



UNIPETROL, a.s.
CONSOLIDATED REPORT

FOR THE III QUARTER

2013



The Group has changed disclosure in respect of selected data in comparative period in Consolidated statement of financial position, Consolidated statement of profit or loss and other comprehensive income and Consolidated statement of cash flows to ensure consistent approach with data presentation in 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 Unipetrol group. The changes in disclosure of comparative period are presented in Notes to the consolidated financial statements in Note 4.20. „Changes in disclosure of comparative period“.

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UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE 9 AND 3 MONTH PERIOD
ENDED 30 SEPTEMBER

2013 

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	30/09/2013 (unaudited)	31/12/2012 (unaudited, restated*)
ASSETS			
Non-current assets			
Property, plant and equipment		22 896 856	23 326 243
Investment property		381 617	383 725
Intangible assets		1 447 058	1 978 326
Financial assets available for sale		522	522
Deferred tax assets		352 093	307 230
Other non-current assets		36 255	55 073
		25 114 401	26 051 119
Current assets			
Inventories		10 590 675	9 893 415
Trade and other receivables		12 027 230	10 705 134
Other financial assets	4.1.	55 542	32 701
Current tax receivables		77 243	34 188
Cash and cash equivalents		1 402 304	3 058 211
Assets classified as held for sale	4.2.	1 001 528	857 225
		25 154 522	24 580 874
Total assets		50 268 923	50 631 993
EQUITY AND LIABILITIES			
EQUITY			
Share capital		18 133 476	18 133 476
Statutory reserves		2 643 394	2 584 286
Hedging reserve		(16 834)	(16 510)
Revaluation reserve		9 897	68 023
Foreign exchange differences on subsidiaries from consolidation		4 531	(9 644)
Retained earnings		8 070 935	8 775 893
Total equity attributable to equity owners of the parent		28 845 399	29 535 524
Non-controlling interest		(9 158)	(7 031)
Total equity		28 836 241	29 528 493
LIABILITIES			
Non-current liabilities			
Provisions	4.4.	417 503	372 495
Deferred tax liabilities		232 182	387 982
Other non-current liabilities		196 242	186 376
		845 927	946 853
Current liabilities			
Trade and other liabilities		14 990 425	15 835 106
Loans, borrowings and debt securities	4.3.	4 041 776	2 655 935
Current tax liabilities		23 045	55 739
Provisions	4.4.	400 548	508 461
Deferred income		210 472	96 684
Other financial liabilities		96 961	325 497
Liabilities classified as held for sale	4.2.	823 528	679 225
		20 586 755	20 156 647
Total liabilities		21 432 682	21 103 500
Total equity and liabilities		50 268 923	50 631 993

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 8-20.

*Changes in disclosure of comparative period are described in Note 4.20.

Consolidated statement of profit or loss and other comprehensive income

	NOTE	FOR 9 MONTHS ENDED 30/09/2013 (unaudited)	FOR 3 MONTHS ENDED 30/09/2013 (unaudited)	FOR 9 MONTHS ENDED 30/09/2012 (unaudited, restated*)	FOR 3 MONTHS ENDED 30/09/2012 (unaudited, restated*)
Statement of profit or loss					
Revenues	4.5.	74 344 715	24 858 694	80 900 107	28 407 362
Cost of sales	4.6.	(72 422 851)	(23 941 707)	(78 501 399)	(26 835 813)
Gross profit on sales		1 921 864	916 987	2 398 708	1 571 549
Distribution expenses		(1 462 837)	(489 060)	(1 427 227)	(487 539)
Administrative expenses		(866 504)	(275 498)	(898 605)	(329 383)
Other operating income	4.9.	98 846	33 717	483 503	216 031
Other operating expenses	4.9.	(188 938)	(25 666)	(190 699)	(59 596)
Profit/(loss) from operations		(497 569)	160 480	365 680	911 062
Finance income	4.10.	845 871	209 128	1 574 353	533 014
Finance costs	4.10.	(1 153 486)	(515 022)	(2 037 959)	(797 639)
Net finance costs		(307 615)	(305 894)	(463 606)	(264 625)
Profit (loss) before tax		(805 184)	(145 414)	(97 926)	646 437
Tax expense	4.11.	99 080	15 728	(219 624)	(1 758)
Net profit/(loss)		(706 104)	(129 686)	(317 550)	644 679
Other comprehensive income					
items which will not be reclassified into profit or loss		-	-	16 505	3 690
<i>Fair value measurement of investment property as at the date of reclassification</i>		-	-	20 376	4 556
<i>Deferred tax</i>		-	-	(3 871)	(866)
items which will be reclassified into profit or loss under certain conditions		13 852	42 206	103 516	59 991
<i>Hedging instruments</i>		(400)	53 987	134 493	84 863
<i>Foreign exchange differences on subsidiaries from consolidation</i>		14 175	(1 525)	(9 295)	(9 615)
<i>Deferred tax</i>		77	(10 256)	(21 682)	(15 257)
		13 852	42 206	120 021	63 681
Total net comprehensive income		(692 252)	(87 480)	(197 529)	708 360
Net profit/(loss) attributable to equity owners of the parent		(706 104)	(129 686)	(317 550)	644 679
<i>non-controlling interest</i>		(703 977)	(128 579)	(313 367)	645 353
		(2 127)	(1 107)	(4 183)	(674)
Total comprehensive income attributable to equity owners of the parent		(692 252)	(87 480)	(197 530)	708 360
<i>non-controlling interest</i>		(690 125)	(86 373)	(197 903)	704 696
		(2 127)	(1 107)	373	3 664
Net profit/(loss) and diluted net profit/(loss) per share attributable to equity owners of the parent (in CZK per share)		(3,88)	(0,72)	(1,75)	3,56

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 8-20.

*Changes in disclosure of comparative period are described in Note 4.20.

Consolidated statement of cash flows

	FOR 9 MONTHS ENDED 30/09/2013 (unaudited)	FOR 3 MONTHS ENDED 30/09/2013 (unaudited)	FOR 9 MONTHS ENDED 30/09/2012 (unaudited, restated*)	FOR 3 MONTHS ENDED 30/09/2012 (unaudited, restated*)
Cash flows - operating activities				
Net profit/(loss)	(706 104)	(129 686)	(317 550)	644 679
Adjustments for:				
Depreciation and amortisation	1 773 468	576 222	2 122 063	713 434
Foreign exchange (gain)/loss	(765)	(631)	(4 536)	(4 983)
Interest and dividends, net	188 690	62 444	207 690	73 794
(Profit)/Loss on investing activities	(24 129)	470 403	102 837	369 244
Change in provisions	596 861	113 788	198 074	4 068
Tax expense	(99 080)	(15 728)	219 624	1 758
Income tax (paid)	(169 981)	(79 230)	(110 948)	(42 832)
Other adjustments	(183 786)	(41 987)	(476 624)	(153 929)
Change in working capital	(3 001 119)	570 687	(2 438 915)	(1 269 383)
<i>inventories</i>	<i>(1 022 378)</i>	<i>(952 090)</i>	<i>1 216 539</i>	<i>122 477</i>
<i>receivables</i>	<i>(1 189 044)</i>	<i>489 265</i>	<i>(2 525 363)</i>	<i>(1 175 893)</i>
<i>liabilities</i>	<i>(789 697)</i>	<i>1 033 512</i>	<i>(1 130 091)</i>	<i>(215 967)</i>
Net cash provided by/(used in) operating activities	(1 625 945)	1 526 283	(498 286)	335 850
Cash flows - investing activities				
Acquisition of property, plant and equipment and intangible assets	(1 044 450)	(381 214)	(1 182 462)	(293 036)
Disposal of property, plant and equipment and intangible assets	27 106	7 749	23 509	6 717
Disposal of securities and deposits	-	-	102 442	-
Proceeds/(Outflows) from loans granted	23 748	11 181	(97 284)	(5 119)
Other	(75 045)	(375 256)	158 762	(396 326)
Net cash used in investing activities	(1 068 641)	(737 539)	(995 033)	(687 763)
Cash flows - financing activities				
Proceeds from loans and borrowings	1 842 007	437 557	1 048 562	340 276
Repayments of loans and borrowings	(620 892)	(476 941)	(609 757)	(216 415)
Interest paid	(20 790)	2 343	(54 636)	(23 144)
Payments of liabilities under finance lease agreements	(2 882)	(255)	(6 319)	(1 623)
Dividends paid to non-controlling shareholders	-	-	(340)	-
Other	(177 202)	(345 526)	292 897	173 643
Net cash provided by/(used in) financing activities	1 020 242	(382 822)	670 407	272 737
Net increase/(decrease) in cash and cash equivalents	(1 674 344)	405 921	(822 911)	(79 177)
Effect of exchange rate changes	18 437	(1 144)	(3 897)	(3 508)
Cash and cash equivalents, beginning of the period	3 058 211	997 526	2 470 555	1 726 433
Cash and cash equivalents, end of the period	1 402 304	1 402 304	1 643 748	1 643 748

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 8-20.

*Changes in disclosure of comparative period are described in Note 4.20.

Statement of changes in consolidated equity

	Equity attributable to equity owners of the parent							Non-controlling interest	Total equity
	Share capital and share premium	Statutory reserves	Hedging reserve	Foreign exchange differences on subsidiaries from consolidation	Revaluation reserve	Retained earnings	Total		
1 January 2013	18 133 476	2 584 286	(16 510)	(9 644)	68 023	8 775 893	29 535 524	(7 031)	29 528 493
Net loss	-	-	-	-	-	(703 977)	(703 977)	(2 127)	(706 104)
Items of other comprehensive income	-	59 108	(324)	14 175	(58 126)	(981)	13 852	-	13 852
Total net comprehensive income	-	59 108	(324)	14 175	(58 126)	(704 958)	(690 125)	(2 127)	(692 252)
30 September 2013	18 133 476	2 643 394	(16 834)	4 531	9 897	8 070 935	28 845 399	(9 158)	28 836 241
(unaudited)									
1 January 2012	18 133 476	2 554 809	(93 715)	(4 880)	52 203	12 219 049	32 860 942	(6 823)	32 854 119
Net loss	-	-	-	-	-	(313 367)	(313 368)	(4 183)	(317 550)
Items of other comprehensive income	-	23 533	108 940	(9 295)	15 820	(23 533)	115 465	4 556	120 021
Total net comprehensive income	-	23 533	108 940	(9 295)	15 820	(336 901)	(197 903)	373	(197 530)
30 September 2012	18 133 476	2 578 342	15 225	(14 175)	68 023	11 882 148	32 663 039	(6 450)	32 656 589
(unaudited)									

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 8-20.

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") 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

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 2013 are as follows:

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

Consolidated group structure

The subsidiaries and joint-ventures forming the consolidated group of UNIPETROL, a.s., and the Group's interest in the capital of subsidiaries and joint-ventures 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 2012.

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

CHEMAPOL (SCHWEIZ) AG was put under liquidation on 1 June 2010 due to the restructuring process of UNIPETROL TRADE Group. The liquidation of CHEMAPOL (SCHWEIZ) AG was completed on 12 June 2013.

Members of the statutory and supervisory bodies as at 30 September 2013 were as follows:

	Position	Name
Board of Directors	Chairman	Marek Świtajewski
	Vice-chairman	Piotr Wielowieyski
	Member	Martin Durčák
	Member	Miroslaw Kastelik
	Member	Andrzej Kozłowski
	Member	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 Chelmiński
	Member	Bogdan Dzudzewicz

Changes in the board of directors in the nine month period ended at 30 September 2013 were as follows:

Position	Name	Change	Date of change
Member	Mariusz Kędra	Recalled from the office	6 February 2013
Member	Miroslaw Kastelik	Elected into the office	6 February 2013
Chairman	Piotr Chelmiński	Recalled from the office	8 April 2013
Chairman	Marek Świtajewski	Elected into the office	8 April 2013
Member	Andrzej Kozłowski	Elected into the office	9 April 2013

Changes in the supervisory board in the nine month period ended 30 September 2013 were as follows:

Position	Name	Change	Date of change
Member	Rafał Sekuła	Co-opted as a substitute member	6 February 2013
Member	Andrzej Kozłowski	Recalled from the office	8 April 2013
Member	Rafał Sekuła	Elected into the office	24 June 2013
Member	Piotr Chelmiński	Elected into the office	24 June 2013
Member	Zdeněk Černý	Elected into the office	30 June 2013
Member	Krystian Pater	Elected into the office	30 June 2013

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 30 September 2013 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 2012.

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

The Group used the same accounting policies and methods of computation during preparation of these interim financial statements as those applied in its consolidated financial statements as at and for the year ended 31 December 2012.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2012.

Certain new standards and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2013 or later periods.

The Group will adopt the changes after their acceptance by the European Commission in accordance with their effective date. The possible impact of the changes on the Group's future consolidated financial was presented in its consolidated financial statements as at and for the year ended 31 December 2012.

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 nine month period ended 30 September 2013.

3. SEGMENT REPORTING

The operations of the Group are carried out in:

- 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 9 month period ended 30 September 2013

	Refining Segment	Retail Segment	Petrochemical Segment	Corporate Functions	Eliminations	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

	Refining Segment	Retail Segment	Petrochemical Segment	Corporate Functions	Eliminations	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)

for the 9 month period ended 30 September 2012

As restated*	Refining Segment	Retail Segment	Petrochemical Segment	Corporate Functions	Eliminations	Total
Total external revenues	45 870 172	7 713 234	27 268 781	47 920	-	80 900 107
Transactions with other segments	16 905 161	169 237	1 134 393	412 290	(18 621 081)	-
Total segment revenue	62 775 333	7 882 471	28 403 174	460 210	(18 621 081)	80 900 107
Operating expenses	(62 489 368)	(7 779 361)	(28 673 520)	(506 063)	18 621 081	(80 827 231)
Other operating income	52 810	161 937	243 758	25 016	(18)	483 503
Other operating expenses	(45 498)	(32 988)	(82 788)	(29 443)	18	(190 699)
Segment operating profit/(loss)	293 277	232 059	(109 376)	(50 280)	-	365 680
Net finance costs						(463 606)
Loss before tax						(97 926)
Tax expense						(219 624)
Net loss						(317 550)

for the 3 month period ended 30 September 2012

As restated*	Refining Segment	Retail Segment	Petrochemical Segment	Corporate Functions	Eliminations	Total
Total external revenues	16 179 173	2 710 253	9 501 999	15 937	-	28 407 362
Transactions with other segments	5 892 915	59 050	353 362	139 801	(6 445 128)	-
Total segment revenue	22 072 088	2 769 303	9 855 361	155 738	(6 445 128)	28 407 362
Operating expenses	(21 555 727)	(2 738 275)	(9 645 893)	(157 968)	6 445 128	(27 652 735)
Other operating income	11 936	136 122	62 494	5 485	(6)	216 031
Other operating expenses	(25 633)	(21 020)	(7 609)	(5 340)	6	(59 596)
Segment operating profit/(loss)	502 664	146 130	264 353	(2 085)	-	911 062
Net finance costs						(264 625)
Profit before tax						646 437
Tax expense						(1 758)
Net profit						644 679

*Changes in disclosure of comparative period are described in Note 4.20.

Assets by operating segments

	30/09/2013	31/12/2012
Refining segment	20 772 911	18 612 122
Retail segment	6 242 144	6 313 143
Petrochemical segment	22 135 826	23 022 035
Segment assets	49 150 881	47 947 300
Corporate Functions	1 118 042	2 684 693
	50 268 923	50 631 993

4. OTHER NOTES

4.1. Other financial assets

	30/09/2013	31/12/2012
Cash flow hedge instruments	11 029	18 739
<i>currency forwards</i>	11 029	18 739
Derivatives not designated as hedge accounting	15 171	5 626
<i>currency forwards</i>	350	5 626
<i>commodity swaps</i>	14 821	-
Loans granted	7 446	7 488
Cash pool	21 896	848
	55 542	32 701

4.2. Disposal group held for sale

Assets of disposal group held for sale

	30/09/2013	31/12/2012
Property, plant and equipment	36 162	33 405
Investment property	39 624	39 624
Intangible assets	28 684	44 455
Other investments	230	230
Non-current receivables	1 240	490
Deferred tax assets	1 427	1 518
Inventories	674 337	675 407
Trade receivables	511 632	360 403
Prepayments and other current assets	2 508	1 266
Cash and cash equivalents	21 533	16 275
Impairment of assets held for sale	(315 848)	(315 848)
	1 001 528	857 225

Liabilities of disposal group held sale

	30/09/2013	31/12/2012
Provisions	15 294	17 668
Deferred tax liabilities	-	118
Trade payables and accruals	798 583	661 097
Deferred income	9 650	342
	823 528	679 225

4.3. Loans, borrowings and debt securities

	Non-current		Current		Total	
	30/09/2013	31/12/2012	30/09/2013	31/12/2012	30/09/2013	31/12/2012
Loans	-	-	1 842 570	621 353	1 842 570	621 353
Debt securities	-	-	2 199 206	2 034 582	2 199 206	2 034 582
	-	-	4 041 776	2 655 935	4 041 776	2 655 935

4.4. Provisions

	Non-current		Current		Total	
	30/09/2013	31/12/2012	30/09/2013	31/12/2012	30/09/2013	31/12/2012
Environmental	334 796	332 968	-	-	334 796	332 968
Jubilee bonuses and post-employment benefits	39 752	24 166	-	-	39 752	24 166
Shield programs	-	-	-	3 431	-	3 431
CO2 emission	-	-	367 751	479 174	367 751	479 174
Other	42 955	15 361	32 797	25 856	75 752	41 217
	417 503	372 495	400 548	508 461	818 051	880 956

Provision on CO2 allowances was created for estimated CO2 emissions in the period ended 30 September 2013 and 31 December 2012.

The provision for demolition of T200 power plant was recognized in other operating costs in the period ended 30 September 2013 in amount of CZK 28 800 thousand and is presented under other non-current provision.

The other current provisions were increased by CZK 11 548 thousand in connection with legal dispute in Unipetrol Deutschland.

4.5. Revenues

	FOR 9 MONTHS ENDED 30/09/2013		FOR 3 MONTHS ENDED 30/09/2013		FOR 9 MONTHS ENDED 30/09/2012		FOR 3 MONTHS ENDED 30/09/2012	
	Revenues from sales of finished goods and services, net	68 847 015	22 438 583	76 385 889	26 997 252	4 514 218	1 410 110	
Revenues from sales of merchandise and raw materials, net	5 497 700	2 420 111						
	74 344 715	24 858 694	80 900 107	28 407 362				

4.6. Operating expenses

Cost of sales

	FOR 9 MONTHS ENDED 30/09/2013		FOR 3 MONTHS ENDED 30/09/2013		FOR 9 MONTHS ENDED 30/09/2012		FOR 3 MONTHS ENDED 30/09/2012	
	Cost of finished goods and services sold	(67 102 043)	(21 611 089)	(74 244 968)	(25 592 888)	(4 256 431)	(1 242 925)	
Cost of merchandise and raw materials sold	(5 320 808)	(2 330 618)						
	(72 422 851)	(23 941 707)	(78 501 399)	(26 835 813)				

Cost by nature

	FOR 9 MONTHS ENDED 30/09/2013		FOR 3 MONTHS ENDED 30/09/2013		FOR 9 MONTHS ENDED 30/09/2012		FOR 3 MONTHS ENDED 30/09/2012	
	Materials and energy	(59 619 105)	(19 920 128)	(66 594 270)	(23 409 046)	(4 256 431)	(1 242 925)	
Cost of merchandise and raw materials sold	(5 320 808)	(2 330 618)	(5 443 966)	(1 870 068)	(1 833 553)	(592 816)		
External services	(5 554 180)	(1 846 556)	(1 833 553)	(592 816)	(2 122 063)	(713 433)		
Employee benefits	(1 805 738)	(558 397)	(60 318)	(10 374)	(417 876)	(139 875)		
Depreciation and amortisation	(1 773 468)	(576 222)						
Taxes and charges	(261 467)	(64 726)						
Other	(409 694)	(102 874)						
	(74 744 460)	(25 399 521)	(80 728 477)	(27 978 537)				
Change in inventories	(196 673)	667 589	(289 633)	266 188				
Cost of products and services for own use	3	1	180	17				
Operating expenses	(74 941 130)	(24 731 931)	(81 017 930)	(27 712 332)				
Distribution expenses	1 462 837	489 060	1 427 227	487 540				
Administrative expenses	866 504	275 498	898 605	329 383				
Other operating expenses	188 938	25 666	190 699	59 596				
Cost of sales	(72 422 851)	(23 941 707)	(78 501 399)	(26 835 813)				

4.7. Write down of inventories to net realisable value

	FOR 9 MONTHS ENDED 30/09/2013		FOR 3 MONTHS ENDED 30/09/2013		FOR 9 MONTHS ENDED 30/09/2012		FOR 3 MONTHS ENDED 30/09/2012	
	Increase	(281 101)	(134 686)	(424 544)	(122 327)			
Decrease	251 381	46 109	602 025	226 538				

4.8. Assets allowances

	FOR 9 MONTHS ENDED 30/09/2013	FOR 3 MONTHS ENDED 30/09/2013	FOR 9 MONTHS ENDED 30/09/2012	FOR 3 MONTHS ENDED 30/09/2012
Property, plant and equipment				
Recognition	(98 041)	(15 000)	(23 431)	(19 485)
Reversal	5 840	2 311	10 234	5 716
Intangible assets				
Recognition	(86)	-	(72 266)	(483)
Reversal	-	2	9 311	59
Receivables				
Recognition	(1 667)	(558)	(22 995)	(2 048)
Reversal	4 257	2 210	17 080	486

Impairment allowances recognitions and reversals were recorded in relation to CO₂ allowances and inventory, overdue receivables, uncollectible receivables or receivables in court.

The impairment for power plant T200 in amount of CZK 78 280 thousand was created during the 9 month period ended 30 September 2013.

4.9. Other operating income and expenses

Other operating income

	FOR 9 MONTHS ENDED 30/09/2013	FOR 3 MONTHS ENDED 30/09/2013	FOR 9 MONTHS ENDED 30/09/2012	FOR 3 MONTHS ENDED 30/09/2012
Profit on disposal of non-current non-financial assets	12 468	4 725	20 790	5 421
Reversal of provisions	7 280	6 906	147 684	131 526
Reversal of receivables impairment allowances	4 257	2 210	17 080	486
Reversal of impairment allowances of property, plant and equipment and intangible assets	5 840	2 313	19 545	5 775
Penalties and compensations earned	31 876	10 671	35 479	16 265
Other	37 125	6 892	242 925	56 558
	98 846	33 717	483 503	216 031

In the 9 and 3 month period ended 30 September 2012 in the line "other" the effect of CO₂ emission rights surpluses received free of charge in relation to actual emissions is included in amount of CZK 210 325 thousand and CZK 53 277 thousand respectively.

Other operating expenses

	FOR 9 MONTHS ENDED 30/09/2013	FOR 3 MONTHS ENDED 30/09/2013	FOR 9 MONTHS ENDED 30/09/2012	FOR 3 MONTHS ENDED 30/09/2012
Loss on disposal of non-current non-financial assets	(21 935)	(6 186)	(2 579)	-
Recognition of provisions	(50 930)	(672)	(14 680)	(2 450)
Recognition of receivables impairment allowances	(1 667)	(558)	(22 995)	(2 048)
Recognition of impairment allowances of property, plant and equipment and intangible assets	(98 127)	(15 000)	(95 697)	(19 968)
Other	(16 279)	(3 250)	(54 748)	(35 130)
	(188 938)	(25 666)	(190 699)	(59 596)

4.10. Finance income and finance costs

Finance income

	FOR 9 MONTHS ENDED 30/09/2013	FOR 3 MONTHS ENDED 30/09/2013	FOR 9 MONTHS ENDED 30/09/2012	FOR 3 MONTHS ENDED 30/09/2012
Interest	30 439	10 385	40 441	12 187
Foreign exchange gain surplus	-	198 595	-	129 370
Settlement and valuation of financial instruments	813 124	-	1 532 877	391 193
Other	2 308	148	1 035	264
	845 871	209 128	1 574 353	533 014

Finance costs

	FOR 9 MONTHS ENDED 30/09/2013	FOR 3 MONTHS ENDED 30/09/2013	FOR 9 MONTHS ENDED 30/09/2012	FOR 3 MONTHS ENDED 30/09/2012
Interest	(187 093)	(57 509)	(228 927)	(77 700)
Foreign exchange loss surplus	(126 309)	-	(263 843)	-
Settlement and valuation of financial instruments	(812 432)	(448 569)	(1 524 693)	(713 671)
Other	(27 652)	(8 944)	(20 496)	(6 268)
	(1 153 486)	(515 022)	(2 037 959)	(797 639)

Borrowing cost capitalized in the 9 and 3 month period ended 30 September 2013 and September 2012 amounted to CZK 1 034 thousand and CZK 621 thousand, as well as CZK 559 thousand and CZK 546 thousand, respectively.

4.11. Tax expense

	FOR 9 MONTHS ENDED 30/09/2013	FOR 3 MONTHS ENDED 30/09/2013	FOR 9 MONTHS ENDED 30/09/2012	FOR 3 MONTHS ENDED 30/09/2012
Current income tax	(101 490)	(36 683)	(158 291)	(76 182)
Deferred income tax	200 570	52 411	(61 333)	74 424
	99 080	15 728	(219 624)	(1 758)

4.12. Methods applied in determining fair values of financial instruments 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.

Fair value of derivatives is based on discounted future flows related to contracted transactions as a difference between term price and transaction price. Forward rates of exchange are not modelled as a separate risk factor, but they are a result of spot rate and forward interest rate for foreign currency in relation to CZK.

The derivative financial and hedge instruments held by the Group are carried at fair value under other short-term financial assets and other short-term financial liabilities respectively. Derivative instruments are presented as assets, when their valuation is positive and as liabilities, when their valuation is negative. Gains and losses resulting from changes in fair value of derivative instruments, for which hedge accounting is not applicable, are recognized in a reporting year profit or loss.

The fair value of these financial instruments was determined based on observable data, excluding quoted prices. Financial instruments carried at fair value by the Group belong to the Level 2 defined by IFRS.

Fair value hierarchy

LEVEL 2	30/09/2013	31/12/2012
Financial assets		
Derivatives and hedging instruments	26 200	24 365
Financial liabilities		
Derivatives and hedging instruments	95 585	148 248

4.13. Finance lease payments

	30/09/2013	31/12/2012
Future minimum lease payments	2 726	5 817
Present value of minimum lease payments	2 794	5 424

4.14. Future liabilities resulting from signed investment contract

As at 30 September 2013 and as at 31 December 2012 the value of future liabilities resulting from signed investment contracts Group amounted to CZK 537 850 thousand and CZK 336 501 thousand.

4.15. 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 24 June 2013 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 2012 in amount of CZK 403 972 thousand. Based on the decision the amount of CZK 20 199 thousand was allocated to the Company's Reserve Fund and CZK 383 774 thousand was transferred to retained earnings.

4.16. Commitments and contingencies

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.) 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 2012. During the last nine month period ended 30 September 2013 there were no changes in relation to the issue.

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.

4.17. 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 2012. During the nine month period ended 30 September 2013 there were no changes in relation to the 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 2012. During the nine month period ended 30 September 2013 there were no material changes in relation to the issue. First court hearing took place on 17 July 2013, the court requested submitting another evidence and adjourned the hearing to 11 December 2013.

Tax proceeding - UNIPETROL RPA s.r.o., acting as a legal successor of CHEMOPETROL a.s., is a party in a tax proceeding related to validity of investment tax relief for 2005. UNIPETROL RPA s.r.o. claims the return of income tax paid in 2006 for the fiscal year 2005 by CHEMOPETROL a.s. The claim concerns unused investment relief attributable to CHEMOPETROL a.s. The total value of claim amounts to approximately CZK 325,000 thousand.

4.18. 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 at 30 September 2013 and as at 31 December 2012 related to excise tax amounted to CZK 1 472 971 thousand and CZK 1 695 301 thousand.

4.19. Related parties

Parent and ultimate controlling party

During 2013 and 2012 a majority (62.99%) of the Company's shares were in possession of POLSKI KONCERN NAFTOWY ORLEN S.A. (PKN Orlen).

Material transactions concluded by the Group Companies with related parties

In the 9 and 3 month period ended 30 September 2013 and 30 September 2012 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 2013 and 30 September 2012 the Group companies did not grant to key management personnel and their relatives any advances, loans, guarantees and commitments, or other agreements obliging, to render services to the Company and related parties.

As at 30 September 2013 and as at 31 December 2012 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 Capital Group companies

In the 9 and 3 month period ended 30 September 2013 and 30 September 2012 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 with related parties:

	PKN Orlen		Jointly-controlled entities		Entities under control or significant influence of PKN	
	30/09/2013	30/09/2012	30/09/2013	30/09/2012	30/09/2013	30/09/2012
for 9 month period ended						
Sales	418 757	252 530	1 782 115	1 763 922	1 937 773	1 591 478
Purchases	43 294 449	45 415 977	2 423 659	2 531 655	1 892 000	1 863 228
Finance income	-	-	1 831	3 370	-	-
Finance costs	839	17 532	17	307	17 477	677

	PKN Orlen		Jointly-controlled entities		Entities under control or significant influence of PKN	
	30/09/2013	30/09/2012	30/09/2013	30/09/2012	30/09/2013	30/09/2012
for 3 month period ended						
Sales	224	87 915	556 427	580 761	582 929	675 592
Purchases	14 781 984	15 910 732	781 259	892 047	624 558	743 218
Finance income	-	-	596	908	-	-
Finance costs	-	6 805	11	114	4 102	677

	PKN Orlen		Jointly-controlled entities		Entities under control or significant influence of PKN	
	30/09/2013	31/12/2012	30/09/2013	31/12/2012	30/09/2013	31/12/2012
Trade and other receivables	213	69	376 984	310 801	614 967	309 149
Trade and other liabilities	4 560 024	5 853 280	723 313	545 010	192 512	230 215

4.20. Changes in disclosure of comparative period

The Group has changed disclosure in respect of selected data in comparative period in Consolidated statement of financial position, Consolidated statement of profit or loss and other comprehensive income and Consolidated statement of cash flows to ensure consistent approach with data presentation in 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 Unipetrol group.

4.20. Changes in disclosure of comparative period (continued)

The changes in consolidated statement of financial position as at 31 December 2012 are presented in following table:

	previously stated	changes in detail of presentation of assets / liabilities (1)	presentation of cash pool (2)	presentation of finance lease (3)	31/12/2012 as restated
ASSETS					
Non-current assets					
Property, plant and equipment	23 326 243				23 326 243
Investment property	383 725				383 725
Intangible assets	1 978 326				1 978 326
Financial assets available for sale	-	522			522
Deferred tax assets	307 230	-			307 230
Other non-current assets	55 595	(522)			55 073
	26 051 119	-	-	-	26 051 119
Current assets					
Inventories	9 893 415				9 893 415
Trade and other receivables	10 574 597	130 537			10 705 134
Other financial assets	32 701	-			32 701
Prepayments and other current assets	130 537	(130 537)			-
Current tax receivables	34 188				34 188
Cash and cash equivalents	3 058 211				3 058 211
Assets classified as held for sale	857 225				857 225
	24 580 874	-	-	-	24 580 874
Total assets	50 631 993	-	-	-	50 631 993
EQUITY AND LIABILITIES					
EQUITY					
Share capital	18 133 476				18 133 476
Statutory reserves	2 584 286				2 584 286
Other funds	41 869	(41 869)			-
Hedging reserve	-	(16 510)			(16 510)
Revaluation reserve	-	68 023			68 023
Foreign exchange differences on subsidiaries from consolidation	-	(9 644)			(9 644)
Retained earnings	8 775 893				8 775 893
Total equity attributable to equity owners of the parent	29 535 524	-	-	-	29 535 524
Non-controlling interest	(7 031)	-	-	-	(7 031)
Total equity	29 528 493	-	-	-	29 528 493
LIABILITIES					
Non-current liabilities					
Loans, borrowings and debt securities	2 261			(2 261)	-
Provisions	372 495				372 495
Deferred tax liabilities	387 982				387 982
Other non-current liabilities	184 115			2 261	186 376
	946 853	-	-	-	946 853
Current liabilities					
Trade and other liabilities	15 928 626	(96 687)		3 164	15 835 103
Loans, borrowings and debt securities	2 836 348		(177 243)	(3 164)	2 655 935
Current tax liabilities	55 739				55 739
Provisions	508 461				508 461
Deferred income	-	96 687			96 687
Other financial liabilities	148 248		177 243		325 497
Liabilities classified as held for sale	679 225				679 225
	20 156 647	-	-	-	20 156 647
Total liabilities	21 103 500	-	-	-	21 103 500
Total equity and liabilities	50 631 993	-	-	-	50 631 993

4.20 Changes in disclosure of comparative period (continued)

The changes in consolidated profit and loss statement for 9 and 3 month periods ended 30 September 2012 are presented in following table:

	previously stated	presentation of discounts (4)	net presentation of grants (5)	FOR 9 MONTHS ENDED 30/09/2012 (unaudited, restated)
Statement of profit or loss				
Revenues	80 988 853	(88 746)		80 900 107
Cost of sales	(78 541 546)		40 147	(78 501 399)
Gross profit on sales	2 447 307	(88 746)	40 147	2 398 708
Distribution expenses	(1 427 227)			(1 427 227)
Administrative expenses	(898 605)			(898 605)
Other operating income	523 588		(40 085)	483 503
Other operating expenses	(190 637)		(62)	(190 699)
Profit/(loss) from operations	454 426	(88 746)	--	365 680
Finance income	1 574 353			1 574 353
Finance costs	(2 126 705)	88 746		(2 037 959)
Net finance costs	(552 352)	88 746	--	(463 606)
Profit (loss) before tax	(97 926)	--	--	(97 926)
Tax expense	(219 624)			(219 624)
Net profit/(loss)	(317 550)	--	--	(317 550)

	previously stated	presentation of discounts (4)	net presentation of grants (5)	FOR 3 MONTHS ENDED 30/09/2012 (unaudited, restated)
Statement of profit or loss				
Revenues	28 438 402	(31 040)		28 407 362
Cost of sales	(26 854 064)		18 251	(26 835 813)
Gross profit on sales	1 584 338	(31 040)	18 251	1 571 549
Distribution expenses	(487 539)			(487 539)
Administrative expenses	(329 383)			(329 383)
Other operating income	234 220		(18 189)	216 031
Other operating expenses	(59 534)		(62)	(59 596)
Profit/(loss) from operations	942 102	(31 040)	-	911 062
Finance income	533 014			533 014
Finance costs	(828 679)	31 040		(797 639)
Net finance costs	(295 665)	31 040	-	(264 625)
Profit (loss) before tax	646 437	-	-	646 437
Tax expense	(1 758)	-	-	(1 758)
Net profit/(loss)	644 679	-	-	644 679

4.20. Changes in disclosure of comparative period (CONTINUED)

The changes in consolidated statement of cash flows for 9 and 3 month period ended 30 September 2012 are presented in the following tables:

	previously stated	changes in detail of presentation of assets / liabilities (1)	presentation of cash pool (2)	presentation of impairment losses (6)	FOR 9 MONTHS ENDED 30/09/2012 (unaudited, restated)
Cash flows - operating activities					
Net profit/(loss)	(317 550)				(317 550)
Adjustments for:					
Depreciation and amortisation	2 122 063				2 122 063
Foreign exchange (gain)/loss	(4 536)				(4 536)
Interest and dividends, net	188 486		19 204		207 690
(Profit)/Loss on investing activities	(18 211)			121 048	102 837
Change in provisions	198 074				198 074
Tax expense	219 624				219 624
Income tax (paid)	(110 948)				(110 948)
Other adjustments	-	(476 624)			(476 624)
Net (gain) loss from financial derivatives	(8 184)	8 184			-
Impairment losses (gains) on financial investments, property, plant and equipment and intangible assets	76 153			(76 153)	-
CO2 allowances grant derecognition	(210 325)	210 325			-
Change in deferred income related to CO2 allowances grant	(844 706)	844 706			-
Change in working capital	(1 788 226)	(586 591)	(19 204)	(44 895)	(2 438 915)
<i>inventories</i>	1 216 539				1 216 539
<i>receivables</i>	(2 134 962)	(345 506)		(44 895)	(2 525 363)
<i>liabilities</i>	(869 803)	(241 085)	(19 204)		(1 130 091)
Net cash provided by/(used in) operating activities	(498 286)	-	-	-	(498 286)
Cash flows - investing activities					
Acquisition of property, plant and equipment and intangible assets	(1 182 953)			491	(1 182 462)
Disposal of property, plant and equipment and intangible assets	24 000			(491)	23 509
Disposal of securities and deposits	102 442				102 442
Proceeds/(Outflows) from loans granted	-		(97 284)		(97 284)
Other	-	133 793	127 411	(102 442)	158 762
Settlement of financial derivatives	133 793	(133 793)			-
Change in loans granted	27 941		(27 941)		-
Interest received	2 186		(2 186)		-
Acquisition of short-term financial assets	(102 442)			102 442	-
Net cash used in investing activities	(995 033)	-	-	-	(995 033)
Cash flows - financing activities					
Proceeds from loans and borrowings	-	1 048 562			1 048 562
Repayments of loans and borrowings	-	(609 757)			(609 757)
Interest paid	(54 636)				(54 636)
Payments of liabilities under finance lease agreements	(6 319)				(6 319)
Dividends paid to non-controlling shareholders	(340)				(340)
Other	-		292 897		292 897
Change in loans and borrowings	438 805	(438 805)			-
Change in cash pool liabilities	292 897		(292 897)		-
Net cash provided by/(used in) financing activities	670 407	-	-	-	670 407
Net increase/(decrease) in cash and cash equivalents	(822 911)	-	-	-	(822 911)
Effect of exchange rate changes	(3 897)				(3 897)
Cash and cash equivalents, beginning of the period	2 470 555				2 470 555
Cash and cash equivalents, end of the period	1 643 748	-	-	-	1 643 748

4.20. Changes in disclosure of comparative period (CONTINUED)

	previously stated	changes in detail of presentation of assets / liabilities (1)	presentation of cash pool (2)	presentation of impairment losses (6)	FOR 3 MONTHS ENDED 30/09/2012 (unaudited, restated)
Cash flows - operating activities					
Net profit/(loss)	644 679				644 679
Adjustments for:					
Depreciation and amortisation	713 434				713 434
Foreign exchange (gain)/loss	(397 749)	392 766			(4 983)
Interest and dividends, net	65 513		8 281		73 794
(Profit)/Loss on investing activities	(5 419)			374 663	369 244
Change in provisions	4 068				4 068
Tax expense	1 758				1 758
Income tax (paid)	(42 832)				(42 832)
Other adjustments	-	(153 929)			(153 929)
Net (gain) loss from financial derivatives	322 477	(322 477)			-
Impairment losses (gains) on financial investments, property, plant and equipment and intangible assets	14 194			(14 194)	-
CO2 allowances grant derecognition	(53 277)	53 277			-
Change in deferred income related to CO2 allowances grant	(101 948)	101 948			-
Change in working capital	(829 048)	(71 585)	(8 281)	(360 469)	(1 269 383)
<i>inventories</i>	<i>122 477</i>				<i>122 477</i>
<i>receivables</i>	<i>(785 492)</i>	<i>(29 932)</i>		<i>(360 469)</i>	<i>(1 175 893)</i>
<i>liabilities</i>	<i>(166 033)</i>	<i>(41 653)</i>	<i>(8 281)</i>		<i>(215 967)</i>
Net cash provided by/(used in) operating activities	335 850	-	-	-	335 850
Cash flows - investing activities					
Acquisition of property, plant and equipment and intangible assets	(293 036)				(293 036)
Disposal of property, plant and equipment and intangible assets	6 717				6 717
Settlement of financial derivatives	(396 326)				(396 326)
Change in loans granted	(5 119)				(5 119)
Net cash used in investing activities	(687 763)	-	-	-	(687 763)
Cash flows - financing activities					
Proceeds from loans and borrowings	-	340 276			340 276
Repayments of loans and borrowings	-	(216 416)			(216 416)
Interest paid	(23 144)				(23 144)
Payments of liabilities under finance lease agreements	(1 623)				(1 623)
Other	-		173 643		173 643
Change in loans and borrowings	123 860	(123 860)			-
Change in cash pool liabilities	173 643		(173 643)		-
Net cash provided by/(used in) financing activities	272 737	-	-	-	272 737
Net increase/(decrease) in cash and cash equivalents	(79 177)	-	-	-	(79 177)
Effect of exchange rate changes	(3 508)				(3 508)
Cash and cash equivalents, beginning of the period	1 726 433				1 726 433
Cash and cash equivalents, end of the period	1 643 748	-	-	-	1 643 748

4.20. Changes in disclosure of comparative period (CONTINUED)

Description of the changes implemented:

1) changes in detail of presentation of assets / liabilities

Particular items from the Statement of financial position and the Statement of cash flows are presented either in bigger detail or were grouped into condensed categories. The Management believes that current detail of disclosures provides readers of financial statements with better presentation.

2) presentation of cash pool

Cash pool liabilities from entities of PKN Orlen group were reclassified from position Loans, borrowings and debt securities to Other financial liabilities in the Statement of financial position with corresponding presentation in the Statement of cash flows as it provides better information to users of financial statements on external sources of financing.

3) presentation of finance lease

Finance lease liabilities were reclassified from position Loans, borrowings and debt securities to Other financial liabilities in the Statement of financial position.

4) presentation of discounts

Discounts agreed in advance are presented as decrease of revenues not financial costs, which provides better information on revenues achieved by the Group and is in line with IAS18. The change relates to Petrochemical segment.

5) net presentation of grants

In 2013 the Group gained reasonable assurance in relation to the receipt of the government grants for research projects in chemical area and decided to follow the allowed alternative under IAS 20 and net the income from grant with the related costs which the grant is intended to compensate as they wouldn't be incurred if the grant was not given. To ensure consistency 2012 presentation was adjusted. The change relates to Petrochemical segment.

6) presentation of impairment losses

Impairment losses on financial investments, property plant and equipment and intangible assets were reclassified under operating activities adjustments from separate position of adjustments to position Profit/ Loss on investing activities

4.21. 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 2013.

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

FOR THE III QUARTER

2013 

**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

	30/09/2013 (unaudited)	31/12/2012
ASSETS		
Non-current assets		
Property, plant and equipment	10 768	12 822
Investment property	1 156 442	1 149 081
Intangible assets	414	456
Financial assets available for sale	13 812 981	13 812 981
Other non-current assets	286 844	334 837
	15 267 449	15 310 177
Current assets		
Trade and other receivables	157 415	191 694
Other financial assets	16 391 864	11 973 200
Current tax receivables	40 204	17 525
Cash and cash equivalents	44 253	1 294 067
Assets classified as held for sale	178 000	178 000
	16 811 736	13 654 486
Total assets	32 079 185	28 964 663
EQUITY AND LIABILITIES		
EQUITY		
Share capital	18 133 476	18 133 476
Statutory reserves	1 671 671	1 651 472
Revaluation reserve	502 626	510 080
Retained earnings	6 068 825	5 124 936
Total equity	26 376 598	25 419 964
LIABILITIES		
Non-current liabilities		
Provisions	-	400
Deferred tax liabilities	118 337	113 326
	118 337	113 726
Current liabilities		
Trade and other liabilities	139 206	163 073
Loans, borrowings and debt securities	3 650 729	2 052 020
Other financial liabilities	1 794 315	1 215 880
	5 584 250	3 430 973
Total liabilities	5 702 588	3 544 699
Total equity and liabilities	32 079 185	28 964 663

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

	FOR 9 MONTHS ENDED 30/09/2013 (unaudited)	FOR 3 MONTHS ENDED 30/09/2013 (unaudited)	FOR 9 MONTHS ENDED 30/09/2012 (unaudited)	FOR 3 MONTHS ENDED 30/09/2012 (unaudited)
Statement of profit or loss				
Revenues	102 420	25 815	110 281	36 395
Cost of sales	(51 940)	(13 104)	(48 979)	(16 623)
Gross profit on sales	50 480	12 711	61 302	19 772
Administrative expenses	(156 875)	(56 499)	(117 788)	(39 977)
Other operating income	3 051	764	18 596	3 014
Other operating expenses	(1 424)	(1)	(2 871)	(2 823)
Profit/(loss) from operations	(104 768)	(43 025)	(40 761)	(20 014)
Finance income	1 239 610	87 985	504 837	98 517
Finance costs	(173 379)	(57 694)	(193 184)	(60 448)
Net finance income	1 066 231	30 291	311 653	38 069
Profit/(loss) before tax	961 463	(12 734)	270 892	18 055
Tax expense	(4 829)	5 312	(26 045)	(5 905)
Net profit/(loss)	956 634	(7 422)	244 847	12 150
Other comprehensive income				
items which will not be reclassified into profit or loss	-	-	(4 621)	(4 602)
<i>Fair value measurement of investment property as at the date of reclassification</i>	-	-	(5 499)	(5 477)
<i>Deferred tax</i>	-	-	878	875
	-	-	(4 621)	(4 602)
Total net comprehensive income	956 634	(7 422)	240 226	7 548
Net profit/(loss) attributable to	956 634	(7 422)	244 847	12 150
<i>equity owners of the parent</i>	956 634	(7 422)	244 847	12 150
<i>non-controlling interest</i>	-	-	-	-
Total comprehensive income attributable to	956 634	(7 421)	299 935	(2 592 231)
<i>equity owners of the parent</i>	956 634	(7 421)	299 935	(2 592 231)
<i>non-controlling interest</i>	-	-	-	-
Net profit/(loss) and diluted net profit/(loss) per share attributable to equity owners of the parent (in CZK per share)	5,28	(0,04)	1,32	0,04

Non-consolidated statement of cash flows

	FOR 9 MONTHS ENDED 30/09/2013 (unaudited)	FOR 3 MONTHS ENDED 30/09/2013 (unaudited)	FOR 9 MONTHS ENDED 30/09/2012 (unaudited)	FOR 3 MONTHS ENDED 30/09/2012 (unaudited)
Cash flows - operating activities				
Net profit/(loss)	956 634	(7 422)	244 847	12 150
Adjustments for:				
Depreciation and amortisation	1 786	527	1 885	624
Foreign exchange (gain)/loss	(1 636)	1 026	3 886	3 497
Interest, net	(83 382)	(31 903)	(120 927)	(37 989)
Dividends	(967 909)	(292)	(188 140)	-
(Profit)/loss on investing activities	(17 128)	(729)	4 331	(178)
Change in provisions	(400)	-	-	-
Tax expense	4 829	(5 312)	21 537	5 905
Income tax (paid)	(22 497)	(5 684)	(23 758)	(81)
Other adjustments	-	(1 176)	240	(1 162)
Change in working capital	10 521	10 272	(1 830)	16 256
<i>inventories</i>	-	-	-	-
<i>receivables</i>	34 466	(8 804)	(10 628)	(22 309)
<i>liabilities</i>	(23 945)	19 076	8 798	38 565
Net cash used in operating activities	(119 182)	(40 694)	(57 927)	(978)
Cash flows - investing activities				
Acquisition of property, plant and equipment and intangible assets	(7 326)	(7 303)	(5 331)	(5 310)
Disposal of property, plant and equipment and intangible assets	1 482	1 083	223	223
Interest received	93 630	40 094	141 492	40 901
Dividends received	967 909	45 553	154 469	6 897
Proceeds/(Outflows) from loans granted	(1 296 509)	(661 898)	(1 972 336)	(13 123)
Proceeds/(Outflows) from cash pool	(2 896 477)	639 001	(733 041)	(832 618)
Net cash provided by/(used in) investing activities	(3 137 291)	56 531	(2 414 524)	(803 029)
Cash flows - financing activities				
Proceeds from loans and borrowings	1 451 523	134 501	679 713	323 598
Repayments of loans and borrowings	(17 385)	-	(1 649)	-
Change in cash pool liabilities	578 434	(107 832)	500 005	315 620
Interest paid	(4 194)	(761)	(23 767)	(3 405)
Dividends paid to non-controlling shareholders	-	-	(340)	-
Other	(3 355)	(3 355)	7 583	(230)
Net cash provided by financing activities	2 005 023	22 552	1 161 544	635 583
Net (decrease)/increase in cash and cash equivalents	(1 251 450)	38 389	(1 310 907)	(168 424)
Effect of exchange rate changes	1 636	(1 025)	(3 886)	(3 497)
Cash and cash equivalents, beginning of the period	1 294 067	6 888	1 358 652	215 780
Cash and cash equivalents, end of the period	44 253	44 253	43 859	43 859

Non-consolidated statement of changes in consolidated equity

	Equity attributable to equity owners of the parent				Total equity
	Share capital and share premium	Statutory reserves	Revaluation reserve	Retained earnings	
1 January 2013	18 133 476	1 651 472	502 626	5 132 390	25 419 964
Net profit	-	20 199	-	936 435	956 634
Total net comprehensive income	-	20 199	-	936 435	956 634
30 September 2013	18 133 476	1 671 671	502 626	6 068 825	26 376 598
(unaudited)					
1 January 2012	18 133 476	1 651 471	507 135	4 723 996	25 016 078
Net profit	-	-	-	244 847	244 847
Items of other comprehensive income	-	-	(4 509)	(112)	(4 621)
Total net comprehensive income	-	-	(4 509)	(4 509)	(9 018)
30 September 2012	18 133 476	1 651 471	502 626	4 968 731	25 256 304
(unaudited)					



The foregoing restated financial report for the period ended 30 September 2013 was authorized for issue by the Board of Directors on 5 March 2014.

Signature of statutory representatives

5 March 2014

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

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

Marek Świtajewski

Mirosław Kastelik

Chairman of the Board of Directors

Member of the Board of Directors