



UNIPETROL, a.s.
CONSOLIDATED REPORT

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

FOR THE I QUARTER

2014



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**UNAUDITED CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

FOR THE 3 MONTH PERIOD ENDED 31 MARCH

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	31/03/2014 (unaudited)	31/12/2013 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		23 874 669	23 176 695
Investment property		427 482	427 482
Intangible assets		2 339 378	1 747 567
Financial assets available for sale		522	522
Deferred tax assets		354 475	258 655
Other non-current assets		45 017	53 226
		27 041 543	25 664 147
Current assets			
Inventories		12 175 173	10 705 258
Trade and other receivables		15 227 031	12 393 157
Other financial assets	5.2	141 440	48 725
Current tax receivables		81 870	70 095
Cash and cash equivalents		1 491 554	1 116 747
		29 117 068	24 333 982
Total assets		56 158 611	49 998 129
EQUITY AND LIABILITIES			
EQUITY			
Share capital		18 133 476	18 133 476
Statutory reserves		2 653 242	2 643 849
Hedging reserve		(64 957)	(190 291)
Revaluation reserve		9 897	9 897
Foreign exchange differences on subsidiaries from consolidation		17 036	17 139
Retained earnings		8 623 055	7 694 071
Total equity attributable to equity owners of the parent		29 371 749	28 308 141
Non-controlling interest		(10 354)	(8 913)
Total equity		29 361 395	28 299 228
LIABILITIES			
Non-current liabilities			
Loans, borrowings and debt securities	5.3	4 000 000	2 000 000
Provisions	5.4	439 117	433 126
Deferred tax liabilities		232 047	226 309
Other non-current liabilities		191 552	202 335
		4 862 716	2 861 770
Current liabilities			
Trade and other liabilities		14 752 369	17 312 597
Loans, borrowings and debt securities	5.3	3 093 175	506 631
Current tax liabilities		25 713	18 545
Provisions	5.4	851 824	541 455
Deferred income		456 087	108 696
Other financial liabilities	5.5	2 755 332	349 207
		21 934 500	18 837 131
Total liabilities		26 797 216	21 698 901
Total equity and liabilities		56 158 611	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 8-16.

Consolidated statement of profit or loss and other comprehensive income

	NOTE	FOR 3 MONTHS ENDED 31/03/2014 (unaudited)	FOR 3 MONTHS ENDED 31/03/2013 (unaudited)
Statement of profit or loss			
Revenues	5.6	28 809 007	24 775 697
Cost of sales	5.7	(27 972 212)	(24 087 203)
Gross profit on sales		836 795	688 494
Distribution expenses		(516 527)	(474 988)
Administrative expenses		(316 890)	(289 628)
Other operating income	5.10	1 313 408	33 050
Other operating expenses	5.10	(216 807)	(27 175)
Profit/(loss) from operations		1 099 979	(70 247)
Finance income	5.11	85 660	551 657
Finance costs	5.11	(273 699)	(644 584)
Net finance costs		(188 039)	(92 927)
Profit (loss) before tax		911 940	(163 174)
Tax expense	5.12	24 998	15 323
Net profit/(loss)		936 938	(147 851)
Other comprehensive income			
items which will be reclassified into profit or loss under certain conditions		125 231	(32 077)
<i>Hedging instruments</i>		154 733	(45 000)
<i>Foreign exchange differences on subsidiaries from consolidation</i>		(103)	4 373
<i>Deferred tax</i>		(29 399)	8 550
		125 231	(32 077)
Total net comprehensive income		1 062 169	(179 928)
Net profit/(loss) attributable to		936 938	(147 851)
<i>equity owners of the parent</i>		938 379	(148 898)
<i>non-controlling interest</i>		(1 441)	1 047
Total comprehensive income attributable to		1 062 169	(179 928)
<i>equity owners of the parent</i>		1 063 610	(180 975)
<i>non-controlling interest</i>		(1 441)	1 047
Net profit/(loss) and diluted net profit/(loss) per share attributable to equity owners of the parent (in CZK per share)		5.17	(0.82)

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 8-16.

Consolidated statement of cash flows

	FOR 3 MONTHS ENDED 31/03/2014 (unaudited)	FOR 3 MONTHS ENDED 31/03/2013 (unaudited, restated*)
Cash flows - operating activities		
Net profit/(loss)	936 938	(147 851)
Adjustments for:		
Depreciation and amortisation	626 145	610 368
Foreign exchange loss	830	394
Interest and dividends, net	31 094	66 283
(Profit)/Loss on investing activities	94 259	(434 164)
Change in provisions	290 442	336 900
Tax expense	(24 998)	(15 323)
Income tax (paid)	(44 299)	(37 799)
Gain on bargain purchase	(1 185 693)	-
Other adjustments	(46 407)	(135 147)
Change in working capital	(6 389 571)	(5 418 586)
<i>Inventories</i>	(1 308 585)	(97 958)
<i>Receivables</i>	(2 173 878)	(1 189 964)
<i>Liabilities</i>	(2 907 108)	(4 130 664)
Net cash provided used in operating activities	(5 711 260)	(5 174 925)
Cash flows - investing activities		
Acquisition of property, plant and equipment and intangible assets	(501 339)	(365 366)
Disposal of property, plant and equipment and intangible assets	1 504	3 835
Acquisition of share in ČESKÁ RAFINÉRSKÁ, a.s.	(547 182)	-
Cash acquired in acquisition of share in ČESKÁ RAFINÉRSKÁ, a.s.	140 991	-
Settlement of financial derivatives	(78 127)	33 917
Proceeds from loans granted	11 181	11 181
Other	(53 090)	(8 671)
Net cash provided used in investing activities	(1 026 062)	(325 104)
Cash flows - financing activities		
Change in loans and borrowings	4 567 355	1 255 269
Proceeds from cash pool liabilities	2 561 169	2 958 622
Interest paid	(15 026)	(18 731)
Payments of liabilities under finance lease agreements	(307)	(1 514)
Dividends paid to non-controlling shareholders	(43)	-
Other	(1 066)	-
Net cash provided by financing activities	7 112 082	4 193 646
Net increase/(decrease) in cash and cash equivalents	374 760	(1 306 383)
Effect of exchange rate changes	48	2 207
Cash and cash equivalents, beginning of the period	1 116 746	3 074 487
Cash and cash equivalents, end of the period	1 491 554	1 770 311

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 8-16.

* 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							Total	Non-controlling interest	Total equity
	Share capital	Statutory reserves	Hedging reserve	Foreign exchange differences on subsidiaries from consolidation	Revaluation reserve	Retained earnings				
(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 profit	-	-	-	-	-	938 379	938 379	(1 441)	936 938	
Items of other comprehensive income	-	-	125 334	(103)	-	-	125 231	-	125 231	
Total net comprehensive income	-	-	125 334	(103)	-	938 379	1 063 610	(1 441)	1 062 169	
Allocation of profit	-	9 393	-	-	-	(9 393)	-	-	-	
31 March 2014	18 133 476	2 653 242	(64 957)	17 036	9 897	8 623 055	29 371 749	(10 354)	29 361 395	
(unaudited)										
1 January 2013	18 133 476	2 584 286	(16 510)	(9 644)	68 024	8 775 893	29 535 525	(7 031)	29 528 494	
Net loss	-	-	-	-	-	(148 898)	(148 898)	1 047	(147 851)	
Items of other comprehensive income	-	-	(36 450)	4 373	(31 455)	31 455	(32 077)	-	(32 077)	
Total net comprehensive income	-	-	(36 450)	4 373	(31 455)	(117 443)	(180 975)	1 047	(179 928)	
31 March 2013	18 133 476	2 584 286	(52 960)	(5 271)	36 569	8 658 450	29 354 550	(5 984)	29 348 566	

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 8-16.

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 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 and allocation of subsidiaries into the operating segments 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 31 March 2014 except the issue 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 67.555%.

Statutory and supervisory bodies

Members of the statutory and supervisory bodies as at 31 March 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	Artur Paździor
Supervisory Board	Chairman	Dariusz Krawiec
	Vice-chairman	Ivan Kočárník
	Vice-chairman	Sławomir Jędrzejczyk
	Member	Piotr Kearney
	Member	Zdeněk Černý
	Member	Krystian Pater
	Member	Rafał Sekuła
	Member	Piotr Chelminski
Member	Bogdan Dzudzewicz	

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 year ended at 31 March 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 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 statement of profit or loss and other comprehensive income, not financial part as previously. In accordance with IFRSs the change was applied prospectively.

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 three month period ended 31 March 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. 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*.

3. CHANGES IN DISCLOSURE OF COMPARATIVE PERIOD (CONTINUED)

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 2013, based on changes in the level of detail of presentation adopted during 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.

Cash pool liabilities from PKN Orlen group entities were reclassified from the position Loans, borrowings and debt securities to Other financial liabilities in the Statement of financial position with a corresponding presentation in the Statement of cash flows as it provides better information to users of the financial statements with regard to external sources of financing. The impact is disclosed in the table below under point 3 *presentation of cash pool*.

The changes in the consolidated statement of cash flows for the three month period ended 31 March 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)	presentation of cash pool (3)	31 March 2013 (unaudited, restated)
Cash flows - operating activities					
Net profit/(loss)	(147 851)				(147 851)
Adjustments for:					
Depreciation and amortisation	610 368				610 368
Foreign exchange (gain)/loss	394				394
Interest and dividends, net	65 216			1 067	66 283
(Profit)/Loss on investing activities	(2 566)	(16 276)	(415 322)		(434 164)
Change in provisions	176 986		159 914		336 900
Tax expense	(15 323)				(15 323)
Income tax (paid)	(37 799)				(37 799)
Other adjustments			(135 147)		(135 147)
Impairment losses on financial investments, property plant and equipment and intangible assets	(758)		758		-
CO2 allowances grant derecognition	-				-
Change in deferred income related to CO2 allowances grant	(236 525)		236 525		-
Net (gain)/loss from financial derivatives	(271 684)		271 684		-
Change in working capital	(5 297 501)	-	(120 018)	(1 067)	(5 418 586)
<i>inventories</i>	(97 958)				(97 958)
<i>receivables</i>	(1 079 162)		(110 802)		(1 189 964)
<i>liabilities</i>	(4 120 381)		(9 216)	(1 067)	(4 130 664)
Net cash used in operating activities	(5 157 043)	(16 276)	(1 606)	-	(5 174 925)
Cash flows - investing activities					
Acquisition of property, plant and equipment and intangible assets	(365 366)				(365 366)
Disposal of property, plant and equipment and intangible assets	3 835				3 835
Proceeds/(Outflows) from loans granted	341		10 840		11 181
Other			(8 671)		(8 671)
Settlement of financial derivatives	33 917				33 917
Change in loans granted	563		(563)		-
Net cash provided by/(used in) investing activities	(326 710)	-	1 606	-	(325 104)
Cash flows - financing activities					
Change in loans and borrowings	1 255 269				1 255 269
Change in cash pool liabilities	2 958 622				2 958 622
Interest paid	(18 731)				(18 731)
Payments of liabilities under finance lease agreements	(1 514)				(1 514)
Net cash provided by/(used in) financing activities	4 193 646	-	-	-	4 193 646
Net decrease in cash and cash equivalents	(1 290 107)	(16 276)	-	-	(1 306 383)
Effect of exchange rate changes	2 207				2 207
Cash and cash equivalents, beginning of the period	3 058 211	16 276			3 074 487
Cash and cash equivalents, end of the period	1 770 311	-	-	-	1 770 311

4. SEGMENT REPORTING

The operations of the Group are divided into the following segments:

- the refining segment which includes crude oil processing and wholesale, oil production and sales as well as primary logistics,
- the retail segment which comprises trade in refinery products and secondary logistics,
- the petrochemical segment which includes production and sales of petrochemicals as well as supporting production,

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.

Revenues and operating result by operating segments

for the 3 month period ended 31 March 2014

	Refining segment	Retail segment	Petrochemical segment	Corporate Functions	Adjustments	Total
Total external revenues	15 478 058	2 468 067	10 841 228	21 654	-	28 809 007
Transactions with other segments	7 281 134	51 466	548 532	137 317	(8 018 449)	-
Total segment revenue	22 759 192	2 519 533	11 389 760	158 971	(8 018 449)	28 809 007
Operating expenses	(23 263 929)	(2 494 317)	(10 872 715)	(193 117)	8 018 449	(28 805 629)
Other operating income	1 218 945	7 430	63 850	23 185	(2)	1 313 408
Other operating expenses	(134 416)	(18 585)	(63 457)	(351)	2	(216 807)
Segment operating profit/(loss)	579 792	14 061	517 439	(11 312)	-	1 099 979
Net finance costs						(188 039)
Profit before tax						911 940
Tax expense						24 998
Net profit						936 938

for the 3 month period ended 31 March 2013

	Refining segment	Retail segment	Petrochemical segment	Corporate Functions	Adjustments	Total
Total external revenues	13 034 158	2 274 846	9 446 050	20 643	-	24 775 697
Transactions with other segments	5 722 115	48 341	490 461	144 769	(6 405 686)	-
Total segment revenue	18 756 273	2 323 187	9 936 511	165 412	(6 405 686)	24 775 697
Operating expenses	(19 214 141)	(2 360 472)	(9 507 449)	(175 443)	6 405 686	(24 851 819)
Other operating income	6 441	9 317	13 276	4 019	(3)	33 050
Other operating expenses	(3 822)	(6 109)	(15 686)	(1 561)	3	(27 175)
Segment operating profit/(loss)	(455 249)	(34 077)	426 652	(7 573)	-	(70 247)
Net finance costs						(92 927)
Loss before tax						(163 174)
Tax expense						15 323
Net loss						(147 851)

Assets by operating segments

	31/03/2014	31/12/2013
Refining segment	24 911 563	20 074 340
Retail segment	6 146 818	6 021 201
Petrochemical segment	23 766 891	22 547 053
Segment assets	54 825 272	48 642 594
Corporate Functions	1 333 339	1 355 535
	56 158 611	49 998 129

5. OTHER NOTES

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

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, will continue to account for its investment in Ceska rafinerska as a jointly controlled entity due to the existence of collective control of all shareholders. 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.

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

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
Assets total	15 151 402	1 107 886	16 259 288
Non-current liabilities	80 402	-	80 402
Current liabilities	5 570 359	-	5 570 359
Liabilities total	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

5.2. Other financial assets

	31/03/2014	31/12/2013
Cash flow hedge instruments	68 470	10 892
<i>currency forwards</i>	11 918	10 892
<i>commodity swaps</i>	56 552	-
Derivatives not designated as hedge accounting	22	18 419
<i>currency forwards</i>	22	36
<i>commodity swaps</i>	-	18 383
Loans granted	6 031	7 196
Cash pool	66 917	12 218
	141 440	48 725

5.3. Loans, borrowings and debt securities

	Non-current		Current		Total	
	31/03/2014	31/12/2013	31/03/2014	31/12/2013	31/03/2014	31/12/2013
Loans	-	-	3 072 036	504 781	3 072 036	504 781
Borrowings	4 000 000	2 000 000	21 139	1 850	4 021 139	2 001 850
	4 000 000	2 000 000	3 093 175	506 631	7 093 175	2 506 631

5.4. Provisions

	Non-current		Current		Total	
	31/03/2014	31/12/2013	31/03/2014	31/12/2013	31/03/2014	31/12/2013
Environmental	341 642	339 854	-	-	341 642	339 854
Jubilee bonuses and post-employment benefits	61 547	57 343	-	-	61 547	57 343
CO2 emission	-	-	773 571	513 569	773 571	513 569
Other	35 928	35 929	78 253	27 886	114 181	63 815
	439 117	433 126	851 824	541 455	1 290 941	974 581

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

5.5. Other financial liabilities

	31/03/2014	31/12/2013
Cash flow hedge instruments	148 661	245 817
<i>currency forwards</i>	148 661	245 817
Derivatives not designated as hedge accounting	13 524	70 449
<i>currency forwards</i>	13 524	3 704
<i>commodity swaps</i>	-	66 745
Cash pool	2 593 147	32 941
	2 755 332	349 207

5.6. Revenues

	FOR 3 MONTHS ENDED 31/03/2014	FOR 3 MONTHS ENDED 31/03/2013
Revenues from sales of finished goods and services, net	27 467 512	23 536 556
Revenues from sales of merchandise and raw materials, net	1 341 495	1 239 141
	28 809 007	24 775 697

5.7. Operating expenses

Cost of sales

	FOR 3 MONTHS ENDED 31/03/2014	FOR 3 MONTHS ENDED 31/03/2013
Cost of finished goods and services sold	(26 690 314)	(22 914 971)
Cost of merchandise and raw materials sold	(1 281 898)	(1 172 232)
	(27 972 212)	(24 087 203)

Cost by nature

	FOR 3 MONTHS ENDED 31/03/2014	FOR 3 MONTHS ENDED 31/03/2013
Materials and energy	(23 957 013)	(20 489 603)
Cost of merchandise and raw materials sold	(1 281 898)	(1 172 232)
External services	(1 865 443)	(1 810 460)
Employee benefits	(647 140)	(631 578)
Depreciation and amortisation	(626 145)	(610 368)
Taxes and charges	(90 713)	(111 180)
Other	(289 620)	(96 695)
	(28 757 972)	(24 922 116)
Change in inventories	(264 466)	43 120
Cost of products and services for own use	2	2
Operating expenses	(29 022 436)	(24 878 994)
Distribution expenses	516 527	474 988
Administrative expenses	316 890	289 628
Other operating expenses	216 807	27 175
Cost of sales	(27 972 212)	(24 087 203)

5.8. Write down of inventories to net realisable value

	FOR 3 MONTHS ENDED 31/03/2014	FOR 3 MONTHS ENDED 31/03/2013
Increase	(130 253)	(58 788)
Decrease	3 890	31 068

5.9. Assets allowances

	FOR 3 MONTHS ENDED 31/03/2014	FOR 3 MONTHS ENDED 31/03/2013
Property, plant and equipment		
Recognition	(76 467)	(1 292)
Reversal	2 056	2 225
Intangible assets		
Recognition	-	(175)
Receivables		
Recognition	(6 991)	(4 430)
Reversal	21 297	5 250

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

The impairment for vacuum distillation unit in amount of CZK 59 917 thousand was created during the 3 month period ended 31 March 2014.

5.10. Other operating income and expenses

Other operating income

	FOR 3 MONTHS ENDED 31/03/2014	FOR 3 MONTHS ENDED 31/03/2013
Profit on sale of non-current non-financial assets	1 275	2 566
Reversal of provisions	-	25
Reversal of receivables impairment allowances	21 297	5 250
Reversal of impairment allowances of property, plant and equipment and intangible assets	2 056	2 225
Penalties and compensations earned	6 877	13 522
Gain on bargain purchase	1 185 692	-
Other	96 211	9 461
	1 313 408	33 050

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 3 month period ended 31 March 2014 in the line „Other” the revaluation of receivables from the CO₂ grant is included as an amount of CZK 83 636 thousand.

Other operating expenses

	FOR 3 MONTHS ENDED 31/03/2014	FOR 3 MONTHS ENDED 31/03/2013
Loss on sale of non-current non-financial assets	(417)	-
Recognition of provisions	(50 469)	(11 898)
Recognition of receivables impairment allowances	(6 991)	(4 430)
Recognition of impairment allowances of property, plant and equipment and intangible assets	(76 467)	(1 467)
Other	(82 463)	(9 380)
	(216 807)	(27 173)

In the 3 month period ended 31 March 2014 and 31 March 2013 in the line „Other” the CO₂ provision update is included as an amount of CZK 74 042 thousand and CZK 1 280 thousand respectively.

5.11. Finance income and finance costs

Finance income

	FOR 3 MONTHS ENDED 31/03/2014	FOR 3 MONTHS ENDED 31/03/2013
Interest	11 616	10 087
Settlement and valuation of financial instruments	73 927	541 386
Other	117	184
	85 660	551 657

Finance costs

	FOR 3 MONTHS ENDED 31/03/2014	FOR 3 MONTHS ENDED 31/03/2013
Interest	(35 343)	(75 303)
Foreign exchange loss surplus	(68 049)	(289 918)
Settlement and valuation of financial instruments	(162 005)	(269 702)
Other	(8 302)	(9 661)
	(273 699)	(644 584)

Borrowing cost capitalized in the 3 month period ended 31 March 2014 and March 2013 amounted to CZK 3 thousand and CZK 14 thousand, respectively.

5.12. Tax expense

	FOR 3 MONTHS ENDED 31/03/2014	FOR 3 MONTHS ENDED 31/03/2013
Current income tax	(39 703)	(34 120)
Deferred income tax	64 701	49 443
	24 998	15 323

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 68 492 thousand as at 31 March 2014 (CZK 29 311 thousand as at 31 December 2013) and derivative instruments presented as financial liabilities in amount of CZK 162 185 thousand as at 31 March 2013 (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 31 March 2014 and the comparative period in the Group there were no transfers between Levels 1, 2 and 3.

Investment property

As at 31 March 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 31 March 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.

	31/03/2014	31/12/2013
Future minimum lease payments	3 000	2 598
Present value of minimum lease payments	2 200	2 507

5.15. Future liabilities resulting from signed investment contract

As at 31 March 2014 and as at 31 December 2013 the value of future liabilities resulting from signed investment contracts Group amounted to CZK 909 022 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 decision regarding appropriation of the 2013 profit will be made on the annual general meeting of shareholders, which will be held in May 2014.

5.17. Contingent liabilities

Contingent liabilities and commitments related to Purchase of shares of PARAMO, a.s. , the sale of shares in KAUČUK, a.s. (currently SYNTHOS Kralupy a.s.), the sale of shares in SPOLANA a.s. and 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. During the three month period ended 31 March 2014 there were no changes in relation to the issues.

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. During the three month period ended 31 March 2014 there were no material changes in relation to this issue.

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 2014. During the three month period ended 31 March 2014 there were no material changes in relation to this issue. The next hearing is scheduled for 29 April 2014.

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 Usti 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 31 March 2014 and as at 31 December 2013 related to excise tax amounted to CZK 1 281 807 thousand and CZK 1 261 864 thousand and to other purposes amounted to CZK 22 879 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 3 month period ended 31 March 2014 and 31 March 2013 there were no transactions concluded by the Group with related parties on other than market terms.

Transactions with key management personnel

In the 3 month period ended 31 March 2014 and 31 March 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 3 month period ended 31 March 2014 and 31 March 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 3 month period ended 31 March 2014 and 31 March 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 Orlen	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013	31/03/2014	31/03/2013
for 3 month period ended						
Sales	420 615	180 616	552 118	640 256	1 450 704	688 297
Purchases	17 693 668	14 130 985	684 882	860 973	747 846	631 654
Finance income	-	-	252	632	-	-
Finance costs	20 074	840	4	-	11 765	7 837

	PKN Orlen		Jointly-controlled entities		Entities under control or significant influence of PKN Orlen	
	31/03/2014	31/12/2013	31/03/2014	31/12/2013	31/03/2014	31/12/2013
for 3 month period ended						
Long term receivables	-	-	13 555	24 201	522	-
Trade and other receivables	270 957	24 355	334 735	389 276	786 315	622 832
Trade and other liabilities	2 759 996	4 921 200	338 314	356 638	2 779 521	389 630
Loans and borrowings	4 021 139	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 31 March 2014.

**QUARTERLY FINANCIAL INFORMATION
UNIPETROL, a.s.**

FOR THE I 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

	31/03/2014 (unaudited)	31/12/2013 (audited)
ASSETS		
Non-current assets		
Property, plant and equipment	10 078	10 315
Investment property	1 156 442	1 156 442
Intangible assets	395	400
Shares in related parties	14 538 163	13 990 981
Other non-current assets	1 495 615	1 519 519
	17 200 693	16 677 657
Current assets		
Trade and other receivables	135 792	150 892
Other financial assets	16 596 487	12 689 305
Current tax receivables	26 419	24 423
Cash and cash equivalents	283 189	157 802
	17 041 887	13 022 422
Total assets	34 242 580	29 700 079
EQUITY AND LIABILITIES		
EQUITY		
Share capital	18 133 476	18 133 476
Statutory reserves	1 671 671	1 671 671
Revaluation reserve	502 626	502 626
Retained earnings	6 079 577	6 049 882
Total equity	26 387 350	26 357 655
LIABILITIES		
Non-current liabilities		
Loans, borrowings and debt securities	4 000 000	2 000 000
Deferred tax liabilities	111 924	112 039
	4 111 924	2 112 039
Current liabilities		
Trade and other liabilities	139 678	136 862
Loans, borrowings and debt securities	2 834 711	268 048
Other financial liabilities	768 917	825 475
	3 743 306	1 230 385
Total liabilities	7 855 230	3 342 424
Total equity and liabilities	34 242 580	29 700 079



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

	FOR 3 MONTHS ENDED 31/03/2014 (unaudited)	FOR 3 MONTHS ENDED 31/03/2013 (unaudited)
Statement of profit or loss		
Revenues	37 360	38 315
Cost of sales	(19 217)	(19 418)
Gross profit on sales	18 143	18 897
Administrative expenses	(46 215)	(46 697)
Other operating income	21 512	1 443
Other operating expenses	(65)	(126)
Loss from operations	(6 625)	(26 483)
Finance income	63 967	99 250
Finance costs	(24 073)	(58 799)
Net finance income	39 894	40 451
Profit before tax	33 269	13 968
Tax expense	(3 574)	(871)
Net profit	29 695	13 097
Net profit and diluted net profit per share (in CZK per share)	0.16	0.07



Non-consolidated statement of cash flows

	FOR 3 MONTHS ENDED 31/03/2014 (unaudited)	FOR 3 MONTHS ENDED 31/03/2013 (unaudited)
Cash flows - operating activities		
Net profit	29 695	13 097
Adjustments for:		
Depreciation and amortisation	242	629
Foreign exchange gain	(48)	(2 197)
Interest and dividends, net	(40 084)	(23 879)
Profit on investing activities	(264)	(16 000)
Tax expense	3 574	871
Income tax (paid)	(5 684)	(8 407)
Change in working capital	38 855	40 162
<i>receivables</i>	35 950	87 896
<i>liabilities</i>	2 905	(47 734)
Net cash provided by operating activities	26 286	4 276
Cash flows - investing activities		
Acquisition of property, plant and equipment and intangible assets	(46)	-
Disposal of property, plant and equipment and intangible assets	264	-
Acquisition of shares in ČESKÁ RAFINÉRSKÁ, a.s.	(547 182)	-
Dividends received	404	332
Outflows from loans granted	(3 977 182)	(3 262 738)
Other	136 271	25 524
Net cash used in investing activities	(4 387 471)	(3 236 882)
Cash flows - financing activities		
Change in loans and borrowings	4 547 474	1 741 323
Proceeds/(Outflows) from cash pool received	(56 556)	259 794
Interest paid	(3 539)	(2 385)
Dividends paid to non-controlling shareholders	(42)	-
Other	(813)	-
Net cash provided by financing activities	4 486 524	1 998 732
Net increase/(decrease) in cash and cash equivalents	125 339	(1 233 874)
Effect of exchange rate changes	48	2 197
Cash and cash equivalents, beginning of the period	157 802	1 294 067
Cash and cash equivalents, end of the period	283 189	62 390



Non-consolidated statement of changes in consolidated equity

	Equity attributable to equity owners				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	-	-	-	29 695	29 695
Total net comprehensive income	-	-	-	29 695	29 695
31 March 2014	18 133 476	1 671 671	502 626	6 079 577	26 387 350
(unaudited)					
1 January 2013	18 133 476	1 651 472	502 626	5 132 389	25 419 963
Net profit	-	-	-	13 097	13 097
Total net comprehensive income	-	-	-	13 097	13 097
31 March 2013	18 133 476	1 651 472	502 626	5 145 486	25 433 060



The foregoing financial report for the period ended 31 March 2014 was authorized for issue by the Board of Directors on 23 April 2014.

Signature of statutory representatives

23 April 2014

A handwritten signature in blue ink, appearing to read "Marek Świtajewski".

Marek Świtajewski

Chairman of the Board of Directors

A handwritten signature in blue ink, appearing to read "Mirosław Kastelik".

Mirosław Kastelik

Member of the Board of Directors