Cash flows - financing activities				
Proceeds/(Outflows) from loans and borrowings	4 313 375	280 185	1 221 115	(39 385)
Proceeds/(Outflows) from cash pool liabilities	(666)	(11 853)	(173 847)	(342 171)
Interest paid	(67 517)	(24 490)	(25 601)	(2 468)
Payments of liabilities under finance lease agreements	(1 056)	(278)	(2 882)	(255)
Dividends paid to non-controlling shareholders	(43)	-	-	-
Other	(3 331)	(3 152)	1 457	1 456
Net cash provided by/(used in) financing activities	4 240 762	240 412	1 020 242	(382 822)
Net increase/(decrease) in cash and cash equivalents	3 444	245 320	(1 669 087)	385 300
Effect of exchange rate changes	12 913	11 553	18 437	(1 146)
Cash and cash equivalents, beginning of the period	1 116 747	876 231	3 074 487	1 039 683
Cash and cash equivalents, end of the period	1 133 104	1 133 104	1 423 837	1 423 837

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 8-21.

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

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 2014	18 133 476	2 643 849	(190 291)	17 139	9 897	7 694 071	28 308 141	(8 913)	28 299 228
Net loss	-	-	-	-	-	(1 152 106)	(1 152 106)	(1 590)	(1 153 696)
Items of other comprehensive income	-	-	295 487	433	-	-	295 920	-	295 920
Total net comprehensive income	-	-	295 487	433	-	(1 152 106)	(856 186)	(1 590)	(857 776)
Allocation of profit	-	58 142	-	-	-	(58 142)	-	-	-
30 September 2014	18 133 476	2 701 991	105 196	17 572	9 897	6 483 823	27 451 955	(10 503)	27 441 452
(unaudited)									
1 January 2013	18 133 476	2 584 286	(16 510)	(9 644)	68 023	9 091 741	29 851 372	(7 031)	29 844 341
Net loss	-	-	-	-	-	(703 976)	(703 976)	(2 128)	(706 104)
Items of other comprehensive income	-	-	(324)	14 175	(58 126)	58 127	13 852	-	13 852
Total net comprehensive income	-	-	(324)	14 175	(58 126)	(645 849)	(690 124)	(2 128)	(692 252)
Allocation of profit	-	59 108	-	-	-	(59 108)	-	-	-
30 September 2013	18 133 476	2 643 394	(16 834)	4 531	9 897	8 386 784	29 161 248	(9 159)	29 152 089

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 8-21.

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 30 September 2014 are as follows:

POLSKI KONCERN NAFTOWY ORLEN S.A.	63 %
Investment funds and other minority shareholders	37 %

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 2013. There were no changes in the structure of the Group in the period ended at 30 September 2014 except the issues mentioned below.

On 31 January 2014 UNIPETROL, a.s. acquired from Shell Overseas Investments B.V. 152 701 shares of ČESKÁ RAFINÉRSKÁ, a.s. amounting to 16,335% of the Česká rafinérská's share capital. As a result of the transaction Unipetrol's stake on the Česká rafinérská's share capital has increased from 51,22% to 67,55%.

On 3 July 2014 UNIPETROL, a.s. exercised its pre-emptive right and accepted the offer from Eni International B.V., based on which Unipetrol will acquire 303 301 shares of ČESKÁ RAFINÉRSKÁ, a.s. amounting to 32,445% of the Česká rafinérská's share capital. After completion of the transaction expected at the beginning of 2015, subject to obtaining relevant merger clearances, Unipetrol will increase its stake on the Česká rafinérská's share capital from 67,555% to 100% and will become a sole shareholder of Česká rafinérská.

Statutory and supervisory bodies

Members of the statutory and supervisory bodies as at 30 September 2014 were as follows:

	Position	Name
Board of Directors	Chairman	Marek Świtajewski
	Vice-chairman	Piotr Wielowieyski
	Member	Martin Durčák
	Member	Mirosław 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 Dzdźewicz

Changes in the board of directors in the 9 month period ended at 30 September 2014 were as follows:

Position	Name	Change	Date of change
Member	Artur Paździor	Resigned	30 April 2014
Member	Lukasz Piotrowski	Elected into the office	11 June 2014

Changes in the supervisory board during the year 2014 were as follows:

Position	Name	Change	Date of change
Member	Dariusz Jacek Krawiec	Re-elected into the office	01 July 2014
Member	Piotr Kearney	Re-elected into the office	01 July 2014
Member	Sławomir Jędrzejczyk	Re-elected into the office	01 July 2014

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

A Statement of compliance and general principles of preparation

The consolidated financial statements of the Company for the period ended at 30 September 2014 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 2013.

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, are prepared on the accrual basis of accounting.

B Applied accounting principles and IFRS amendments

These interim condensed consolidated financial statements were prepared according to accounting policies described in note 3 in the consolidated financial statements of the Group as at and for the year ended 31 December 2013, taking into account new standards effective for annual periods beginning on 1 January 2014: IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosures of Interests in Other Entities, and amendments to existing standards including IAS 27 Separate Financial Statements and IAS 28 – Investments in Associates and Joint Ventures.

The application of IFRS 11 Joint Arrangements did not have an impact on the consolidated financial statements, since the assessment of the joint arrangements under this standard has not resulted in a change of the accounting treatment of existing joint arrangements.

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 2013.

Starting from 1 January 2014 the Group applied hedge accounting in relation to commodity swaps on crude oil. The accounting principles were applied in accordance with the note 3.5.26.5 Hedge accounting presented in the consolidated financial statements of the Group as at and for the year ended 31 December 2013. Consequently, the result of commodity swaps settlement is included in operating part of the statement of profit or loss and other comprehensive income, not financial part as previously. In accordance with IFRSs the change was applied prospectively.

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 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 9 and 3 months of 2013 as well as at 31 December 2013. Detailed information is presented in note 4.

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 2013.

C Functional and presentation currency

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

D Information on seasonality and cyclicity of Group's operations

The Group does not report any material seasonal or cyclical character of its operation in the 9 month period ended 30 September 2014.

3. CHANGES IN DISCLOSURE OF COMPARATIVE PERIOD

The Group has changed the disclosure in respect of selected data in the comparative period of the consolidated financial statements to ensure consistent approach with data presentation in the consolidated financial statements of the Group as at and for the year ended 31 December 2013. The changes were incorporated in presentation of certain positions in financial statements to provide users of financial statements with better information concerning operations of the Group. In addition, the names of certain items in financial statements have been changed.

The changes incorporated in the consolidated statement of cash flows were connected with change in presentation of assets held for sale as at 31 December 2013.

As at 31 December 2012 following the intention of UNIPETROL, a.s.'s management to sell 100% shares in PARAMO, a.s. and PARAMO, a.s.'s 100% shareholding in MOGUL SLOVAKIA s.r.o and 100% shareholding in Paramo Oil s.r.o. the Group presented assets and liabilities of these subsidiaries as disposal group held for sale.

3. CHANGES IN DISCLOSURE OF COMPARATIVE PERIOD (CONTINUED)

Additionally in 2012 an impairment charge of CZK 315 848 thousand was recorded to the carrying amount of the disposal group. In 2013 financial statements, following the Group's management decision to change the status of the assets to no longer held for sale, the Group ceased to present assets and liabilities of PARAMO, a.s and its subsidiaries as disposal group and restated the comparative financial statements in accordance with requirements of IFRS 5 *Non-current assets held for sale and discontinued operations*. Impact of the change is disclosed under point 1 on following page under *presentation of assets and liabilities held for sale*.

The Group has changed the disclosure in respect of selected data in the comparative period of the consolidated statement of cash flows to ensure a consistent approach with the data presentation in 2014, based on changes in the level of detail of presentation adopted in second half of 2013. Particular items from the consolidated statement of cash flows were grouped into condensed categories. The impact is disclosed in the table below under point 2 *changes in detail of presentation of assets / liabilities*. The Management believes that the current level of detail of disclosures provides readers of the financial statements with a better means of presenting the information.

The changes in the consolidated statement of cash flows for the 9 months period ended 30 September 2013 are presented in the following table:

	previously stated	presentation of assets and liabilities held for sale (1)	changes in detail of presentation of assets / liabilities (2)	FOR 9 MONTHS ENDED 30/09/2013 (unaudited, restated)
Cash flows - operating activities				
Net profit/(loss)	(706 104)	-	-	(706 104)
Adjustments for:				
Depreciation and amortisation	1 773 468			1 773 468
Foreign exchange (gain)/loss	(765)			(765)
Interest and dividends, net	188 690			188 690
(Profit)/Loss on investing activities	(24 129)			(24 129)
Change in provisions	596 861			596 861
Tax expense	(99 080)			(99 080)
Income tax (paid)	(169 981)			(169 981)
Other adjustments	(183 786)	5 257		(178 529)
Change in working capital	(3 001 119)	-	-	(3 001 119)
<i>inventories</i>	(1 022 378)			(1 022 378)
<i>receivables</i>	(1 189 044)			(1 189 044)
<i>liabilities</i>	(789 697)			(789 697)
Net cash provided by/(used in) operating activities	(1 625 945)	5 257	-	(1 620 688)
Cash flows - investing activities				
Acquisition of property, plant and equipment and intangible assets	(1 044 450)			(1 044 450)
Disposal of property, plant and equipment and intangible assets	27 106			27 106
Proceeds/(Outflows) from loans granted	23 748		(1 887)	21 861
Settlement of financial derivatives	-		(54 207)	(54 207)
Other	(75 045)		56 094	(18 951)
Net cash provided by/(used in) investing activities	(1 068 641)	-	-	(1 068 641)
Cash flows - financing activities				
Proceeds/(Outflows) from loans and borrowings	-		1 221 115	1 221 115
Proceeds/(Outflows) from cash pool liabilities	-		(173 847)	(173 847)
Proceeds from loans and borrowings	1 842 007		(1 842 007)	-
Repayments of loans and borrowings	(620 892)		620 892	-
Interest paid	(20 790)		(4 811)	(25 601)
Payments of liabilities under finance lease agreements	(2 882)			(2 882)
Other	(177 201)		178 658	1 457
Net cash provided by/(used in) financing activities	1 020 242	-	-	1 020 242
Net increase/(decrease) in cash and cash equivalents	(1 674 344)	5 257	-	(1 669 087)
Effect of exchange rate changes	18 437			18 437
Cash and cash equivalents, beginning of the period	3 058 211	16 276		3 074 487
Cash and cash equivalents, end of the period	1 402 304	21 533	-	1 423 837

3. CHANGES IN DISCLOSURE OF COMPARATIVE PERIOD (CONTINUED)

The changes in the consolidated statement of cash flows for the 3 months period ended 30 September 2013 are presented in the following table:

previously stated	presentation of as assets and liabilities held for sale (1)	changes in detail of presentation of assets / liabilities (2)	FOR 3 MONTHS ENDED 30/09/2013 (unaudited, restated)
Cash flows - operating activities			
Net profit/(loss)	(129 686)		(129 686)
Adjustments for:			
Depreciation and amortisation	576 222		576 222
Foreign exchange (gain)/loss	(631)		(631)
Interest and dividends, net	62 444		62 444
(Profit)/Loss on investing activities	470 403		470 403
Change in provisions	113 788		113 788
Tax expense	(15 728)		(15 728)
Income tax (paid)	(79 230)		(79 230)
Other adjustments	(41 987)	(20 624)	(62 611)
Change in working capital	570 687	-	570 687
<i>inventories</i>	(952 090)		(952 090)
<i>receivables</i>	489 265		489 265
<i>liabilities</i>	1 033 512		1 033 512
Net cash provided by/(used in) operating activities	1 526 282	(20 624)	1 505 658
Cash flows - investing activities			
Acquisition of property, plant and equipment and intangible assets	(381 214)		(381 214)
Disposal of property, plant and equipment and intangible assets	7 749		7 749
Proceeds/(Outflows) from loans granted	11 184		11 184
Settlement of financial derivatives	-	(375 858)	(375 858)
Other	(375 255)	375 858	603
Net cash provided by/(used in) investing activities	(737 536)	-	(737 536)
Cash flows - financing activities			
Proceeds/(Outflows) from loans and borrowings	-	(39 385)	(39 385)
Proceeds/(Outflows) from cash pool liabilities	-	(342 171)	(342 171)
Proceeds from loans and borrowings	437 557	(437 557)	-
Repayments of loans and borrowings	(476 941)	476 941	-
Interest paid	2 343	(4 811)	(2 468)
Payments of liabilities under finance lease agreements	(255)		(255)
Other	(345 526)	346 983	1 457
Net cash provided by/(used in) financing activities	(382 822)	-	(382 822)
Net increase/(decrease) in cash and cash equivalents	405 924	(20 624)	385 300
Effect of exchange rate changes	(1 146)		(1 146)
Cash and cash equivalents, beginning of the period	997 526	42 157	1 039 683
Cash and cash equivalents, end of the period	1 402 304	21 533	1 423 837

4. SEGMENT REPORTING

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 comprises trade in refinery products and secondary logistics,

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 2013.

Revenues and operating result by operating segments for the 9 month period ended 30 September 2014

	Downstream segment	Retail segment	Corporate functions	Adjustments	Total
Total external revenues	86 749 928	8 476 817	63 732	-	95 290 477
Transactions with other segments	7 455 309	180 524	417 715	(8 053 548)	-
Total segment revenue	94 205 237	8 657 341	481 447	(8 053 548)	95 290 477
Operating expenses	(92 331 643)	(8 516 567)	(565 626)	8 053 548	(93 360 288)
Other operating income	1 442 379	27 322	27 234	(5)	1 496 930
Other operating expenses	(4 993 476)	(21 654)	(1 777)	5	(5 016 902)
Segment operating profit/(loss)	(1 677 503)	146 442	(58 722)	-	(1 589 783)
Net finance costs					(360 879)
Loss before tax					(1 950 662)
Tax expense					796 966
Net loss					(1 153 696)

for the 3 month period ended 30 September 2014

	Downstream segment	Retail segment	Corporate functions	Adjustments	Total
Total external revenues	30 899 230	3 120 920	21 261	-	34 041 411
Transactions with other segments	2 719 217	71 958	146 610	(2 937 785)	-
Total segment revenue	33 618 447	3 192 878	167 871	(2 937 785)	34 041 411
Operating expenses	(32 157 753)	(3 120 192)	(190 068)	2 937 785	(32 530 228)
Other operating income	81 026	17 608	1 939	-	100 573
Other operating expenses	(126 250)	(3 028)	(670)	-	(129 948)
Segment operating profit/(loss)	1 415 471	87 266	(20 929)	-	1 481 808
Net finance costs					(8 503)
Profit before tax					1 473 305
Tax expense					(74 159)
Net profit					1 399 146

for the 9 month period ended 30 September 2013

	Downstream segment (restated)	Retail segment	Corporate functions	Adjustments (restated)	Total
Total external revenues	66 447 761	7 849 263	47 691	-	74 344 715
Transactions with other segments	6 847 160	157 937	405 141	(7 410 238)	-
Total segment revenue	73 294 921	8 007 200	452 832	(7 410 238)	74 344 715
Operating expenses	(73 717 575)	(7 909 235)	(535 620)	7 410 238	(74 752 192)
Other operating income	71 639	16 594	10 726	(113)	98 846
Other operating expenses	(164 356)	(20 509)	(4 186)	113	(188 938)
Segment operating profit/(loss)	(515 372)	94 051	(76 248)	-	(497 569)
Net finance costs					(307 615)
Loss before tax					(805 184)
Tax expense					99 080
Net loss					(706 104)

for the 3 month period ended 30 September 2013

	Downstream segment (restated)	Retail segment	Corporate functions	Adjustments (restated)	Total
Total external revenues	21 923 524	2 926 236	8 934	-	24 858 694
Transactions with other segments	2 510 402	56 117	121 864	(2 688 383)	-
Total segment revenue	24 433 926	2 982 353	130 798	(2 688 383)	24 858 694
Operating expenses	(24 325 288)	(2 897 436)	(171 924)	2 688 383	(24 706 264)
Other operating income	21 772	6 875	5 178	(108)	33 717
Other operating expenses	(9 248)	(15 732)	(794)	108	(25 666)
Segment operating profit/(loss)	121 162	76 060	(36 742)	-	160 480
Net finance costs					(305 894)
Loss before tax					(145 414)
Tax expense					15 728
Net loss					(129 686)

4. SEGMENT REPORTING (CONTINUED)

Assets by operating segments

	30/09/2014	31/12/2013 (restated)
Downstream	44 026 836	42 356 757
Retail segment	6 095 996	6 021 201
Segment assets	50 122 832	48 377 958
Corporate functions	2 848 485	1 620 171
	52 971 317	49 998 129

for the 9 month period ended 30 September 2013 - published data for the III quarter 2013

	Refining segment	Retail segment	Petrochemical segment	Corporate functions	Adjustments	Total
Total external revenues	40 051 536	7 849 263	26 396 225	47 691	-	74 344 715
Transactions with other segments	16 326 894	157 937	1 364 582	405 141	(18 254 554)	-
Total segment revenue	56 378 430	8 007 200	27 760 807	452 832	(18 254 554)	74 344 715
Operating expenses	(57 555 266)	(7 909 235)	(27 006 625)	(535 620)	18 254 554	(74 752 192)
Other operating income	30 593	16 594	41 046	10 726	(113)	98 846
Other operating expenses	(23 458)	(20 509)	(140 898)	(4 186)	113	(188 938)
Segment operating profit/(loss)	(1 169 701)	94 051	654 329	(76 248)	-	(497 569)
Net finance costs						(307 615)
Loss before tax						(805 184)
Tax expense						99 080
Net loss						(706 104)

for the 3 month period ended 30 September 2013 - published data for the III quarter 2013

	Refining segment	Retail segment	Petrochemical segment	Corporate functions	Adjustments	Total
Total external revenues	13 653 533	2 926 236	8 269 991	8 934	-	24 858 694
Transactions with other segments	5 356 672	56 117	420 389	121 864	(5 955 042)	-
Total segment revenue	19 010 205	2 982 353	8 690 380	130 798	(5 955 042)	24 858 694
Operating expenses	(19 088 982)	(2 897 436)	(8 502 965)	(171 924)	5 955 042	(24 706 265)
Other operating income	11 971	6 875	9 801	5 178	(108)	33 717
Other operating expenses	(7 049)	(15 732)	(2 199)	(794)	108	(25 666)
Segment operating profit/(loss)	(73 855)	76 060	195 017	(36 742)	-	160 480
Net finance costs						(305 894)
Loss before tax						(145 414)
Tax expense						15 728
Net loss						(129 686)

Impact of new segment division on data presented in the III quarter 2013 and as at 31 December 2013

for the 9 month period ended 30 September 2013

	Downstream segment	Refining segment	Petrochemical segment	Retail segment	Corporate functions	Adjustments	Total
Total external revenues	66 447 761	(40 051 536)	(26 396 225)	-	-	-	-
Transactions with other segments	6 847 160	(16 326 894)	(1 364 582)	-	-	10 844 316	-
Total segment revenue	73 294 921	(56 378 430)	(27 760 807)	-	-	10 844 316	-
Operating expenses	(73 717 575)	57 555 266	27 006 625	-	-	(10 844 316)	-
Other operating income	71 639	(30 593)	(41 046)	-	-	-	-
Other operating expenses	(164 356)	23 458	140 898	-	-	-	-
Segment operating profit/(loss)	(515 372)	1 169 701	(654 329)	-	-	-	-
Net finance costs							-
Loss before tax							-
Tax expense							-
Net loss							-

for the 3 month period ended 30 September 2013

	Downstream segment	Refining segment	Petrochemical segment	Retail segment	Corporate functions	Adjustments	Total
Total external revenues	21 923 524	(13 653 533)	(8 269 991)	-	-	-	-
Transactions with other segments	2 510 402	(5 356 672)	(420 389)	-	-	3 266 659	-
Total segment revenue	24 433 926	(19 010 205)	(8 690 380)	-	-	3 266 659	-
Operating expenses	(24 325 288)	19 088 982	8 502 965	-	-	(3 266 659)	-
Other operating income	21 772	(11 971)	(9 801)	-	-	-	-
Other operating expenses	(9 248)	7 049	2 199	-	-	-	-
Segment operating profit/(loss)	121 162	73 855	(195 017)	-	-	-	-
Net finance costs							-
Loss before tax							-
Tax expense							-
Net loss							-

4. SEGMENT REPORTING (CONTINUED)

Assets by operating segments

	31/12/2013 published	impact of change in segment division	31/12/2013 after change in segment division
Refining segment	20 074 340	(20 074 340)	-
Petrochemical segment	22 547 053	(22 547 053)	-
Downstream	-	42 356 757	42 356 757
Retail segment	6 021 201	-	6 021 201
Segment assets	48 642 594	(264 636)	48 377 958
Corporate functions	1 355 535	264 636	1 620 171
	49 998 129	-	49 998 129

5. OTHER NOTES

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

Acquisition of 16,335% stake in Česká rafinérská from Shell

On 31 January 2014 UNIPETROL, a.s. ("Unipetrol") completed the transaction of the acquisition of 152 701 shares of ČESKÁ RAFINÉRSKÁ, a.s. ("Česká rafinérská") amounting to 16,335% of the Česká rafinérská's share capital from Shell Overseas Investments B.V. ("Shell") following the conclusion of a share purchase agreement on 7 November 2013. The acquisition price for the shares in amount of USD 27,2 million was settled in cash. The transaction was an opportunistic acquisition fully in line with Unipetrol Group Strategy 2013-2017 announced in June 2013 and supporting its execution thanks to: increasing the security of petrochemical feedstock supplies, faster implementation of Operational Excellence initiatives and strengthening long-term presence on the Czech market.

Based on the completion of the transaction Unipetrol's stake on the Česká rafinérská's share capital has increased from 51,22% to 67,555%.

Unipetrol based on the principles of control and joint control set out in IFRSs treats its investment in Česká rafinérská joint operations. Contractual arrangements between the shareholders require unanimous consent of all shareholders in case of certain decisions of significant importance for the relevant activities of the entity.

As a result of the settlement of the transaction Unipetrol recognized in the consolidated statement of profit or loss and other comprehensive income a gain on bargain purchase (a result of the excess of fair value of net assets purchased by Unipetrol over the price paid) in amount of CZK 1 185 692 thousand. The result was calculated in line with the accounting principles described under point 3.5.1 Business combinations and 3.5.6.1 Goodwill in Group accounting principles and policies included in the consolidated financial statements of the Group as at and for the year ended 31 December 2013 based on the financial data of ČESKÁ RAFINÉRSKÁ, a.s. used for UNIPETROL Group consolidation purposes as at 31 January 2014.

The recognition of the amount above was preceded by the verification of completeness and accuracy of the values of the identified assets and liabilities purchased as part of the transaction and determining the fair value of identified assets and liabilities.

The fair value of identifiable assets and liabilities of ČESKÁ RAFINÉRSKÁ, a.s. as at the acquisition day:

	Book value as at the acquisition day	Adjustments to fair value	Fair value
Non-current assets	8 055 910	(116 977)	7 938 933
Current assets	7 095 492	1 224 863	8 320 355
Total assets	15 151 402	1 107 886	16 259 288
Non-current liabilities	80 402	-	80 402
Current liabilities	5 570 359	-	5 570 359
Total liabilities	5 650 761	-	5 650 761
Identifiable net assets at fair value	9 500 641	1 107 886	10 608 526
Share acquired			16,335%
Share on identifiable net assets at fair value			1 732 874
Cash paid/outflows on acquisition of shares			(547 182)
Gain on bargain purchase			1 185 692

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.

5.1. Acquisition of additional stakes in ČESKÁ RAFINÉRSKÁ, a.s (continued)

After completion of the Transaction expected at the beginning of 2015, subject to obtaining relevant merger clearances, Unipetrol will increase its stake on the Česká rafinérská's share capital from 67,555% to 100% and will become a sole shareholder of Česká rafinérská. The merger clearance for the transaction was already obtained in Austria; merger clearance in the Czech Republic is still pending as the merger clearance proceedings was moved in the so called Phase 2.

Unipetrol currently treats its investment in Česká rafinérská as joint operations. After obtaining relevant merger clearances and completion of the Transaction, Unipetrol based on regulations included in International Financial Reporting Standards would obtain control over Česká rafinérská and would adopt full method of consolidation.

As at the date of authorizing these consolidated financial statements for publication the impact of the Transaction is not known. It will be recognized in the consolidated financial statements of Unipetrol at the date on which Unipetrol will obtain control over Česká rafinérská (the acquisition date) and will depend on the fair value of the identifiable assets and liabilities on that day.

The impact will be calculated based on the accounting principles described under point 3.5.1 Business combinations and 3.5.6.1 Goodwill in Group accounting principles and policies presented in consolidated financial statements of the Group as at and for the year ended 31 December 2013.

5.2. Other financial assets

	30/09/2014		31/12/2013	
Cash flow hedge instruments		632 498		10 892
<i>currency forwards</i>		20 337		10 892
<i>commodity swaps</i>		612 161		-
Derivatives not designated as hedge accounting		132 385		18 419
<i>currency forwards</i>		62 013		36
<i>commodity swaps</i>		70 372		18 383
Loans granted		5 691		7 196
Cash pool		47 051		12 218
		817 625		48 725

5.3. Loans, borrowings and debt securities

	Non-current		Current		Total	
	30/09/2014	31/12/2013	30/09/2014	31/12/2013	30/09/2014	31/12/2013
Loans	-	-	2 816 056	504 781	2 816 056	504 781
Borrowings	4 000 000	2 000 000	22 903	1 850	4 022 903	2 001 850
	4 000 000	2 000 000	2 838 959	506 631	6 838 959	2 506 631

5.4. Provisions

	Non-current		Current		Total	
	30/09/2014	31/12/2013	30/09/2014	31/12/2013	30/09/2014	31/12/2013
Environmental	345 126	339 854	-	-	345 126	339 854
Jubilee bonuses and post-employment benefits	61 546	57 343	-	-	61 546	57 343
Shield programs	-	-	296	-	296	-
CO ₂ emission	-	-	497 537	513 569	497 537	513 569
Other	35 929	35 929	69 583	27 886	105 512	63 815
	442 601	433 126	567 416	541 455	1 010 017	974 581

Provision on CO₂ allowances was created for estimated CO₂ emissions in the period ended 30 September 2014 and 31 December 2013.

5.5. Other financial liabilities

	30/09/2014		31/12/2013	
Cash flow hedge instruments		502 624		245 817
<i>currency forwards</i>		502 624		245 817
Derivatives not designated as hedge accounting		59 183		70 449
<i>currency forwards</i>		-		3 704
<i>commodity swaps</i>		59 183		66 745
Cash pool		32 430		32 941
		594 237		349 207

5.6. Revenues

	FOR 9 MONTHS ENDED 30/09/2014	FOR 3 MONTHS ENDED 30/09/2014	FOR 9 MONTHS ENDED 30/09/2013	FOR 3 MONTHS ENDED 30/09/2013
Revenues from sales of finished goods and services, net	90 644 521	32 477 278	68 847 015	22 438 583
Revenues from sales of merchandise and raw materials, net	4 645 956	1 564 133	5 497 700	2 420 111
	95 290 477	34 041 411	74 344 715	24 858 694

5.7. Operating expenses

Cost of sales

	FOR 9 MONTHS ENDED 30/09/2014	FOR 3 MONTHS ENDED 30/09/2014	FOR 9 MONTHS ENDED 30/09/2013	FOR 3 MONTHS ENDED 30/09/2013
Cost of finished goods and services sold	(86 491 818)	(30 241 854)	(67 102 043)	(21 611 089)
Cost of merchandise and raw materials sold	(4 352 559)	(1 423 748)	(5 320 808)	(2 330 618)
	(90 844 377)	(31 665 602)	(72 422 851)	(23 941 707)

Cost by nature

	FOR 9 MONTHS ENDED 30/09/2014	FOR 3 MONTHS ENDED 30/09/2014	FOR 9 MONTHS ENDED 30/09/2013	FOR 3 MONTHS ENDED 30/09/2013
Materials and energy	(79 236 556)	(27 873 992)	(59 619 104)	(19 920 128)
Cost of merchandise and raw materials sold	(4 352 559)	(1 423 748)	(5 320 808)	(2 330 618)
External services	(5 854 130)	(2 028 343)	(5 554 180)	(1 846 556)
Employee benefits	(1 842 055)	(595 674)	(1 805 738)	(558 397)
Depreciation and amortisation	(1 758 398)	(500 497)	(1 773 468)	(576 222)
Taxes and charges	(289 647)	(92 343)	(261 667)	(64 726)
Other	(5 274 319)	(229 333)	(409 694)	(102 874)
	(98 607 664)	(32 743 930)	(74 744 458)	(25 399 521)
Change in inventories	230 466	83 749	(196 673)	667 589
Cost of products and services for own use	8	5	3	1
Operating expenses	(98 377 190)	(32 660 176)	(74 941 128)	(24 731 931)
Distribution expenses	1 574 970	545 617	1 462 837	489 060
Administrative expenses	940 941	319 009	866 504	275 498
Other operating expenses	5 016 902	129 948	188 938	25 666
Cost of sales	(90 844 377)	(31 665 602)	(72 422 851)	(23 941 707)

5.8. Write down of inventories to net realisable value

	FOR 9 MONTHS ENDED 30/09/2014	FOR 3 MONTHS ENDED 30/09/2014	FOR 9 MONTHS ENDED 30/09/2013	FOR 3 MONTHS ENDED 30/09/2013
Increase	(234 319)	(2 149)	(281 101)	(134 686)
Decrease	237 576	52 590	261 579	58 095

5.9. Impairment allowances on assets

	FOR 9 MONTHS ENDED 30/09/2014	FOR 3 MONTHS ENDED 30/09/2014	FOR 9 MONTHS ENDED 30/09/2013	FOR 3 MONTHS ENDED 30/09/2013
Property, plant and equipment				
Recognition	(4 754 975)	(115 980)	(98 041)	(15 000)
Reversal	55 694	34 307	5 840	2 313
Intangible assets				
Recognition	(95 719)	(1 546)	(86)	-
Reversal	1 336	-	-	-
Receivables				
Recognition	(11 039)	(3 766)	(1 667)	(558)
Reversal	22 962	1 540	4 257	2 210

Impairment allowances recognitions and reversals were recorded in relation to overdue receivables, uncollectable receivables or receivables in court.

Impairment of non-current assets

The impairment indicators identified by the Unipetrol Group in accordance with International Accounting Standard 36 "Impairment of assets" as at 30 June 2014 continued to exist as at 30 September 2014.

In a consequence as at 30 September 2014 additional impairment allowance of CZK 117 010 thousand was recognized in relation to non-current assets of the refining CGU. Impairment charges of CZK 115 464 thousand were allocated to plant, property and equipment, and CZK 1 546 thousand to intangible assets and these were recorded in other operating costs.

The impairment charges recognized related to non-current assets of ČESKÁ RAFINÉRSKÁ, a.s. and PARAMO, a.s. in amounts: CZK 110 836 thousand, CZK 6 174 thousand respectively.

As at 30 June 2014 due to existence of indicators triggering impairment testing both of an internal and external character (deterioration of external refinery environment, performance of refining activities below forecasted level in 2013 and in the first half of 2014, surplus of refinery production capacities and increased supply of products, updated macroeconomic assumptions for all CGUs) tests were carried out for all identified CGUs based on updated financial projections for the years 2014-2017.

5.9. Impairment allowances on assets (continued)

Based on the results of the analysis performed as at 30 June 2014 impairment allowance of CZK 4 720 525 thousand was recognized in the period ended 30 June 2014 in relation to non-current assets of the refining CGU. Impairment charges of CZK 4 622 445 thousand were allocated to plant, property and equipment, and CZK 98 080 thousand to intangible assets and these were recorded in other operating costs.

The impairment charges recognized in refining CGU related to non-current assets of the following entities: ČESKÁ RAFINÉRSKÁ, a.s., PARAMO, a.s., UNIPETROL RPA, s.r.o. in amounts: CZK 4 658 106 thousand, CZK 35 711 thousand, CZK 26 708 thousand respectively.

During development of assumptions to impairment tests, the possibility of estimation of the fair value and value in use of individual assets was considered. Lack of number of market transactions for similar assets to those held by the Group which would allow to reliably estimate their fair value makes this method of valuation not possible to implement. As a result, it was concluded that the best estimate of the actual values of individual assets of the Group will be its value in use.

In the UNIPETROL group CGUs are established at the level of operating activities. The recoverable amounts of CGUs were estimated based on their value in use. The analyses were performed based on available projections for the years 2014-2017 adjusted to exclude the impact of capital expenditures enhancing the assets' performance.

The anticipated fixed annual growth rate of cash flows after 2017 year period is assumed at the level of the long term inflation rate for Czech Republic.

For determining the value in use as at given balance sheet date forecasted cash flows are discounted using the discount rates after taxation reflecting the risk levels specific for particular sectors to which the CGU belongs.

The Group's future financial performance is based on a number of factors and assumptions in respect of macroeconomic development, such as foreign exchange rates, commodity prices, interest rates, partially outside the Group's control. The change of these factors and assumptions might influence the Group's financial position, including the results of the impairment tests of non-current assets, and consequently might lead to changes in the financial position and performance of the Group.

The discount rate is calculated as the weighted average cost of capital. The sources of macroeconomic indicators necessary to determine the discount rate were the publications of prof. Aswath Damodaran (source: <http://pages.stern.nyu.edu>) of officially listed government bonds and agencies rating available at 30 June 2014.

The structure of the discount rates applied in the testing for impairment of assets of individual CGUs as at 30 June 2014

	Refining CGU	Petrochemical CGU	Retail CGU
Cost of equity	10,72%	9,10%	9,28%
Cost of debt after tax	3,19%	3,19%	3,19%
Capital structure	66,39%	86,69%	57,40%
Nominal discount rate	7,99%	8,23%	6,43%
Long term inflation rate	1,96%	1,96%	1,96%

Cost of equity is determined by the profitability of the government bonds that are considered to be risk-free, with the level of market and operating segment risk premium (beta).

Cost of debt includes the average level of credit margins and expected market value of money for Czech Republic.

The period of analysis was established on the basis of remaining useful life of the essential assets for the particular CGU.

Periods of analysis adopted for the analysis of the individual CGUs as at 30 June 2014

	30/06/2014
Refining CGU	25
Petrochemical CGU	16
Retail CGU	15

Sensitivity analysis of the value in use as at 30 June 2014

The crucial elements influencing the value in use of assets within individual units responsible for generating cash flows are: operating profit plus depreciation and amortization (known as EBITDA) and the discount rate.

The effects of impairment sensitivity in relation to changes in these factors are presented below.

in CZK million		EBITDA		
change		-5%	0%	5%
DISCOUNT RATE	-0,5 p.p.	increase of impairment	decrease of impairment	decrease of impairment
		191	1 439	2 125
	-0,0 p.p.	increase of impairment	-	decrease of impairment
		918		2 125
	+0,5 p.p.	increase of impairment	increase of impairment	decrease of impairment
		1 820	76	1 469

Decrease in forecasted EBITDA and increase in discount rate would result in impairment allowances in the petrochemical and retail CGUs.

5.10. Other operating income and expenses

Other operating income

	FOR 9 MONTHS ENDED 30/09/2014	FOR 3 MONTHS ENDED 30/09/2014	FOR 9 MONTHS ENDED 30/09/2013	FOR 3 MONTHS ENDED 30/09/2013
Profit on sale of non-current non-financial assets	5 321	591	12 468	4 725
Reversal of provisions	8 252	8 099	7 280	6 906
Reversal of receivables impairment allowances	22 962	1 540	4 257	2 210
Reversal of impairment allowances of property, plant and equipment and intangible assets	57 030	34 307	5 840	2 313
Penalties and compensations earned	57 493	44 682	31 876	10 671
Other	160 180	11 354	37 125	6 892
Gain on bargain purchase	1 185 692	-	-	-
	1 496 930	100 573	98 846	33 717

The line „gain on bargain purchase” relates to the settlement of ČESKÁ RAFINÉRSKÁ, a.s. shares acquisition - additional information is presented in note 5.1.

In the 9 month period ended 30 September 2014 in the line „Other” the revaluation of receivables from the CO₂ grant is included as an amount of CZK 91 014 thousand. There was no CO₂ grant revaluation receivables booked in 3 month periods ended 30 September 2014 and 30 September 2013.

Other operating expenses

	FOR 9 MONTHS ENDED 30/09/2014	FOR 3 MONTHS ENDED 30/09/2014	FOR 9 MONTHS ENDED 30/09/2013	FOR 3 MONTHS ENDED 30/09/2013
Loss on sale of non-current non-financial assets	(12 497)	(3 428)	(21 935)	(6 186)
Recognition of provisions	(51 596)	(470)	(50 930)	(672)
Recognition of receivables impairment allowances	(11 039)	(3 766)	(1 667)	(558)
Recognition of impairment allowances of property, plant and equipment and intangible assets	(4 850 695)	(117 527)	(98 127)	(15 000)
Other	(91 075)	(4 757)	(16 279)	(3 250)
	(5 016 902)	(129 948)	(188 938)	(25 666)

In the 9 months period ended 30 September 2014 and 30 September 2013 in the line „Other” the CO₂ provision update is included as an amount of CZK 78 042 thousand and CZK 1 280 thousand respectively. There was no CO₂ provision update booked in 3 month periods ended 30 September 2014 and 30 September 2013.

5.11. Finance income and finance costs

Finance income

	FOR 9 MONTHS ENDED 30/09/2014	FOR 3 MONTHS ENDED 30/09/2014	FOR 9 MONTHS ENDED 30/09/2013	FOR 3 MONTHS ENDED 30/09/2013
Interest	35 840	12 742	30 439	10 385
Net foreign exchange gain	-	-	-	198 595
Settlement and valuation of financial instruments	718 999	582 056	813 124	-
Other	623	193	2 308	148
	755 462	594 991	845 871	209 128

Finance costs

	FOR 9 MONTHS ENDED 30/09/2014	FOR 3 MONTHS ENDED 30/09/2014	FOR 9 MONTHS ENDED 30/09/2013	FOR 3 MONTHS ENDED 30/09/2013
Interest	(91 006)	(25 734)	(187 093)	(57 509)
Net foreign exchange loss	(725 785)	(519 719)	(126 309)	-
Settlement and valuation of financial instruments	(271 237)	(47 511)	(812 432)	(448 569)
Other	(28 313)	(10 530)	(27 652)	(8 944)
	(1 116 341)	(603 494)	(1 153 486)	(515 022)

Borrowing cost capitalized in the 9 and 3 month period ended 30 September 2014 and 30 September 2013 amounted to CZK 4 thousand and CZK 1 thousand, as well as CZK 1 034 thousand and CZK 558 thousand, respectively.

5.12. Tax expense

	FOR 9 MONTHS ENDED 30/09/2014	FOR 3 MONTHS ENDED 30/09/2013	FOR 9 MONTHS ENDED 30/09/2013	FOR 3 MONTHS ENDED 30/09/2013
Current income tax	(116 081)	(27 728)	(101 490)	(36 682)
Deferred income tax	913 047	(46 431)	200 570	52 411
	796 966	(74 159)	99 080	15 728

Deferred tax asset of CZK 906 099 thousand was booked in relation to the impairment in the 9 month period ended 30 September 2014.

5.13. Methods applied in determining fair values of financial instruments and non-financial assets recognized in the consolidated statement of financial position at fair value (fair value hierarchy)

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 current year profit or loss.

Derivative instruments presented as financial assets in amount of CZK 764 883 thousand as at 30 September 2014 (CZK 29 311 thousand as at 31 December 2013) and derivative instruments presented as financial liabilities in amount of CZK 561 807 thousand as at 30 September 2014 (CZK 316 266 thousand as at 31 December 2013) belong to Level 2 as defined by IFRS. The carrying amount of remaining financial assets and liabilities approximates their fair value.

In the period ended 30 September 2014 and the comparative period in the Group there were no transfers between Levels 1, 2 and 3.

Investment property

As at 30 September 2014 and 31 December 2013 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 3 defined by IFRS 7.

5.14. Finance lease payments

As at 30 September 2014 and 31 December 2013 the Group was party to finance lease agreements as a lessee related mainly to machinery and equipment as well as means of transportation.

	30/09/2014	31/12/2013
Future minimum lease payments	1 471	2 598
Present value of minimum lease payments	1 451	2 507

5.15. Future liabilities resulting from signed investment contract

As at 30 September 2014 and as at 31 December 2013 the value of future liabilities resulting from signed investment contracts Group amounted to CZK 639 994 thousand and CZK 826 363 thousand.

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 Annual General Meeting of UNIPETROL, a.s. held on 26 May 2014 decided, pursuant to Article 12 (2) (v) of the Articles of Association of UNIPETROL, a.s., on distribution of the Company's profit generated on non-consolidated basis in 2013 in amount of CZK 937 691 thousand. Based on the decision the amount of CZK 46 884 thousand was allocated to the Company's Reserve Fund and CZK 890 807 thousand was transferred to retained earnings.

5.17. Contingent liabilities

Contingent liabilities and commitments related to the sale of shares in KAUČUK, a.s. (currently SYNTHOS Kralupy a.s.) and the sale of shares in SPOLANA a.s. are described in the consolidated financial statements of the Group as at and for the year ended 31 December 2013. During the 9 month period ended 30 September 2014 there were no material changes in relation to these issues.

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 2013.

On 8 November 2014 the Court ordered preparation of a third expert's valuation. The court expert commenced his works from a meeting in PARAMO, a.s. held on 18 June 2014.

Transportation contracts for crude oil through pipelines are described in the consolidated financial statements of the Group as at and for the year ended 31 December 2013. On 25 June 2014 ČESKÁ RAFINÉRSKÁ, a.s. and TRANSPETROL, a.s. agreed to extend the current contract for transportation of crude oil by TRANSPETROL, a.s., for years 2015 and 2016.

The Company's management, based on the available information and current knowledge of the situation, does not expect any additional expenses / payment related to the issues.

5.18. Court proceedings and claims

Claims on compensation of damages filed by I.P. – 95, s.r.o. against UNIPETROL RPA, s.r.o. are described in the consolidated financial statements of the Group as at and for the year ended 31 December 2013. On the basis of provisions of the Czech Insolvency Act, the proceedings was suspended due to I.P. - 95 s.r.o. becoming insolvent and the insolvency trustee failing to give consent for the proceedings to continue. I.P. – 95 s.r.o. gave consent with the proceedings to continue and therefore, as per the most recent decision of the court, the proceedings will continue with I.P. – 95 s.r.o. in its position as petitioner. The court has also submitted the case to the Czech High Court to decide on local jurisdiction matters.

Claims for compensation of damages filed by SDP Logistics sklady a.s against UNIPETROL RPA, s.r.o. are described in the consolidated financial statements of the Group as at and for the year ended 31 December 2013. In a relating proceedings within which UNIPETROL RPA, s.r.o. claims release of the goods blocked by SDP Logistics sklady a.s., the first instance court ruled that blocking of the goods by SDP Logistics sklady a.s. was illegal and obligated SDP Logistics sklady a.s. to release the goods or pay the amount equivalent to value of the blocked goods. SDP appealed the judgment of the first instance court and the case is now pending at the appellate court.

Tax proceeding in which 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 are described in the consolidated financial statements of the Group as at and for the year ended 31 December 2013. The Czech Supreme Administrative Court's issued a decision dated 19 March 2014 on the cassation appeals filed by the parties within the proceedings regarding declining of the tax authority decisions. The Czech Supreme Administrative Court annulled the Regional Court's decision on annulment of the tax authorities' decisions and dismissed the cassation appeal filed by UNIPETROL RPA, s.r.o. The matter was returned to the Regional Court in Ústí nad Labem for further proceedings.

UNIPETROL RPA, s.r.o. filed a 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.

5.19. Guarantees

Based on the Group's request the bank guarantees relating to the security of customs debt and excise tax at customs offices were issued. Total balance of guarantees related to excise tax at 30 September 2014 and as at 31 December 2013 related to excise tax amounted to CZK 1 430 179 thousand and CZK 1 261 864 thousand and to other purposes amounted to CZK 22 894 thousand and CZK 22 935 thousand respectively.

5.20. Related parties

Information on significant related party transactions

Material transactions concluded by the Group Companies with related parties

In the 9 and 3 month period ended 30 September 2014 and in 2013 there were no transactions concluded by the Group with related parties on other than market terms.

Transactions with key management personnel

In the 9 and 3 month period ended 30 September 2014 and in 2013 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 the 9 and 3 month period ended 30 September 2014 and in 2013 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 9 and 3 month period ended 30 September 2014 and in 2013 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 2014 and 2013 a majority (62,99%) of the Company's shares were in possession of POLSKI KONCERN NAFTOWY ORLEN S.A. (PKN Orlen).

	PKN Orlen		Jointly-controlled entities		Entities under control or significant influence of PKN	
	30/09/2014	30/09/2013	30/09/2014	30/09/2013	30/09/2014	30/09/2013
for 9 month period ended						
Sales	771 833	418 757	1 745 742	1 782 115	6 176 388	3 541 559
Purchases	61 154 363	43 294 449	2 299 125	2 423 659	2 167 495	1 922 863
Finance income	-	-	110 241	1 831	-	-
Finance costs	64 384	839	46	17	24 728	17 477

	PKN Orlen		Jointly-controlled entities		Entities under control or significant influence of PKN	
	30/09/2014	30/09/2013	30/09/2014	30/09/2013	30/09/2014	30/09/2013
for 3 month period ended						
Sales	62 030	224	613 682	556 428	2 488 694	1 376 945
Purchases	22 349 033	14 781 983	826 076	781 259	757 400	627 817
Finance income	-	-	229	601	-	-
Finance costs	22 042	-	4	17	5 372	4 103

	PKN Orlen		Jointly-controlled entities		Entities under control or significant influence of PKN	
	30/09/2014	31/12/2013	30/09/2014	31/12/2013	30/09/2014	31/12/2013
Long term receivables	-	-	8 472	24 201	522	-
Trade and other receivables	58 657	24 355	359 070	389 276	1 105 435	622 832
Trade and other liabilities	3 863 143	4 921 200	329 649	356 638	304 867	389 630
Loans and borrowings	4 020 903	2 001 850	-	-	-	-

5.21. Significant post balance sheet events

The Group's management is not aware of any events that have occurred since the balance sheet date that would have any material impact on the financial statements as at 30 September 2014.

QUARTERLY FINANCIAL INFORMATION
UNIPETROL, a.s.

FOR THE III QUARTER

2014

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



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

Non-consolidated statement of financial position

	30/09/2014 (unaudited)	31/12/2013 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	9 558	10 315
Investment property	1 156 442	1 156 442
Intangible assets	387	400
Shares in related parties	14 538 163	13 990 981
Other non-current assets	1 471 711	1 519 519
	17 176 261	16 677 657
Current assets		
Trade and other receivables	172 473	150 892
Other financial assets	16 113 486	12 689 305
Current tax receivables	12 733	24 423
Cash and cash equivalents	52 639	157 802
	16 351 331	13 022 422
Total assets	33 527 592	29 700 079
EQUITY AND LIABILITIES		
EQUITY		
Share capital	18 133 476	18 133 476
Statutory reserves	1 718 555	1 671 671
Revaluation reserve	502 626	502 626
Retained earnings	6 339 671	6 049 882
Total equity	26 694 328	26 357 655
LIABILITIES		
Non-current liabilities		
Loans, borrowings and debt securities	4 000 000	2 000 000
Deferred tax liabilities	116 208	112 039
	4 116 208	2 112 039
Current liabilities		
Trade and other liabilities	161 927	136 862
Loans, borrowings and debt securities	1 284 133	268 048
Other financial liabilities	1 270 996	825 475
	2 717 056	1 230 385
Total liabilities	6 833 264	3 342 424
Total equity and liabilities	33 527 592	29 700 079



Non-consolidated statement of profit or loss and other comprehensive income

	FOR 9 MONTHS ENDED 30/09/2014 (unaudited)	FOR 3 MONTHS ENDED 30/09/2014 (unaudited)	FOR 9 MONTHS ENDED 30/09/2013 (unaudited)	FOR 3 MONTHS ENDED 30/09/2013 (unaudited)
Statement of profit or loss				
Revenues	115 009	40 351	102 420	25 814
Cost of sales	(59 935)	(21 534)	(51 940)	(13 104)
Gross profit on sales	55 074	18 817	50 480	12 710
Administrative expenses	(154 120)	(58 105)	(156 875)	(56 499)
Other operating income	21 428	33	3 051	764
Other operating expenses	(870)	-	(1 424)	(1)
Profit/(loss) from operations	(78 488)	(39 255)	(104 768)	(43 026)
Finance income	496 793	45 835	1 239 610	87 678
Finance costs	(75 762)	(24 903)	(173 379)	(57 386)
Net finance income	421 031	20 932	1 066 231	30 292
Profit/(loss) before tax	342 543	(18 323)	961 463	(12 734)
Tax expense	(5 870)	9 406	(4 829)	5 312
Net profit/(loss)	336 673	(8 915)	956 634	(7 422)
Total net comprehensive income	336 673	(8 915)	956 634	(7 422)
Net profit and diluted net profit per share (in CZK per share)	1,86	(0,05)	5,28	(0,04)



Non-consolidated statement of cash flows

	FOR 9 MONTHS ENDED 30/09/2014 (unaudited)	FOR 3 MONTHS ENDED 30/09/2014 (unaudited)	FOR 9 MONTHS ENDED 30/09/2013 (unaudited)	FOR 3 MONTHS ENDED 30/09/2013 (unaudited)
Cash flows - operating activities				
Net profit / (loss)	336 673	(8 915)	956 634	(7 423)
Adjustments for:				
Depreciation and amortisation	635	191	1 786	527
Foreign exchange gain	(12 748)	(11 405)	(1 636)	1 133
Interest and dividends, net	(420 986)	(21 596)	(1 051 291)	(32 195)
Profit on investing activities	(62)	-	(17 128)	(729)
Change in provisions	-	-	(400)	-
Tax expense	5 869	(9 407)	4 829	(5 312)
Income tax (paid)	9 992	21 360	(22 497)	(5 684)
Change in working capital	14 819	34 906	10 521	8 989
<i>receivables</i>	(10 334)	(2 465)	34 466	(10 087)
<i>liabilities</i>	25 153	37 371	(23 945)	19 076
Net cash provided by/(used in) operating activities	(65 808)	5 134	(119 182)	(40 694)
Cash flows - investing activities				
Acquisition of property, plant and equipment and intangible assets	(114)	(7)	(7 326)	(7 303)
Disposal of property, plant and equipment and intangible assets	264	-	1 482	1 083
Acquisition of shares in ČESKÁ RAFINÉRSKÁ, a.s.	(547 182)	-	-	-
Interest received	134 605	41 474	93 630	40 094
Dividends received	347 980	-	967 909	45 553
Proceeds/(Outflows) from loans granted	(2 978 114)	9 068	(1 296 510)	(661 897)
Proceeds/(Outflows) from cash pool granted	(396 384)	815 191	(2 896 477)	639 001
Net cash provided by/(used in) investing activities	(3 438 945)	865 726	(3 137 291)	56 531
Cash flows - financing activities				
Proceeds/(Outflows) from loans and borrowings	2 997 133	(931 892)	1 434 138	134 501
Proceeds/(Outflows) from cash pool received	445 523	106 495	578 434	(107 832)
Interest paid	(52 691)	(23 593)	(4 194)	(761)
Dividends paid to non-controlling shareholders	(42)	-	-	-
Other	(3 081)	(3 080)	(3 355)	(3 355)
Net cash provided by/(used in) financing activities	3 386 842	(852 070)	2 005 023	22 553
Net increase/(decrease) in cash and cash equivalents	(117 911)	18 790	(1 251 450)	38 390
Effect of exchange rate changes	12 748	11 405	1 636	(1 026)
Cash and cash equivalents, beginning of the period	157 802	22 444	1 294 067	6 889
Cash and cash equivalents, end of the period	52 639	52 639	44 253	44 253



Non-consolidated statement of changes in equity

	Equity attributable to equity owners of the parent				Total equity
	Share capital	Statutory reserves	Revaluation reserve	Retained earnings	
(unaudited)					
1 January 2014	18 133 476	1 671 671	502 626	6 049 882	26 357 655
Net profit	-	-	-	336 673	336 673
Total net comprehensive income	-	-	-	336 673	336 673
Allocation of profit	-	46 884	-	(46 884)	-
30 September 2014	18 133 476	1 718 555	502 626	6 339 671	26 694 328
(unaudited)					
1 January 2013	18 133 476	1 651 472	502 626	5 132 389	25 419 963
Net profit	-	-	-	956 634	956 634
Total net comprehensive income	-	-	-	956 634	956 634
Allocation of profit	-	20 199	-	(20 199)	-
30 September 2013	18 133 476	1 671 671	502 626	6 068 824	26 376 597



The foregoing financial report for the period ended 30 September 2014 was authorized for issue by the Board of Directors on 21 October 2014.

Signature of statutory representatives

21 October 2014

A handwritten signature in blue ink that reads "Marek Świtajewski".

Marek Świtajewski

Chairman of the Board of Directors

A handwritten signature in blue ink that reads "Mirosław Kastelik".

Mirosław Kastelik

Member of the Board of Directors